

## Item 1

### THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this offering circular, "WBCA", "we" or "us" means Wild Bird Centers of America, Inc., the franchisor. "You" means the person who buys the franchise. If you are a corporation, partnership, limited liability company or other entity, "you" includes your owners.

WBCA is a Maryland corporation that was incorporated on January 30, 1986. We do business under our corporate name, and under the trademark "Wild Bird Center" and associated logo. Our principal place of business is 7370 MacArthur Boulevard, Glen Echo, Maryland 20812. Our agent for service of process in this state is, if applicable, disclosed on Exhibit F. If your state is not listed on Exhibit F, we do not have an agent for service of process in your state, and service of process should be made on WBCA at our principal place of business.

We franchise the right to own and operate Wild Bird Centers. As of January 1, 2006, there were 81 franchised Wild Bird Center stores and 6 franchised Wild Bird Crossing stores. The Wild Bird Crossing franchise is described below.

A Wild Bird Center is a retail store which sells wild bird seed and other products of interest to wild bird enthusiasts, including bird feeders, bird-watching optical equipment, bird baths, nature books and audiotapes, and note cards, clothing, jewelry, gifts and other items with a wild bird, nature or garden motif. A Wild Bird Center provides numerous educational services to the public, often serving as a nature center in the private sector. It distributes without charge to its customers a newsletter, the "*Wild Bird News*", which includes news on wild birds and bird-feeding and bird-watching products. It sponsors seminars and workshops on topics of interest to birding enthusiasts and other nature lovers. Wild Bird Center franchisees, employees and associates conduct bird-watching nature walks.

The market for products sold by Wild Bird Centers is well developed and expanding. United States Fish and Wildlife Service studies indicate that a large percentage of the U.S. population watches and feeds wild birds. Wild Bird Centers' sales are not seasonal, but there are monthly variations.

You will be competing with nature stores, optics stores and book stores, as well as other wild bird related specialty stores. Wild bird seed is available at many supermarkets, garden centers, hardware stores and discount stores.

We are not aware of any laws or regulations that are applicable to the Wild Bird Center business, except those laws and regulations that are applicable to retail businesses generally.

We began offering franchises for Wild Bird Centers in September 1989. From June 1993 to July 2000, we also offered franchises for Wild Bird Crossings. A Wild Bird Crossing is a retail store, located in a smaller city or town, which sells the same products and provides many of

the same educational services as a Wild Bird Center. Although we have stopped selling franchises for stores using the Wild Bird Crossing name, we continue to offer special terms for Wild Bird Center franchises located in smaller markets. See Item 6. We have offered all of our Wild Bird Crossing franchisees the opportunity to convert their franchises to Wild Bird Center franchises. We will reimburse any franchisee who elects to convert his franchise for one half of the cost of changing the signage on and in his store.

We have not offered franchises of any description other than Wild Bird Center and Wild Bird Crossing franchises. WBCA was a new company when formed, and is not related to any predecessor company.

WBCA does not currently own or operate any Wild Bird Center or Wild Bird Crossing stores. Since November 1999, we have been operating an Internet store on behalf of the Wild Bird Center and Wild Bird Crossing franchise system.

WBCA operated a Wild Bird Center in Cabin John, Maryland, from our incorporation in January 1986 until October 1, 1994, when we transferred that store to Chick-A-DDD Enterprises, Inc., a newly-formed corporation with the same shareholders as WBCA. That Wild Bird Center was relocated to 10124 River Road, Potomac, Maryland in February 1997, and remained in that location until December 1998, when it was relocated to 6124 MacArthur Boulevard, Bethesda, Maryland, and transferred by Chick-A-DDD Enterprises, Inc. to Quack-Quack-Quack, Enterprises, Inc., described below. Chick-A-DDD Enterprises, Inc. operated a Wild Bird Center located at 261 Kentlands Boulevard, Gaithersburg, Maryland, from March 2002, when it repurchased that store from a franchisee of WBCA, to November 2004, when it sold that store to another franchisee. Chick-A-DDD Enterprises, Inc. previously operated that store from September 1995, when it purchased that store from a franchisee of WBCA, until April 1998, when it sold that store to another franchisee. Chick-A-DDD Enterprises, Inc. repurchased that store from that franchisee in March 2000 and operated it again until August 2000, when it sold that store to the franchisee from whom it repurchased that store in March 2002. In November 2003, Chick-A-DDD Enterprises, Inc. relocated that store to 12101 Darnestown Road, Gaithersburg, Maryland. Chick-A-DDD Enterprises, Inc. opened a Wild Bird Center at 2576 Solomon's Island Road, Annapolis, Maryland, in December 1995, and operated that store until May 1998, when it sold that store to a franchisee. Chick-A-DDD Enterprises, Inc. has not been engaged in any activities other than owning and operating the 3 Maryland Wild Bird Centers described above, and it has not offered franchises of any description.

Quack-Quack-Quack, Enterprises, Inc., a newly-formed corporation with the same shareholders as WBCA, acquired the Wild Bird Center located at 10124 River Road, Potomac, Maryland, in December 1998, and operated that Wild Bird Center until February 2006. Quack-Quack-Quack Enterprises, Inc. has not engaged in any activities other than owning and operating that Wild Bird Center, and it has not offered franchises of any description.

WBCA has only 1 affiliate other than Chick-A-DDD Enterprises, Inc. and Quack-Quack-Quack, Enterprises, Inc. Hoo-Hoo-Hoooooo Enterprises, Inc., a corporation with the same shareholders as WBCA, was formed in February 1996, to acquire and own our headquarters building in Glen Echo, Maryland. In August 1997, Hoo-Hoo-Hoooooo Enterprises, Inc. acquired another building, located at 6124 MacArthur Boulevard, Bethesda, Maryland, which was used to house the Wild Bird Center operated by Quack-Quack-Quack, Enterprises, Inc. until February 2006. Hoo-Hoo-Hoooooo Enterprises, Inc. has not engaged in any activity other than owning those 2 buildings. The principal business address of each of our affiliates, Chick-A-DDD Enterprises, Inc., Hoo-Hoo-Hoooooo Enterprises, Inc. and Quack-Quack-Quack Enterprises, Inc. is 7370 MacArthur Boulevard, Glen Echo, Maryland 20812.

### Item 2

#### BUSINESS EXPERIENCE

##### President: George Petrides, Sr.

George Petrides, Sr. opened the original Wild Bird Center located at 7687 MacArthur Boulevard, Cabin John, Maryland, in November 1985. Together with Bette Petrides, he formed WBCA in January 1986 to own and operate that Wild Bird Center. Mr. Petrides has served as President of WBCA since our incorporation. He has also served as President of Chick-A-DDD Enterprises, Inc., the company which owned and operated the Wild Bird Centers located in Potomac, Gaithersburg and Annapolis Maryland, Hoo-Hoo-Hoooooo Enterprises, Inc., the company which owns WBCA's headquarters building and the building housing the Bethesda, Maryland Wild Bird Center, and Quack-Quack-Quack Enterprises, Inc., the company which owns and operates the Bethesda, Maryland Wild Bird Center, since they were incorporated. From April 1973 to June 1986, Mr. Petrides served as President of G&B Enterprises, a distributorship for Shaklee Corporation, which makes direct sales of nutritional and home products throughout the United States. Before that, he spent 3 years working as a Peace Corps. volunteer and 5 years as a staff member with the Peace Corps. overseas and in Washington, D.C. Mr. Petrides holds a bachelor's degree in English, with a minor in biological science, and a master's degree in education from Michigan State University. Wild bird watching and feeding have been hobbies of Mr. Petrides since he was a child.

##### Secretary and Treasurer: Bette Petrides

Bette Petrides formed WBCA with George Petrides in January 1986, and has served as our Secretary and Treasurer since our incorporation. She has also served as Secretary and Treasurer of Chick-A-DDD Enterprises, Inc., Hoo-Hoo-Hoooooo, Enterprises, Inc. and Quack-Quack-Quack Enterprises, Inc., since they were incorporated. Mrs. Petrides has served as an Adjunct Professor of English and Speech for Montgomery College in Germantown, Maryland since September 1998. From October 1985 to August 1994, Mrs. Petrides taught English, and print and broadcast journalism in Montgomery County, Maryland high schools. From April 1973

through June 1986, she ran G&B Enterprises with George Petrides, serving as trainer and administrator for that organization. Mrs. Petrides holds a bachelor's degree in English from the University of Michigan, and a master's degree in education from Michigan State University.

Chief Operating Officer: Henrik Lehmann Weng

Henrik Lehmann Weng joined WBCA as Chief Operating Officer in September 2004. His responsibilities include strategic oversight and coordination of all WBCA programs. Prior to joining WBCA, Mr. Lehmann Weng served in a number of senior positions for firms in the United States and Europe. From March 2003 to September 2004, he was a partner at KBO Global in Washington, D.C., where he performed strategic management consulting for global health care, manufacturing and real estate companies. From December 2001 to February 2003, he served as Chief Executive Officer of Biomega A/S, a bicycle manufacturer in Denmark. From July 2000 to November 2001, Mr. Lehmann Weng worked as Senior Political Advisor for O-Branch Advisors in Washington, D.C. and Copenhagen, Denmark. Mr. Lehmann Weng holds a bachelor's degree from the Copenhagen Business School and a master's degree in international economics and international relations from the Johns Hopkins School of Advanced International Studies.

Director of Franchise Development: George Petrides, Jr.

George Petrides, Jr. joined WBCA as Associate Director of Franchise Development in October 2003, and was promoted to Director of Franchise Development in January 2004. He is responsible for supplying information about WBCA to prospective franchisees, assisting them in evaluating potential locations for their stores and helping them negotiate their leases. From March 2002 to September 2003, Mr. Petrides was Account Manager for Trittech Marketing, LLC in Burr Ridge, Illinois. For a year, from March 2001 to March 2002, he was a stay-at-home dad. From January 1995 to March 2001, he owned and managed a Wild Bird Center in Wheaton, Illinois. Mr. Petrides holds a bachelor's degree in fine arts from the University of Michigan.

Director of Retail Operations: Neil Gladner

Neil Gladner joined WBCA as Director of Retail Operations in September 2004. His responsibilities include merchandising, product evaluation, private label product development core inventory development and training and supporting franchisees in analysis and improvement of retail operations and systems. Mr. Gladner has 30 years of retail experience. From October 2003 to September 2004, Mr. Gladner worked as Store Manager of a TJ Maxx store in Germantown, Maryland. From May 2002 to October 2003, he was employed as Recruiter and Communications Manager by Retail Placement Associates in Rockville, Maryland. From November 2000 to May 2002, Mr. Gladner worked in Gaithersburg, Maryland, as Director of Operations for Myer-Emco, a 10-store high-end audio video chain. From February 1999 to November 2000, he served as Remanufacturing Operations Manager for Quality Brake and Chassis Distributors in Arlington, Virginia.

Director of Information Systems: Wendy Ilgenfritz

Wendy Ilgenfritz joined WBCA as Director of Information Systems in March 2003. Her responsibilities include the development, implementation and support of new technologies and Internet and information systems, and point of sale computer system support for franchisees. From May 2000 to March 2003, Ms. Ilgenfritz served as a Desktop Support Engineer for PG&E National Energy Group in Bethesda, Maryland. From September 1998 to May 2000, she provided technical and administrative support to three Vice Presidents of Westat, Inc. in Rockville, Maryland. Ms. Ilgenfritz was previously employed by WBCA as Data Management Officer.

Senior Marketing Manager: David Sarpal

David Sarpal joined WBCA as Marketing Coordinator in June 2003 and was promoted to Senior Marketing Manager in September 2005. He is responsible for all WBCA marketing initiatives, including oversight of the *Wild Bird News*, development, design and execution of new and existing marketing programs and public relations. From February 1998 to April 2003, Mr. Sarpal was Office Manager for Smith Hampton & Devlin, a human resources consulting firm in San Francisco, California. Before that, Mr. Sarpal worked in the Investor Relations Department of McKesson Corporation, an independent fine arts consultant in Madrid, Spain, and as an auction specialist at Christie's in New York. Mr. Sarpal holds a bachelor's degree in art history from Vassar College, and is currently completing the course work for a master's degree in business administration at the University of Maryland.

Accountant: Christina Hsing

Christina Hsing joined WBCA as Accountant in December 2004. She is responsible for all of WBCA's accounting functions and financial reporting, and she advises franchisees on financial matters. From August 2002 to October 2004, Ms. Hsing was the Staff Accountant for Coordinated Services Management, Inc. in Roanoke, Virginia. In that position, she was responsible for the accounting functions and financial reporting for 6 government-subsidized retirement communities. From May 1998 to October 2002, Ms. Hsing was Accounting Clerk for the Davis H. Elliot Company in Roanoke, Virginia, and was responsible for its payroll, accounts payable and accounts receivable. Ms. Hsing holds a bachelor of fine arts degree in fashion management and merchandising from Pratt Institute in New York, New York, and a bachelor's degree in accounting and business administration from Radford University in Radford, Virginia.

Director of Research: Dr. David Horn

Dr. David Horn joined WBCA as Director of Research in January 2004. He is responsible for providing franchisees with scientific advice about backyard feeding and habitat issues. He also serves as WBCA's representative at national industry and scientific meetings.

Dr. Horn has been employed as an Assistant Professor of Biology at Aurora University in Aurora, Illinois since August 2000. He teaches courses such as Animal Behavior, Comparative Zoology, Conservation Biology, Developmental Biology, Ecology, Environmental Science, Evolution and Introductory Biology. He also serves as Lead Researcher for the Wild Bird Feeding Institute's PROJECT WILD BIRD, a study of seed and feeder preferences in North America. From January 1999 to August 2000, Dr. Horn served as a teaching assistant in the Department of Animal Ecology at Iowa State University. Dr. Horn holds a Ph.D. in Ecology and Evolutionary Biology from Iowa State University.

Franchise Broker: The Business Alliance, Inc.

The Business Alliance, Inc. ("Business Alliance") is a Georgia corporation formed in March 1995. Its principal place of business is 100 Hartsfield Centre Parkway, Suite 500, Atlanta, Georgia 30354, and its telephone number is (800) 557-4850. Business Alliance is a franchise referral organization registered as a broker for selling franchises throughout the United States. Business Alliance works with numerous franchise sales consultants located throughout the United States. Business Alliance has provided franchise broker services to us since September 2005. The employment history of its principal officers, directors and executives with management responsibility to market our franchises is set forth on Exhibit G to this Offering Circular.

Item 3

LITIGATION

No litigation is required to be disclosed in this offering circular.

Item 4

BANKRUPTCY

No person previously identified in Items 1 or 2 of this offering circular has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item.

Item 5

INITIAL FRANCHISE FEE

All new franchisees pay us a \$23,000.00 lump sum franchise license fee and a \$2,000.00 lump sum training fee when they sign the franchise agreement. The initial franchise license fee and initial training fee are not refundable under any circumstances.

If you want us to assist you in locating and leasing a site for your Wild Bird Center before you sign a franchise agreement, you must enter into a franchise reservation agreement with us, and pay us a \$5,000.00 lump sum option fee. The franchise reservation agreement gives you an exclusive option to open a Wild Bird Center within a specified reserved territory during a 6-month period, which you may extend for an additional 6 months by payment of a \$5,000.00 lump sum option renewal fee. We will not grant a franchise within your reserved territory to any other party during the term of the franchise reservation agreement. The option fee and option renewal fee are not refundable under any circumstances. If you enter into a franchise agreement with us during the term of the franchise reservation agreement, we will apply the option fee and the option renewal fee to the franchise license fee payable under that franchise agreement.

During the term of your franchise agreement, you will be permitted to purchase additional Wild Bird Center franchises from us, provided that at the time of each purchase, you are in compliance with the terms of all of your agreements with us, and we are reasonably satisfied with the profitability of the franchises you are operating and your capability to own and operate an additional franchise. The initial franchise license fee for each additional Wild Bird Center franchise you purchase is ½ of the initial franchise license fee then charged to new franchisees. There is no initial training fee for any additional Wild Bird Center franchise you purchase, unless you request training at a time when no other trainee will be attending our training course. In that case, the initial training fee for up to 2 people who receive such training is ½ of the initial training fee then charged to new franchisees.

#### Item 6

#### OTHER FEES

Name of Fee*	Amount	Due Date	Remarks
Service Fee#	2.75% of gross sales for the first 2 years of your Wild Bird Center's operations; 5.5% of gross sales for the 3 <sup>rd</sup> through the 10 <sup>th</sup> years of operations; and provided that you renovate your Wild Bird Center premises to our then-current standards, 3.75% of gross sales for the remainder of the term of your franchise agreement	Payable monthly on the 10th day of the next month	Gross sales include all revenues from the franchise location, except revenues from sales at cost and sales resulting from educational programs. Gross sales do not include sales tax or shipping charges
Cooperative Marketing Fee##+	\$2,700 per year	Payable in monthly installments of \$225 on the 10th day of each month	This fee may be increased by us, but not by more than 10% per year

Name of Fee*	Amount	Due Date	Remarks
"Wild Bird News" design, printing and mailing costs#	\$ .37 - \$.42 per newsletter copy mailed to your customers and potential customers	Payable 30 days after receipt of invoice	Reimbursement for our direct costs of design, printing and mailing, which may change from time to time
Postcard design, printing and mailing costs#	\$.32 - \$.41 per postcard mailed to your customers and potential customers	Payable 30 days after receipt of invoice	Reimbursement for our costs of design, printing and mailing, which may change from time to time
Computer Software Support	Typically \$2.50 per minute, but may be more or less based upon the support package selected	Payable monthly	Payment to POSitive Technology.com, Inc. for assistance with the computer software used in Wild Bird Centers
Additional Trainees	\$1,000 per person	10 days before commencement of training	We train up to 2 persons for the \$2,000 initial training fee - See Item 5 and Item 11
Transfer Fee	½ of the initial franchise license fee then charged to new franchisees	Prior to consummation of transfer	Payable when you sell your franchise or your franchise is transferred to your heirs or relatives upon your death or incapacity. No charge if franchise is transferred to a corporation or limited liability company which you control
Transferee Training Fee	The initial training fee then charged to new franchisees, for up to 2 people designated by the transferee who attend our training course	Prior to consummation of transfer	Payable when you sell your franchise or your franchise is transferred to your heirs or relatives upon your death or incapacity.
Assignment Fee	10% of the then-current franchise license fee	Prior to consummation of assignment	Payable if you assign less than a 50% interest in your franchise or in the corporation or limited liability company that owns your franchise to any other party
Renewal Expenses	Costs we incur in connection with renewal	Payable upon receipt of invoice	Payable when you renew your franchise. You are not required to pay another franchise license fee



Name of Fee*	Amount	Due Date	Remarks
Audit	Cost of audit	Payable upon receipt of invoice	Payable only if audit shows an understatement of more than 2% of gross sales for any year or if you fail to submit any required monthly reports
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	Payable if we sue you upon your failure to comply with the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You have to reimburse us if we are held liable for claims arising from your Store's operations
Relocation Expenses	Costs we incur in connection with relocation	Payable upon receipt of invoice	Payable if you relocate your Store
WBCA Employee Travel and Living Expenses	Will vary	Payable upon receipt of invoice	Payable if you request on-site training or support not normally provided by us

\* All fees, except the fees for computer support, are imposed by and are payable to WBCA. All fees are non-refundable.

# Delinquent service fees, cooperative marketing fees and "Wild Bird News" and promotional postcard design, printing and mailing costs bear interest at the rate of 18% per year.

+ Cooperative marketing fee payments will be used by us only to pay for editorial services for the "Wild Bird News" and marketing and consulting services and promotional and public relations activities benefitting all Wild Bird Centers and Wild Bird Crossings. We prepare an annual report of the expenditures made from the fund created with cooperative marketing fee payments, and make that report available to franchisees upon request.

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Item 7

## INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Item	Amount	Method of Payment	When Due	To Whom Payment Is To Be Made
Initial Franchise License Fee	\$ 23,000	Lump Sum	At Signing of Franchise Agreement	WBCA
Initial Training Fee	2,000	Lump Sum	At Signing of Franchise Agreement	WBCA
Opening Inventory	32,000 - 42,000	As Incurred	Prior to Opening	Approved Suppliers
Real Estate and Improvements (Note 1)		As Incurred	Prior to Opening	Independent Vendors
Store Interior Fit-up, including Design Fees (Note 2)	19,000 - 37,500	As Incurred	Prior to Opening	Approved Suppliers and Professionals
Signage	2,000 - 6,000	As Incurred	Prior to Opening	Independent Vendors
Office Supplies	500	As Incurred	Prior to Opening	Independent Vendors
Opening Advertising - 3 Months	2,000 - 4,000	As Incurred	As Incurred	Independent Vendors
Licenses	200 - 500	As Incurred	Prior to Opening	Governmental Agencies
Legal and Accounting Fees (including Organizational Expenses)	750 - 2,500	As Incurred	Prior to Opening	Independent Professionals
Computer System and Electronic Credit Card System (Note 3)	7,500 - 12,500	As Incurred	Prior to Opening	Approved Suppliers and Independent Vendors
Telephone System	300 - 500	As Incurred	Prior to Opening	Independent Vendors
FAX Machine (Note 4)	150 - 300	As Incurred	Prior to Opening	Independent Vendors
Insurance Premiums - 3 months	250 - 1,000	As Incurred	Prior to Opening	Insurance Company
Utility Deposits	250 - 500	As Incurred	Prior to Opening	Public Utilities
Travel and Living Expenses While Training	1,000 - 1,500	As Incurred	During Training	Airlines, Hotels, Car Rental Companies and Restaurants
Miscellaneous Openings Costs	1,000 - 3,000	As Incurred	As Incurred	Various
Working Capital - 3 Months (Note 5)	3,000 - 15,000	As Incurred	As Incurred	Landlord, Utilities, etc.
<b>TOTAL (Note 6)</b>	<b>94,900 - 152,300</b>			

Notes: (1) You must lease or purchase the site for your Wild Bird Center. The typical Wild Bird Center has approximately 1,500 to 2,000 total square feet and is located in a high-traffic commercial area. Rent is estimated to be between \$18,000.00 and \$60,000.00 per year, depending on factors such as location, size and condition of the leased premises.

(2) This estimate includes improvements to the store premises which your landlord may require you to construct, as well as the store interior fit-up we require.

(3) You are required to purchase at least one computer with a backup system, monitor, cash drawer, receipt printer, bar code scanner and printer, ACC reports printer, credit card processor, and related modems, cables, UPS and other hardware specified by us, and an integrated retail operations software package specified by us. (See Item 11). You are required to purchase an electronic credit card processing system specified by us. (See Item 8). You must acquire and maintain an e-mail system, capable of receiving large document and graphic attachments and available for receipt of incoming messages 24 hours per day, 7 days a week, and read new messages on such e-mail system at least 5 days each week. Your e-mail service must be provided by an Internet service provider approved by us. You may not use America Online mail programs. You must use our email reflector program and publish your assigned email address on all printed and electronic publications and materials.

(4) You are required to have a telefax (FAX) machine for communications to and from us. Your telefax machine must be operational 24 hours per day, 7 days a week.

(5) This estimates your initial start up expenses. These figures do not include payroll costs, because it is assumed that you will not have any employees during the start-up period. Your salary is not included. These figures are estimates and we cannot guarantee that you will not have additional expenses starting your Wild Bird Center business. Your costs will depend on factors such as: how much you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for Wild Bird Centers' products; competition; and the sales level reached during the initial period.

(6) We have relied on our 20 years of experience in the wild bird specialty retail business to compile these estimates. You should review these estimates carefully with a business advisor before deciding to purchase a Wild Bird Center franchise.

(7) We do not offer direct or indirect financing to franchisees for any items. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have and lending policies of financial institutions from which you may request a loan. The estimate does not include any finance charge, interest or debt service obligation.

(8) We reserve the right to require you to deposit money into an escrow account that we control, and use that money to purchase fixtures, equipment and inventory for you. We will not make any profit on those purchases.

#### Item 8

### RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must use Renee Corbin Design, Inc. or another designated store designer to design the interior of your store, and you must improve, fixture and equip your store in accordance with the plans prepared by that designated store designer. Those plans will include a color scheme, which is uniform for all Wild Bird Centers, and specifications for seed bins and other fixtures, equipment and furnishings. All of your store trade dress fixtures, equipment and furnishings must be purchased from CedarCrafts or another designated supplier. WBCA is not affiliated with Renee Corbin Design, Inc., CedarCrafts or any other store designer or store fixture, equipment and furnishings supplier. The cost of the design services required to be purchased from Renee Corbin Design, Inc. or another designated store designer represents less than 1%, and the cost of the fixtures required to be purchased from CedarCrafts or another designated store fixture, equipment and furnishings supplier represents approximately 11 - 31%, of your total purchases in connection with the establishment of your store. The total cost of your store interior fit-up, including design services and fixtures, represents approximately 12 - 32% percent of your total purchases in connection with the establishment of your store.

You must purchase some of the software and software upgrades for the computerized, integrated retail operations system that you are required to use in your Wild Bird Center from POSitive Technology.com, Inc. You must also purchase all of the computer equipment for the computerized integrated retail operations system from POSitive Technology.com, Inc. or another designated vendor. That computer software and equipment is described in Item 11. WBCA is not affiliated with POSitive Technology.com, Inc. or any other computer hardware or software supplier. The cost of the computer equipment and software required to be purchased from POSitive Technology.com, Inc. represents approximately 4 - 10% of your total purchases in connection with the establishment of your store. The other software you purchase for the computerized integrated retail operations system may be purchased from any supplier.

You must purchase the electronic credit card processing equipment that you are required to use in your store from either POSitive Technology.com, Inc. or Point of Sale Solutions. Point of Sale Solutions is not affiliated with WBCA. We have negotiated a favorable payment rate for credit card transactions with Point of Sale Solutions, as well as arrangements to facilitate rapid approval of our franchisees as credit card merchants. Point of Sale Solutions does not require that you purchase their electronic credit card processing equipment in order to use their electronic credit card processing system. You are not required to use Point of Sale Solutions' electronic credit card processing system. The cost of the electronic credit card processing equipment required to be purchased from POSitive Technology.com, Inc. or Point of Sale Solutions

represents approximately 1-1.5% of your total purchases in connection with the establishment of your store.

The bird seed offered for sale in your Wild Bird Center must comply with specifications in our Operations Manual. Bird seed represents approximately 10% of your total inventory purchases in connection with the operation of your store. If you offer pet food for sale in your Wild Bird Center, it also must comply with specifications in our Operations Manual.

We do not require that any other inventory meet our specifications. We do, however, provide you with a required list of initial inventory for your Store, and require that the products offered for sale in your Store always include the "core inventory" described in the Manuals. We also make product recommendations, and we reserve the right to prohibit you from carrying products we believe may be harmful to the environment or wildlife and products which are unrelated to wild birds.

You may purchase the inventory offered for sale in your Wild Bird Center only from approved suppliers. A list of approved suppliers is included in the Manuals and training materials we give you. The suppliers on that list have been selected because of the products they offer, and because they provide competitive pricing, prompt service and accurate billing. We initially evaluate suppliers by testing their products and interviewing their management. We also conduct ongoing evaluations of approved suppliers based on our and our franchisees' experience with them. Our criteria for supplier approval are available to franchisees upon request. Some of the approved suppliers sell their products throughout North America, while others are local or regional. We negotiate price terms with approved suppliers for the benefit of franchisees. If you wish to use a supplier which is not on our list of approved suppliers, you may send us a written request for approval of that supplier. We will then investigate that supplier's pricing policy and performance record and obtain samples of its products, and we may add that supplier to our approved supplier list. There is no time limit for our evaluation and approval or disapproval of a supplier you suggest for inclusion on our approved supplier list. However, we typically notify a franchisee about approval or disapproval of a supplier within 30 days after our receipt of the franchisee's request that such supplier be included on the approved supplier list. If at any time an approved supplier fails to continue to meet our requirements, then the approved status of that supplier may be revoked. We will notify you of our approval of new suppliers and of revocation of our approval of suppliers.

We have contracted with certain manufacturers to produce products with "Wild Bird Center" labels. All functional products in our private label line have either been developed exclusively for us or selected for their superior performance. Those products include bird feeders, birdbaths, bird foods, nesting boxes, squirrel baffles, mounting poles and other hardware, and accessories. Our private label products also include gift items and other items developed by craft artists. You are required to offer our private label products for sale in your store.

We have entered into agreements with certain suppliers of WBCA's core products which require them, commencing in 2006, to contribute to our Retail Co-op Program an amount equal to 2% of the aggregate purchase price of the supplier's products purchased by our franchisees. We intend to enter into similar agreements with other suppliers, which require those suppliers to contribute 1 to 15% of the aggregate purchase price of products purchased by our franchisees to our Retail Co-op Program. We will not enter into such an agreement with any supplier that would increase the purchase price of its products to our franchisees as a result of such contributions. We will place the amounts contributed to our Retail Co-op Program in a separate account which will be used to pay for specific initiatives intended to increase business for the entire Wild Bird Center system. We will give statements showing how the funds in that account were spent to our Franchisee Advisory Board, which will be responsible for distributing those statements to other franchisees.

You are obligated to maintain such insurance coverage as we require from time to time. We currently require that you maintain liability insurance (\$1,000,000 to \$2,000,000 coverage) for property damage, bodily injury and death, and casualty insurance on the inventory, equipment and furnishings in your store.

Neither we, nor persons affiliated with us, are approved suppliers or the only suppliers of any goods or services to our franchisees, except for the "*Wild Bird News*", which is described in Items 6 and 11.

George Petrides, Sr., President of WBCA, receives payments of 15% of the wholesale cost of all upside down thistle feeders purchased during the previous calendar quarter by retail stores of any kind, including Wild Bird Center and Wild Bird Crossing stores owned by our franchisees. Those payments are made by Woodstream, Inc. and its Canadian affiliate, Yule-Hyde Associates, Ltd., pursuant to a patent license agreement for the upside down thistle feeder, which was invented by Mr. Petrides. Mr. Petrides is unable to determine how much of his income from Woodstream, Inc. and Yule-Hyde Associates, Ltd. during calendar year 2005 was derived from the sale of that feeder to Wild Bird Center and Wild Bird Crossing franchisees, because the reports he receives from those companies do not include that information.

Except for the supplier contributions to our Retail Co-op Program and the payments from Woodstream, Inc. and Yule-Hyde Associates, Ltd., neither we, nor any persons affiliated with us, currently receive any revenue or other consideration as a result of our franchisees' purchases from any required or approved supplier of services, fixtures, equipment or inventory. We and our franchisees do not have any purchasing or distribution cooperatives.

Item 9

## FRANCHISEE'S OBLIGATIONS

THE FOLLOWING TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AND OTHER AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN OTHER ITEMS OF THIS OFFERING CIRCULAR.

Obligation	Section in Agreement	Item in Offering Circular
a. Site selection and acquisition/lease	Sections 2A and 2D of Franchise Agreement	Item 11
b. Pre-opening purchases/leases	Sections 14A, 14B, 14C, 14D, 14F and 14I of Franchise Agreement	Items 7, 8 and 11
c. Site development and other pre-opening requirements	Section 14A of Franchise Agreement	Items 7, 8 and 11
d. Initial and ongoing training	Sections 8 and 14N of Franchise Agreement	Items 5, 6 and 11
e. Opening	None	Item 11
f. Fees	Sections 2C, 2D, 5, 6, 7, 8, 10, 11, 12, 17A, 17C, 17E, 27 and 28 of Franchise Agreement	Items 5 and 6
g. Compliance with standards and policies/Operating Manual	Sections 1A, 4, 13I, 13J, 14E, 14I, 14J, 14K and 14L of Franchise Agreement	Items 8 and 11
h. Trademarks and proprietary information	Sections 2A, 13C, 13D, 13E, 13F, 13G, 13H, 14B and 14P of Franchise Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 2A and 14L of Franchise Agreement	Items 8 and 16
j. Warranty and customer service requirements	Sections 14E, 14I and 14J of Franchise Agreement	Item 11
k. Territorial development and sales quotas	Sections 2C and 15 of Franchise Agreement	Item 12
l. Ongoing product service purchases	Section 14B, 14C and 14I of Franchise Agreement	Items 8 and 11
m. Maintenance, appearance and remodeling requirements	Section 2C, 14E, 14G and 14H of Franchise Agreement	Item 11
n. Insurance	Sections 14F and 20 of Franchise Agreement	Items 7 and 8
o. Advertising	Section 5 of Franchise Agreement	Items 6 and 11
p. Indemnification	Section 28 of Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Sections 14K, 15 and 16 of Franchise Agreement	Items 11 and 15
r. Records/reports	Section 12 of Franchise Agreement	Item 6
s. Inspections/audits	Sections 12 and 14 of Franchise Agreement	Items 6 and 11

Obligation	Section in Agreement	Item in Offering Circular
t. Transfer	Section 17 of Franchise Agreement	Items 6 and 17
u. Renewal	Section 2C of Franchise Agreement	Items 6 and 17
v. Post-termination obligations	Sections 13B, 13D, 18 and 23 of Franchise Agreement	Item 17
w. Non-competition covenants	Sections 13A and 13B of Franchise Agreement	Item 17
x. Dispute resolution	Sections 27, 29, 30 and 31 of Franchise Agreement	Item 17

### Item 10

#### FINANCING

We do not offer direct or indirect financing. We do not guaranty your note, lease or obligation.

### Item 11

#### FRANCHISOR'S OBLIGATIONS

Except as set forth below, we need not provide any assistance to you.

We strongly encourage you to develop a business plan and select a site for your Wild Bird Center before signing a Franchise Agreement. The business plan must include financial planning and demographic and market analyses. To assist you in developing the business plan and selecting a site; we will give you a copy of our Business Plan Handbook, which includes a sample business plan, as well as information on site selection, market analysis, demographics, financing and leasing.

We strongly encourage you to enter into a franchise reservation agreement with us. If you enter into a franchise reservation agreement with us, we will advise and assist you in identifying potential locations for your Wild Bird Center store and, if you request such assistance, assist you in negotiating the lease for the location you select. (Franchise Reservation Agreement - paragraph 4). We also will give you the exclusive option to open a Wild Bird Center within a specified reserved territory during the term of the franchise reservation agreement. (Franchise Reservation Agreement - paragraph 1).

After you submit a preliminary business plan to us, obtain financing, and sign either a franchise reservation agreement or a franchise agreement, one of our employees will visit the proposed site for your Wild Bird Center and may make suggestions for modifying the business plan. Our decision as to whether to approve a site will be based on population density, traffic



patterns, market makeup (income, demographics and psychographics), competition, accessibility of utility and public services and cost of obtaining the site. Preparation of the business plan and site approval normally takes from 30 to 90 days.

Before you open your business, we will:

- (1) Assist you to negotiate the lease or purchase of the site for your Wild Bird Center store, if you request assistance in such negotiations. (Franchise Agreement - paragraph 3). Your store location will be leased or purchased by you from independent third parties.
- (2) Direct you to the store design firm and fixture supplier you are required to use, and designate and recommend suppliers of equipment and furnishings for your Wild Bird Center store. (Franchise Agreement - paragraph 3). See Item 8 of this Offering Circular.
- (3) Loan you copies of our Operations Manual and supplemental business manuals, described below. (Franchise Agreement - paragraph 4).
- (4) Within 30 days of your signing the Franchise Agreement, provide you with information on how to purchase the computerized integrated retail operations system required for your Wild Bird Center store and other information to help you prepare for your franchise training program. (Franchise Agreement - paragraph 3). See Item 8 of this Offering Circular.
- (5) While you are attending our training program, provide you with a list of the initial inventory you are required to offer for sale in your store. (Franchise Agreement - paragraph 3).
- (6) While you are attending our training program, advise you on planning and implementing the grand opening of your store. (Franchise Agreement - paragraph 3).
- (7) Within 180 days of your signing the Franchise Agreement, train you and/or your designated store manager or another person for 6 days, as follows. (Franchise Agreement - paragraph 8).

Subject	Time Begun*	Instructional Material	Hours of Classroom Training	Hours of On The Job Training	Instructor**
WBCA Company Philosophy and History	180 days	Operations Manual, handouts	2	0	George Petrides, Sr.
WBCA Marketing and Public Relations	180 days	WBCA Marketing and Public Relations Manual, CD Library, Newsletter Resource Manual, Advertising Resource Manual, Annual Marketing Plan	5	0	David Sarpal, Abby Karamanova, Joelle Kolius

Subject	Time Begun*	Instructional Material	Hours of Classroom Training	Hours of On The Job Training	Instructor**
Point of Sale System, Internet and Intranet	180 days	Handouts	10	0	Wendy Ilgenfritz, Aneta Stoyanova and/or designated vendors
Inventory Management and Buyer's Guide	180 days	Operations Manual, Inventory Management Manual, handouts	8	7	Neil Gladner, Mary Ann Dawedeit
Finance Operations; Introduction to Quick Books	180 days	Operations Manual, Financial Management Manual	4	0	Henrik Lehmann Weng, Christina Hsing
Scientific Resources and Private Label Development	180 days	Science Manual	3	0	George Petrides, Sr.
Personal Selling	180 days	Wild Bird Center Selling Manual, handouts	2	0	George Petrides, Jr.
Trade Dress and Merchandising Concepts	180 days	Merchandising Concepts Manual, handouts, slides, power point show	4	1	George Petrides, Jr., Neil Gladner
Community Education	180 days	Promotion and Community Outreach Manual	3	0	George Petrides, Sr.
Individual Workshops	180 days	Individual Store Analysis	5	0	Training Staff

\* All aspects of training are integrated, that is, there are no definitive starting and stopping times.

\*\* George Petrides, Sr. is the President of WBCA and has 21 years of experience in the wild bird specialty retail business. Henrik Lehmann Weng is our Chief Operating Officer, and has 10 years of business operational experience. George Petrides, Jr. has been our Director of Franchise Development for 2 years, and he owned and managed a Wild Bird Center for 6 years. Wendy Ilgenfritz is our Director of Information Systems and has 13 years of information technology experience. Neil Gladner is our Director of Retail Operations and has 21 years of retail management experience. Aneta Stoyanova has worked for WBCA for 7 years and is responsible for our Internet and intranet. Christina Hsing is our Accountant and has 13 years of accounting experience, 11 of which were in retail operations. David Sarpal is our Senior Marketing Manager and has 6 years of marketing experience. Abby Karamanova has been the Managing Editor of the "Wild Bird News" for the past 2 years and has worked on the "Wild Bird News" for 4 years. Joelle Kolius has been Editing Consultant of the "Wild Bird News" for 2 years and has worked on the "Wild Bird News" for 10 years.

Our training program is provided to up to 2 people for the initial training charge of \$2,000.00. At your option, additional individuals may participate in the training program for a charge of \$1,000.00 per person. You must pay the travel and living expenses for you and your employees. Training occurs at our Glen Echo, Maryland headquarters or hotel or other conference

facilities in the Washington, D.C. metropolitan area. You and any designated store manager participating in our training program must complete such program to our reasonable satisfaction.

During the operation of the franchised business, we will:

- (1) Advise and consult with you periodically in connection with the operation of your Wild Bird Center store. We will advise you of new developments, techniques and improvements in the areas of products, management, marketing, and service which are pertinent to operation of your store. This guidance will, at our discretion, be accomplished by visits to your store by our employees, or by telephone or e-mail communications, printed reports or other mailings. We will also make available to you all additional services, facilities, rights and privileges which we make generally available, from time to time, to all franchisees operating Wild Bird Centers (Franchise Agreement - paragraph 3).
- (2) Host an annual convention each year. You are required to participate in our annual convention. (Franchise Agreement - paragraph 8).
- (3) Send you, from time to time, information about topics relating to the operation of Wild Bird Center and Wild Bird Crossing stores, and notable advertising and promotional ideas and materials used by Wild Bird Center and Wild Bird Crossing franchisees. (Franchise Agreement - paragraph 3).
- (4) Upon your request, if we believe our intervention is warranted, intercede with suppliers we have approved, to ensure that guarantees are honored in a timely fashion and defective products are replaced. (Franchise Agreement - paragraph 3).
- (5) Provide marketing services and consulting services for the benefit of all franchisees. (Franchise Agreement - paragraph 6).
- (6) Publish the "*Wild Bird News*" and mail it to your customers and potential customers. (Franchise Agreement - paragraph 5).
- (7) Print promotional postcards and mail them to your customers and potential customers. (Franchise Agreement - paragraph 5).
- (8) If we develop any new procedures or techniques which, in our opinion, require additional training, provide such training to you on the same terms and conditions as the training offered prior to the opening of your business, except that there will be no training fee. (Franchise Agreement - paragraph 8).
- (9) Loan you copies of our Operations Manual and supplemental business manuals. These manuals are confidential and remain our property. We may modify these manuals, but the modifications will not alter your rights or status under the Franchise Agreement. (Franchise

Agreement - paragraph 4). The Operations Manual is 146 pages long. The table of contents of the Operations Manual is set out in the attached Exhibit D.

The supplemental business manuals which we currently loan to our franchisees are a Pre-Training Manual (15 pages), a Merchandising Concepts Manual (53 pages), a Promotion and Community Outreach Manual (178 pages), a Marketing Training Manual (174 pages), a Newsletter Resource Manual (118 pages), a Private Label Guide (118 pages), a Buyer's Guide (464 pages), a Purchasing Concepts & Inventory Management Manual (30 pages), a Personal Selling Manual (19 pages), a Scientific Studies and Information Manual (43 pages) and a Trade Dress Manual (27 pages). The table of contents of each of those manuals is set out in the attached Exhibit D. Many of those manuals are in electronic format.

As indicated above, we host an annual convention each year. The topics covered at the annual convention may include new products, information on feeding and attracting wild birds, sales techniques, training of personnel, performance standards, community programs, the point-of-sale software system, advertising programs and merchandising procedures. The presenters at the convention may include our employees and franchisees and consultants whom we select for those presentations. There is no fee for participating in the annual convention, but you must pay all your travel and living expenses.

We have established a Franchisee Advisory Board for the purpose of promoting communication between WBCA and our franchisees, and facilitating cooperative efforts to resolve problems. The Board consists of 6 franchisee members elected by the franchisees: one at-large member and the others representing the northeast, the southeast, the midwest, the southwest and the far west. We may appoint one non-voting member. The Board meets at least once per year.

You have access to computer e-mail and an intranet for communications to us and other franchisees.

All Wild Bird Center franchisees must distribute the "*Wild Bird News*" or Wild Bird Center promotional postcards to their customers and potential customers at least 6 times a year. At least 2 of those annual mailings must be the "*Wild Bird News*".

The "*Wild Bird News*" is a publication of WBCA, which includes news on wild birds, Wild Bird Centers and Wild Bird Crossings, and highlights seasonally appropriate products. The "*Wild Bird News*" is published 6 times per year. The standard version of the "*Wild Bird News*" is 4 pages long. At your option, we will customize any issue of the "*Wild Bird News*" for your store by including a 2-page insert with articles written by you or your employees, or selected by you from the articles on the WBCA intranet provided by us or other sources, and promotions provided by you or by us at your request.

We produce promotional postcards approximately 10 times a year. Each of those postcards has an illustration on one side, which is the same for all stores. The other side of each postcard is a description of a sale or promotion, which will generally be the same for all stores. At the beginning

of each year, you must provide us with a marketing plan for that year, showing which issues of the "*Wild Bird News*" and which promotional postcards you wish your customers and potential customers to receive that year. Two of the promotional postcard mailings must be for the November/December holiday period and the April/May Mother's Day period.

You must provide us with a complete and current mailing list, in an electronic form approved by us, of your customers and potential customers. We will mail your store's versions of the "*Wild Bird News*" and the promotional postcards directly to the persons on your mailing list and you will reimburse us for our design, printing and mailing costs (see Item 6).

You will be responsible for all other advertising of your Wild Bird Center. During each calendar year, you are required to spend an amount equal to at least 2% of your gross sales for advertising and promotion. Cooperative marketing fee payments and your expenditures for the "*Wild Bird News*" and Wild Bird Center promotional postcards are not credited against the required minimum expenditure for advertising and promotion.

We provide marketing services to you, which may include providing ad slicks, in-store signage, market research and/or new educational program development materials. These materials are prepared by our in-house staff or by an advertising agency retained by us. To assist you in your advertising and promotion efforts, we compile notable marketing materials used by our franchisees. These materials are distributed to our franchisees from time to time. We place advertisements for "Wild Bird Center" labeled products in national magazines for birding enthusiasts. We currently do not place any product advertising in any other national, regional or local media.

You may develop advertising materials for your own use, at your own cost. You are required to obtain our approval of such advertising materials before you use them. You may not advertise your store in print, radio or television media which is directed at persons in any other franchisees' exclusive territories, unless you invite all such other franchisees to participate in such advertising. If the media reaches significantly more persons in any other franchisee's exclusive territory than in your exclusive territory, you must also obtain that other franchisee's written permission to publish advertising in that media.

You may advertise your store on an Internet website, provided that (i) you use our website as the parent site for your website, i.e., your website may be accessed only through a link from our website, (ii) you obtain our approval of your website or any material change to that website before publishing it on the Internet, (iii) you do not advertise prices for products or services sold at your store on that website, (iv) you use text provided or approved by us to describe any of our trademarked, service marked or patented products or any Wild Bird Center private label products on that website, and (v) any displays of any of our trademarks or service marks on that website conform to specifications provided by us.

We pay for the editorial services for the "*Wild Bird News*" and Wild Bird Center promotional postcards and the marketing, public relations and consulting services we provide to you with a cooperative marketing fund, which is created in part with cooperative marketing fee payments from franchisees and in part with contributions by WBCA. All franchisees are required to

pay a cooperative marketing fee monthly in the amount of \$2,700.00 per year (see Item 6). We administer the cooperative marketing fund. We prepare an annual report summarizing all expenditures made from that fund. We will provide that report to you upon request. If any cooperative advertising fee payments are not used in the year paid, they are retained in the cooperative marketing fund for use in the following year. The cooperative marketing fund is never used to promote the sale of additional franchises. During calendar year 2005, approximately 85% of the expenditures from the cooperative marketing fund were for marketing services and production of the "*Wild Bird News*", 10% were for consulting services, and 5% were for administrative expenses.

We have the power to require our franchisees to form advertising cooperatives or councils. If any such cooperatives or councils are formed, we have the power to require them to be changed, merged or dissolved. Our franchisees currently do not have any advertising cooperatives or councils.

If you fail to pay any service fees, cooperative marketing fees or "*Wild Bird News*" or Wild Bird Center promotional postcard printing and mailing costs within 5 days after receiving written notice that they are overdue, or if you fail to submit any required monthly or annual statements within 30 days after receiving written notice that they are overdue, we, at our option, may cease providing you with the "*Wild Bird News*" and promotional postcards or any other services until you pay all overdue fees and costs and provide all overdue statements.

We require you to use a computerized integrated retail operations system called TopFlight™, which has been developed specifically for Wild Bird Center franchisees. The TopFlight™ system enables you to manage the information you need to run your store efficiently with a minimum investment of your own time and effort. It provides complete inventory control, including receiving stock, analyzing turnover time and profit margins, and performing the paperwork needed for re-ordering. It produces reports showing specifically what items are selling, who is buying (by zip code or specific customer names and addresses) and when (by date or time). It generates the financial data you need to analyze your profitability and complete your income tax returns.

The TopFlight™ system is comprised of the following hardware components: an IBM-compatible Vaio, Pentium IV or Celeron-based personal computer with a Windows XP Professional operating system, a color computer monitor, a CD-RW drive, a 1.4 megabyte floppy drive, parallel interface ports, USB connections, serial connections, a mouse, a standard 101 key keyboard with MSR (magnetic stripe reader), a high-speed 56,600 baud modem, an ethernet network interface connection, a barcode scanner, a reports printer, a receipt printer, a barcode label printer, a surge protector, a cash drawer, an uninterruptible power supply and connecting cables for the system components. Internal credit card processing requires a keyboard with a Magnetic Stripe Reader and an additional dedicated high-speed 56,600 baud external modem.

The TopFlight™ software is an integrated software system which includes the following components: a specifically configured Retail Management System by Microsoft, for recording sales

and customer information and managing inventory; SYMANTEC PC ANYWHERE V.10, for remote software support and general communications functions; NORTON ANTIVIRUS by Symantec, for detecting and eliminating computer viruses; QuickBooks Professional by Intuit, for accounting; and Microsoft Office Small Office Edition for word processing, spreadsheets and other office, financial and retail functions.

The Microsoft Corporation Retail Management System software has been customized for WBCA as its TopFlight™ point-of-sale system software. The TopFlight™ system software is the proprietary property of POSitive Technology.com, Inc. ("PTI"). PTI is not affiliated with WBCA. PTI is located at 15204 Omega Drive, Suite 120, Rockville, Maryland 20850. Its telephone number is (301) 519-1088. PTI's subscription service and Microsoft Corporation may provide software updates and upgrades for variable fees. We and PTI provide training in use of the TopFlight™ system as part of our training program. PTI is solely responsible for support of the TopFlight™ system. PTI provides computer support services to all of our franchisees, by telephone and e-mail, for various fees. The typical fee is \$2.50 per minute, but the fee is different for franchisees who enter into service contracts with PTI.

We may require you to change or upgrade computer hardware or software components during the term of the franchise. However, the total cost of all hardware and software changes and upgrades required during the initial term of the franchise cannot exceed \$20,000.

We and our franchisees have used versions of the TopFlight™ system continuously for the last 15 years. We do not currently have independent access to the information and data in your computer system, but we reserve the right to require you to provide us with such access in the future.

In addition to the TopFlight™ software, you are required to have access to an e-mail program capable of transmitting and receiving attached files and approved by us, such as Microsoft Outlook or Outlook Express. You may not use America Online mail programs.

Franchisees typically open their stores 3 to 9 months after they sign a franchise agreement. The factors that affect this time are the ability to obtain financing, availability of a satisfactory site, weather conditions, and delayed installation of equipment, fixtures and signs.

### Item 12

#### TERRITORY

You will receive an exclusive territory with a population of approximately 50,000 to 250,000 people, within an area of approximately 25 to 100 square miles. If you have entered into a franchise reservation agreement with us, your exclusive territory may be smaller than your reserved territory under the franchise reservation agreement.

You will operate from one store location, approved by us, within your exclusive territory. You may also offer products from kiosks or carts within your territory, with our prior approval. You will be permitted to relocate your store within your territory, provided that we approve the new location, and that your store is not closed for more than 6 months as a result of the relocation. We may charge you for expenses we incur in connection with your relocation. The criteria we use in approving locations are set forth in Item 11.

WBCA and our affiliated companies will not operate stores or grant franchises for a similar or competitive business within your exclusive territory, except as follows. We and/or our affiliates may purchase or merge with a company which has granted franchises for or operates one or more competitive businesses in your exclusive territory. However, if we or our affiliates do so, we and our affiliates will not establish or franchise any more of those competing businesses, or convert or permit the conversion of any of those businesses to Wild Bird Centers, within your exclusive territory without your consent.

We and our affiliates reserve the right to open and operate Wild Bird Centers and to sell franchises for Wild Bird Centers anywhere except your exclusive territory, including locations which may compete with your Wild Bird Center.

We and our affiliated companies cannot advertise or solicit orders within any franchisee's territory. You can advertise your store on an Internet website which does not include the prices of products or services or offer products for sale, and which complies with our other requirements. (See Item 11). Aside from such a website, you cannot advertise or solicit orders within another franchisee's territory unless you invite that franchisee to participate in such advertising, and if the advertising medium reaches significantly more persons in that franchisee's territory than in yours, you also obtain his written permission to publish such advertising. (See Item 11). You can accept orders from outside your territory without special payment.

We cannot modify your territorial rights during the term of your franchise agreement. You are not required to achieve any sales quotas or meet any other conditions to keep your rights in your territory. You maintain rights to your territory even though the population increases. However, you do not receive the right to acquire additional franchises within your territory.

Except for the Wild Bird Crossing franchise described in Item 1, WBCA and our affiliated companies have not established and do not intend to establish other franchises or company-owned outlets or another channel of distribution selling similar products under a different trademark.

### Item 13

#### TRADEMARKS

We grant you the right to operate a store under the name Wild Bird Center. You may also use our other current or future trademarks (other than our Wild Bird Crossing trademarks) in the



operation of your store. By trademarks, we mean trade names, trademarks, service marks and logos used to identify your store. We have registered the following trademarks on the United States Patent and Trademark Office principal register:

Trademark	Registration Number	Date of Registration
Wild Bird Center logo	1,536,949	April 25, 1989
Wild Bird Center trade name	1,653,266	August 16, 1991
Wild Bird News trade name	1,535,975	April 18, 1989

The Wild Bird Center logo is represented below.



We have filed all required affidavits with respect to these trademarks. The Wild Bird Center trade name trademark has been renewed.

You must follow our rules when you use these names and marks. You cannot use any of these names or marks as part of a corporate name or with modifying words, designs or symbols, except for those which we license to you. You cannot use these names or marks in connection with the sale of an unauthorized product or service or in a manner not authorized in writing by us.

On October 23, 1992, we registered the Wild Bird Center logo as a trademark with the Office of Consumer and Corporate Affairs of Canada, where it was assigned registration number TMA 403,749. On September 11, 1998, we registered the Wild Bird Center trade name and the Wild Bird News trade name as trademarks with the Office of Consumer and Corporate Affairs of Canada. The Wild Bird Center trade name was assigned registration number TMA 500,498. The Wild Bird News trade name was assigned registration number TMA 500,487.

No agreements limit our right to use or license the use of our trademarks. There is no determination of the Patent and Trademark Office, Trademark Trial and Appeal Board or any trademark administrator or court that could adversely affect your use of our trademarks. There are no pending infringement, opposition or cancellation proceedings involving our trademarks. There is no pending litigation involving our trademarks. We do not know of any infringing uses that could materially affect your use of our trademarks.

You must notify us immediately when you learn about an infringement of or challenge to your use of any of our trademarks. We are not obligated under the franchise agreement to take any action when notified of such an infringement, but we will take the action we think appropriate.