

Item 1

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this offering circular, "AOM," "we," "us" or "our" means AllOver Media Franchising, Inc., the franchisor. "You" means the person or entity who buys the franchise. If the franchisee is a corporation, partnership or other entity, "you" may also mean its owners. Certain provisions of the franchise agreement will apply to your owners and will be noted in this offering circular.

We are a Minnesota corporation incorporated on September 27, 2002. We changed our name from AllOver Media Indoor Franchising, Inc. to AllOver Media Franchising, Inc. in September 2004. Our principal business address is 7351 Kirkwood Lane North, Suite 100, Maple Grove, Minnesota 55369; telephone: (763) 424-1000; website: www.allovermedia.com. We do business under our corporate name and "AllOver Media."

Our agents for service of process are disclosed in Exhibit 1 to this offering circular.

The Franchise

We grant franchises to qualified persons for the right to own and operate an ALLOVER MEDIA™ Business (the "Business") within a particular geographic territory (the "Designated Territory") and pursuant to the terms of our standard franchise agreement, a copy of which is included in this offering circular as Exhibit 2. ALLOVER MEDIA franchises are advertising service businesses that provide, depending on the market, indoor print, gas pump advertising services, taxi cab and electronic LCD advertising services, as further described in Item 16. You will place your ads in businesses such as restaurants, bars, gas stations, and in other public facilities, all under the name ALLOVER MEDIA.

We are in the business of the administration of our franchise system. We have granted ALLOVER MEDIA franchises since March 2003, although our predecessors NextMedia Franchising, Inc. and Manifest Media II, Inc. previously offered AJ INDOOR® franchises, as described below. We have not previously offered franchises in any other line of business. As of December 31, 2005~~October 1, 2005~~, there were 252 ALLOVER MEDIA franchised territories and 1 company-owned ALLOVER MEDIA businesses, as further noted in Item 20.

As a franchisee, you will focus on: (1) acquisition of indoor print and electronic LCD display board lease sites in restaurants, bars, and other public facilities, and acquisition of space on gas pumps at gas stations and convenience stores; and (2) sale of advertising space to other businesses. Generally our franchisees will offer the same types of services and products, but some franchise owners will do so in a larger designated

territory. You may or may not need to hire sales personnel or additional employees. Also, you may or may not employ or subcontract the display board maintenance services.

As further stated in Item 16, you must comply generally with all local, state and federal laws in the operation of your Business. There also may be laws or ordinances that regulate certain product offerings in your Designated Territory, such as taxicab and gas pump advertising. We urge you to make further inquiries about all of these laws that may be applicable to your Business. It is your responsibility to make sure that you understand how these laws may impact your Business.

~~We also are offering the ALLOVER MEDIA franchise to qualified individuals who previously operated an advertising production and placement business under a franchise agreement granted by our predecessor, as described below. The conversion franchise has a reduced initial franchise fee, as explained in Item 5. The conversion franchise is the same as an ALLOVER MEDIA franchise operated by someone new to the ALLOVER MEDIA system and the advertising business. If you qualify for a conversion franchise, you must sign the then current franchise agreement and the conversion addendum attached to the franchise agreement. Except for the initial franchise fee and initial investment as described in Item 7 or as indicated otherwise, this offering circular and the terms and conditions of the franchise agreement apply to the conversion franchise.~~

During the operation of your Business, you will use our Trademarks (as defined in Item 13), as well as our distinctive products and services, supplies, sales and business techniques, and display board maintenance methods and procedures. Your Business will include sales and maintenance of different types of advertising as authorized for your Designated Territory (as defined in Item 12), and may include indoor print, taxi cab, electronic LCD, and gas pump advertising. Each ALLOVER MEDIA franchised business is an independently owned and operated business and you, as the franchisee, are solely responsible for its day-to-day conduct and activities.

You will sell advertising production and placement services from your Business to other businesses of all types. Sales of advertising services generally are not seasonal. Sales will depend, in part, on the demand for these services and your willingness and ability to effectively use the ALLOVER MEDIA system. You will compete with other businesses performing similar advertising services, including other regional and national franchise systems, independent businesses, and national, regional and local non-franchised companies. You also will compete with television, radio, newspaper and various other advertising media.

Our Predecessors

Our immediate predecessor is NextMedia Franchising, Inc. ("NextMedia"), a Delaware corporation, with its offices in Colorado at 6312 Fiddler's Green Circle, Suite 360E, Englewood, Colorado 80111. NextMedia incorporated in Delaware on May 19, 2000. NextMedia previously offered AJ INDOOR® franchises for indoor print advertising businesses similar to an ALLOVER MEDIA business in the United States from May 2000

to November 2002. It, however, does not and has not offered franchises in other lines of business. NextMedia also currently operates indoor print advertising businesses similar to an ALLOVER MEDIA business. On November 6, 2002, we acquired some of NextMedia's assets, including business systems, agreements with existing franchisees, and other franchise-related assets. Pursuant to our 2002 agreement with NextMedia, we agreed in general that neither we nor our franchisees would, without NextMedia's consent, engage in any indoor print advertising in most of the top 35 markets according to the 2000 U.S. Census population based on the Metropolitan Statistical Area (MSA) or initiate contact with any customer in most of the top 35 markets for the purpose of selling indoor print advertising. NextMedia agreed that we had the right to perform indoor print advertising in markets ranking 36 and below, as well as certain other markets within the top 35 such as Cincinnati, Kansas City, and other designated cities. In 2005, we terminated the 2002 agreement and signed a new non-compete agreement with NextMedia. We signed the 2005 agreement in settling the litigation described in Item 3. Pursuant to our 2005 agreement with NextMedia, we agreed in general that neither we, including our franchisees, nor NextMedia would, without the other's consent, install or display or retain a third party to install or display indoor print advertising in any location within the other's markets. Each market belonging to NextMedia and AllOver Media, respectively, was specifically identified in the 2005 agreement. Certain NextMedia markets will be re-classified as undesigned markets once we establish a franchise in the market. All markets not identified as NextMedia or AllOver Media markets are undesigned and either party is permitted the right to sell and display indoor print advertising in any location within an undesigned market. We also agreed that neither we nor NextMedia would establish a lease or install indoor digital displays (electronic LCD) within any location in the other's market where the other party has either an indoor print display or an indoor digital display that is clearly identified with the displaying party and is visible to the general public. We and NextMedia agreed that either party is permitted, without the other's prior written consent, to arrange, represent, sell, or place indoor print advertising in a location of a national retail chain within the other's market provided several conditions are met and followed. If NextMedia places indoor print advertising in a location of a national retail chain within our territory or the designated territory of certain franchisees, then NextMedia will be required to provide us notification and pay us a market fee.

Another predecessor of ours is Manifest Media II, Inc., formerly known as AJ Indoor International, Inc. ("AJ International"). AJ International, a Minnesota corporation, was incorporated on December 4, 1997. AJ International offered AJ INDOOR franchises for indoor print advertising businesses similar to an AllOver Media™ business. These franchises were offered from January 1998 to May 2000, when AJ International sold its existing franchise agreements, business systems, and other franchise-related assets to NextMedia. AJ International did not operate indoor advertising businesses similar to an ALLOVER MEDIA business. AJ International never offered franchises in other lines of business.

Another predecessor of ours is Manifest Media, Inc. formerly known as AJ Indoor Advertising, Inc. ("AJIA"). AJIA is a Minnesota corporation and was incorporated on

January 10, 1989. AJIA operated an indoor print advertising business similar to an ALLOVER MEDIA business in 40 markets from January 1998 to May 2000. AJIA did not offer indoor advertising franchises, and did not offer franchises for any other business. In May of 2000, AJIA sold its business assets to NextMedia Outdoor, Inc., a Delaware corporation with offices at 6312 Fiddler's Green Circle, Suite 360E, Englewood, Colorado 80111 ("NextMedia Outdoor"). NextMedia Outdoor is an affiliate of NextMedia. NextMedia Outdoor does not offer indoor advertising franchises and does not offer franchises for any other business.

Our Affiliate

We have an affiliated entity called AllOver Media, Inc. ("AMI"). AMI is a Delaware corporation organized on October 23, 2002. AMI operates company-owned ALLOVER MEDIA™ businesses. AMI's principal business address is 7351 Kirkwood Lane North, Suite 100, Maple Grove, Minnesota 55369. AMI acquired the AllOver Media Business operations from NextMedia Outdoor on November 6, 2002. AMI has never offered franchises in any line of business.

Item 2

BUSINESS EXPERIENCE

The following list discloses our officers, directors and other employees with responsibilities related to franchisees and the principal occupation of each of them during the preceding 5 years.

President and CEO: Anthony S. Jacobson

Mr. Jacobson has been our President and CEO since our inception in September 2002, and has been President and a Director of our affiliate, AMI, since October 2002. He was Vice President of National Accounts of NextMedia, Minneapolis, Minnesota, from May 2000 to November 2002. Mr. Jacobson was one of the founders of AJ International, Minneapolis, Minnesota, and served as its Vice President from December 1997 to May 2000. He was also a founder of AJIA in Minneapolis, Minnesota, and served as its Vice President and Director from January 1989 to May 2000.

COO: Charles Hayssen

Mr. Hayssen has been our Chief Operating Officer since August 2004. Mr. Hayssen was a private investor from April 2004 until August 2004. From September 2002 to April 2004, he was the Executive Vice President and Chairman of the Operating Committee of ThinkEquity Partners LLC, a private company based in Minneapolis, Minnesota, performing equity research, investment banking, equity trading and institutional investment sales. Before September 2002, he was a private investor from November 2001 to September 2002, Chief Financial Officer of Access Cash International

L.L.C. based in Minneapolis, Minnesota from February 2000 to November 2001 and a private investor from April 1999 to February 2000.

VP-Director of Sales: David Sturzl

Mr. Sturzl has been our VP-Director of Sales since February 2005. Mr. Sturzl was a National Sales Manager for Intran in Minneapolis, Minnesota from November 2004 to December 2004. From August 2003 to November 2004~~5~~, he was the General Sales Manager for Next Media in Minneapolis, MN. From July 1990 to August 2003, he was a General Sales manager for Clear Channel in Minneapolis, MN.

VP – Director of Franchising: Daniel Adelstein

Mr. Adelstein has been our VP-Director of Franchising since December 2005. Previously, he was a Director of Franchise Development for Regis Corporation from October 2004 to December 2005. Prior to that he was Vice President of Operations for Aero Colours Inc. from January 2000 to October of 2004.

Director of Franchise Development: John F. Mitchell (“Jay”)

~~Mr. Mitchell has been our Director of Franchise Development since June 2004. He was a Franchise Licensing Representative for Super Coups/Advo Inc. in Avon, Massachusetts, from April 2002 to June 2004. From March 2000 to March 2002, he was the Marketing Director for LCC Financial – Corvette City USA in Atlanta, Georgia.~~

Director of Franchise Training & Support: Brandon Almich

Mr. Almich has been our Director of Training & Support since May 2004. Previously, he was a Senior Business Development Manager for eFunds in Woodbury, Minnesota, from May 1997 to May 2004.

Corporate Controller: Robert Jackson

Mr. Jackson has been our Corporate Controller since January 2006. Before that, he was an Accounting Supervisor for Aero-Space Computer Supplies, Inc. in Bloomington, Minnesota from January 1997 to January 2006.

~~Controller: John McGraw~~

~~Mr. McGraw has been our Controller since May 2004. Before that, he was a Divisional Controller for eFunds in Woodbury, Minnesota, from December 1995 to May 2004.~~

~~Director of Information Technology: Loren Reis~~

~~Mr. Reis has been our Director of Information Technology since December 2003. Before that, he was the Manager of Information Systems for Living Benefits Financial Services in Minnetonka, Minnesota, from January 2002 to August 2003. From June 1996 to~~

~~December 2003, he was a Consultant for Reis Consulting Services, located in Ham Lake, Minnesota.~~

Field Trainer: Richard Eliason

~~Mr. Eliason has been our Field Trainer since November 2004. Before that he was a Lead Generation Specialist for Business I.Q. in St. Paul, Minnesota from January 2004 to November 2004. From April 2001 to November 2003, he was a Technical Marketing Representative for Koch Pavement Solutions in St. Paul, Minnesota. From January 1987 to February 2001, he was a Director of National Accounts for Star Forms in St. Paul, Minnesota.~~

Franchise Brokers/Lead Generator Sources: See Exhibit 8.

Item 3

LITIGATION

AOM, AMI and Mr. Anthony Jacobson were defendants in the following action: *Next Media Franchising, Inc. and NextMedia Outdoor, Inc., v. AllOver Media Indoor Franchising, Inc. et. al.* This action was commenced in District Court for Hennepin County Minnesota on October 21, 2003, Court File No. CT 03-017605. The plaintiff NextMedia Franchising, Inc. and NextMedia Outdoor, Inc. ("NextMedia") alleged claims of violation of the Minnesota Deceptive Trade Practices Act, breach of contract and tortious interference with prospective business relations, and requested injunctive relief and actual damages in an amount to be determined at trial (including court costs and attorney's fees), relating to the acquisition of certain assets by Defendants AOM, AMI and Mr. Jacobson (collectively, "AOM") from NextMedia, as described in Item 1 of this offering circular. NextMedia contended that AOM breached their contract in the acquisition of certain assets (the "Sales Agreement") by improperly pursuing business originating out of certain NextMedia markets. AOM denied those allegations and asserted a counterclaim against NextMedia alleging breach of contract and requesting damages in an amount to be determined.

—On July 19, 2004, NextMedia filed an Amended Complaint alleging additional claims of breach of contract and tortious interference with contract. The new claims included allegations that AOM also breached the Sales Agreement by installing electronic LCD screens in venues located in NextMedia's markets and by using those LCD screens to sell indoor advertising. NextMedia alleged that AOM was prohibited under the Sales Agreement from installing and using electronic LCD screens for indoor advertising in certain markets. The Sales Agreement restricted certain activities of the parties with regard to "Indoor Advertising," which was defined under the Sales Agreement as the "display of indoor print advertising in restaurants, bars and other public facilities." AOM maintained that any arguable restrictions under the Sales Agreement related only to indoor print advertising which was distinguishable from, and did not include, digital LCD display screens.

The parties subsequently conducted discovery in this action. During the discovery stage, the parties stipulated to the dismissal with prejudice of NextMedia's claims of violation of the Minnesota Deceptive Trade Practices Act, breach of the Sale Agreement with respect to the installation and use of electronic LCD screens for indoor advertising in NextMedia's markets, and tortious interference with prospective business relations.

_____-The parties then brought summary judgment motions seeking to dismiss their opponents' respective claims. Prior to the Court issuing an order on the summary judgment motions, the parties settled this matter and exchanged mutual releases on April 28, 2005. Neither party admitted liability for the claims asserted and neither was required to make any payment for settling the litigation. However, the parties agreed as part of the settlement to terminate the Sale Agreement and to sign a new Market Non-Competition Agreement. As further explained in Item 1, the new Market Non-Competition Agreement redefined each parties designated markets, provided for a limited covenant not to compete for indoor print advertising, a limited covenant not to interfere with indoor digital advertising, and the payment of a market fee for sales to national retail chains. The parties subsequently filed a stipulation of dismissal with prejudice.

Other than this one matter, no litigation is required to be disclosed in this offering circular regarding us, our personnel disclosed in Item 2, or any predecessor or affiliate of ours.

Any litigation required to be disclosed in this offering circular regarding any franchise broker/lead generator source is disclosed in Exhibit 8.

Item 4

BANKRUPTCY

No person previously identified in Items 1 or 2 of this offering circular as the franchisor, its affiliate, its predecessor, officers or general partner 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

You must pay us a nonrefundable initial franchise fee of \$30,000 plus an amount equal to \$500 per 10,000 people in your Designated Territory over 50,000 persons. The population of your Designated Territory will be based upon the most recent actual or estimated census information available from the United States Census Bureau. We may award an additional population of generally no more than 50,000 persons to you at no additional cost if certain factors exist such as product offering restrictions, limited

business count, competitive advertising production and placement businesses, or other similar factors regarding your Designated Territory as determined in our sole discretion. You pay us the initial franchise fee at the time of signing the franchise agreement. ~~If you are a converting franchise, (i) you will not pay us an initial franchise fee if you acquired your franchise before 2002 or if you acquired your franchise after 2002 and your rights included indoor and outdoor advertising; or (ii) you will pay us an initial franchise fee if you acquired your franchise after 2002 and your rights included only indoor or outdoor advertising, in which case the initial franchise fee payable to us will be the difference between what you paid as an initial franchise fee when you first purchased the franchise and what you would pay under the formula set forth in the first paragraph of this Item 5.~~

If you currently own an ALLOVER MEDIA™ Business, have been in operation for greater than one year, and are in compliance with your franchise agreement, you may purchase an additional AOM franchise from us at the reduced nonrefundable initial franchise fee rate of \$20,000 plus an amount equal to \$400 per 10,000 people in your Designated Territory over 50,000 persons. You pay us the initial franchise fee at the time of signing the franchise agreement.

We also may provide certain benefits to existing franchisees (for example, payment of a ~~\$1,500~~5,000 referral fee) for any franchisee lead referral submitted to us, who then becomes a franchise owner. Any franchise referral is a referral program, and an existing franchisee who does refer a candidate is in no way involved under any circumstances with the offer or sale of the franchise.

During our 2005~~4~~ fiscal year the initial franchise fees paid to us ranged from ~~\$37,062 to \$59,027~~41,000 to \$150,000.

Item 6

OTHER FEES

Name of Fee (1)	Amount	Due Date(2)	Remarks
Continuing License Fees(3)	6% of (i) Local Billings; (ii) National Account Sales that you place into another franchisee's designated territory; and (iii) Cross Sales that you place in another franchisee's designated territory	monthly	if you do not meet your Minimum Local Billing and Venue Requirements, you must pay an additional "shortfall" continuing license fee(4) see note(5) for definitions of National Account Sales and Cross Sales
Marketing Fee	1% of your Gross Revenues	quarterly monthly ✓	"Gross Revenue" means revenue you derive from Local Billings, Cross Sales (excluding Cross Sales that another franchisee places in your Designated Territory), National Account Sales and any other revenue that you derive from the operation of your Business

Name of Fee (1)	Amount	Due Date(2)	Remarks
National Account Sales Fees	varies	monthly	the percentage of fees you pay or that are paid to you vary depending on who places the ad, as detailed in appendix C to the franchise agreement
Cross Sales Fees	varies	monthly	the percentage of fees you pay or that are paid to you vary depending on who places the ad, as detailed in appendix C to the franchise agreement
ALLOVER MEDIA Software Support Fees	\$250	monthly	
Display Board and Advertising Material Purchases	varies	monthly	
Production Charges	varies	monthly	you may purchase production services from us or other approved sources
Audit Fees	the expenses we incur to audit your records, ranging between \$500 to \$1,500	immediately upon receipt of bill	you pay for cost of audit only if it shows an understatement of your gross revenues, local billings, continuing license fees or advertising fees
Supplier Review Fees	our cost to review proposed suppliers, approximately \$50 to \$250 per hour	immediately upon receipt of bill	you must make a written request for approval
Transfer Fee	\$2,500	at time of transfer	see Item 17 for information on transfer requirements
Renewal Fee	\$1,000	at time of renewal	see Item 17 for information on renewal requirements
Interest Charges; Late Fee	the lesser of 18% per annum or the maximum legal rate allowable by applicable law	when incurred	in addition to interest charges on late continuing license fee and marketing fee payments, you must pay to us a late fee of \$50 for each delinquent report or payment owed to us under your franchise agreement
Convention Registration Fees and Expenses	the then-current registration fees for you and any approved manager that attends	when incurred	you also must pay for the salaries, food, lodging and other expenses for you and those attending with you

Name of Fee (1)	Amount	Due Date(2)	Remarks
Insurance(6)	\$150 to \$ \$2,000 for annual premiums	when premiums are due	see Item 8
Designated Territory Expansion Fee (7)	\$500 per 10,000 persons in the area added to your Designated Territory	at time of expansion	see Item 5 and Item 12

Notes:

- (1) You must pay each of these fees to us unless otherwise noted. All fees are nonrefundable.
- (2) You must authorize your bank to directly deposit your continuing license fees, marketing fees and any other amounts due to us, including amounts due for display boards or artwork, into our bank account from your bank account, on a monthly basis. You must also provide us with all documents necessary to direct your bank to honor these pre-authorized bank debits.
- (3) You must pay us 6% of Local Billings. "Local Billings" means the total dollar sales you derive from sales to clients of your Business, and all cash and credit sales you invoice of every kind and nature made at, from, by or in connection with your Business including all invoiced sales, revenues and income from: (a) ASR; (b) all products and services; and (c) 50% of the fair market value of all "trade" received by you in exchange for advertising services, as "trade" and "fair market value" is defined by us periodically. Local Billings includes sales to clients located in your Designated Territory for placement in venues located in your Designated Territory. Local Billings also includes revenues from Cross Sales that you place in another franchisee's designated territory. Local Billings will not include any revenues derived from production charges, LCD product sales, from National Account Sales that we place into your Designated Territory, or revenues from Cross Sales that another franchisee places in your Designated Territory, or any sales, use or gross receipts tax imposed by any federal, state, municipal or governmental authority directly upon sales.
- (4) You will have Minimum Local Billing and Venue Requirements, as set forth in appendix B to the franchise agreement and further described in Item 12. If you do not meet your Minimum Local Billing and Venue Requirements, then you must pay us an additional continuing license fee for that performance period. The additional continuing license fee is 6% of the difference between the Minimum Local Billing and Venue Requirements and your actual Local Billings for the performance period (the "shortfall"). The shortfall continuing license fee is due within 30 days of the end of the period.

- (5) “Cross Sales” means the sale of an ad placement that originates from a client located in the designated territory of one franchisee (the “originating franchisee”), but is placed in a venue located in another franchisee’s (the “local franchisee”) designated territory, and both territories are contained in the same Metropolitan Statistical Area (“MSA”), as further described in the Manuals. “National Account Sales” means any sale of advertisements placed in more than one designated territory and the corresponding MSAs.
- (6) You must procure and maintain throughout the term of the ~~f~~Franchise ~~a~~Agreement insurance in the amounts as set forth in the franchise agreement and the Manuals. The cost of insurance will vary based on policy limits, type of policies procured, any lease requirements, number of employees, contents of the business, geographical location and other factors bearing on risk exposure. You pay insurance premiums directly to third party insurers. See Item 8.
- (7) As further described in Item 12, you must be in compliance with the terms and conditions of the franchise agreement and obtain our approval in writing prior to expanding your Designated Territory and paying us this fee.

Item 7

INITIAL INVESTMENT

	Estimated Amount or Estimated Low-High Range(1)	Method of Payment(2)	When Payable	To Whom Payment is to be Made
Initial Franchise Fee(3)	\$30,000 plus an amount equal to \$500 per 10,000 persons in your Designated Territory over 50,000 persons	one lump sum	payment is due at the time of signing the franchise agreement	Us
Travel and Living Expenses for You and your Manager During Training (4)	\$1,000 - \$2,500 5,000	as incurred	during training	transportation providers, hotels & restaurants
Office Supplies	\$250 500 - \$1,000 2,000	as incurred	before start and as incurred	suppliers
Furniture, Fixtures and Equipment (54)	\$500 - \$1,500 2,000	lump sum	before start	suppliers
Phone, Fax, Additional Computers, Hardware, Software	\$500 - \$2,000	lump sum	before start	suppliers
Business Location Lease Payments – 6 Months (65)	\$0 - \$6 3,000	as incurred	as incurred	landlord
Insurance	\$75 150 - \$750 1,500	as incurred	as incurred	third party insurer
Employee Salaries– 6 Months (76)	\$0 - \$20,000	as incurred	as incurred	employees
Additional Funds– 6 Months (87)	\$20 5,000 - \$60,000	as incurred	as incurred	us, suppliers and utilities
TOTAL (98)	\$37,325 52,650 to \$138,250 146,000			
<u>TOTAL FOR ADDITIONAL FRANCHISE BY A</u>	<u>\$26,325 to \$124,750</u>			

	Estimated Amount or Estimated Low-High Range(1)	Method of Payment(2)	When Payable	To Whom Payment is to be Made
<u>CURRENT AOM BUSINESS (10)</u>				
TOTAL FOR CONVERSION FRANCHISE PROGRAM (9)	\$0 to \$98,500			

Notes:

- (1) For the estimated range of costs, we relied on our management's experience in the advertising business in numerous markets throughout the United States. Your costs will vary depending on the number of your venues, the number of your employees, the square footage of your Business Location, economic and market conditions, competition, wage rates, sales levels attained, and other economic factors, and will also depend on whether you offer electronic LCD, gas pump, or indoor print advertising products. You should review carefully these figures with your business advisor before making any decision to purchase an ALLOVER MEDIA franchise.
- (2) Payments are nonrefundable unless otherwise noted.
- (3) Your initial franchise fee may vary depending on the population of your Designated Territory.
- (4) If you currently own and operate an ALLOVER MEDIA business, you are not required to attend our initial training.
- (54) This estimate does not include any estimate for signage, as your Business likely will be operated out of your home and we will not require any signage.
- (65) Depending on the initial size of your Business, you may operate your Business out of your home and need not purchase or lease any real estate or office space. However, if you choose to lease a single office space, the estimate above represents a 250 to 400 ~~500 to 800~~ square foot space. The monthly rent will be approximately \$500 ~~between \$750 and \$1,000~~, and will include common area maintenance fees, operating costs and real estate taxes.
- (76) The lower amount assumes that you will manage your Business and will not be paid a salary, and the higher amount assumes that you will have one full- or part-time ~~employees~~ employee. This amount will vary depending upon your number of employees, labor rates, minimum wage laws and other economic factors.

(87) Because your income will be dependent upon revenue generated from advertising sales for venue leases, you will not receive any income until you have obtained venue leases and sell advertisements to fill them, which will typically take four to six months. You will use this estimated amount during your first six months of operation for the cost of your automobile, software maintenance and support fees, ongoing advertising material purchases, the rental deposit for your last month's rent pursuant to the Business Location lease agreement, local marketing, Yellow Page advertising, inventory purchases, insurance premiums, professional services and other operating costs. This amount may increase or decrease depending upon the population of your Designated Territory, as well as your sales, geographic area and other economic factors. These figures are estimates only and it is possible that you may have additional or greater expenses during this period. The high end estimated initial investment is an estimate if you choose to purchase and commence electronic LCD advertising services during your first six months of operation. The estimate for LCD advertising can range from \$20,000 to \$35,000 for the first six months, which includes the cost of approximately 15 LCD units, related wireless access points, and installation costs.

(98) This total is an estimate of your initial investment and is based upon our estimate of average costs and market conditions prevailing as of the date of this offering circular and our and our predecessor's 15 years of experience in advertising. The low amount is based on a designated territory with a population of 50,000 and an initial franchise fee of \$30,000. The higher amount is based on a designated territory with a population of 400,000, which results in an initial franchisee fee of \$47,500. You are cautioned to allow for inflation, discretionary expenditures, fluctuating interest rates, other costs of financing, and local market conditions. These factors can be highly variable and can result in substantial, rapid and unpredictable increases in costs. Your costs will also depend on factors such as your management skills and experience, your business skills, local economic conditions, the local market for an ALLOVER MEDIA business, the prevailing wage rate, competition, and the sales level reached during the initial period. You must bear any deviation or escalation in costs from the estimates in this Item 7 or estimates that we give during any phase of the development process. We cannot guarantee that you will not have additional expenses starting your business.

(10) If you currently own and operate an ALLOVER MEDIA Business and wish to purchase an additional AOM franchise, you may qualify to pay a reduced initial franchise fee as further described in Item 5. The total is an estimate of your initial investment and is based upon the same assumptions and representations listed in footnote 8 above. The low amount is based on a designated territory with a population of 50,000 and an initial franchise fee of \$20,000. The higher amount is based on a designated territory with a population of 400,000, which results in an initial franchise fee of \$34,000. Current AOM franchisees purchasing an additional ALLOVER MEDIA Business are not required to attend initial training. Under this additional franchise program, you will sign our standard franchise agreement, a copy of which is included in this offering circular as Exhibit 2.

~~(9) If you are an existing advertising service provider converting to an ALLOVER MEDIA Business, you will pay an agreed upon initial franchise fee only under the circumstances described in Item 5. You should incur expenses less than the high ranges noted in this Table if you already have office space, equipment, supplies or materials that may be used in your Business, and you may have no initial investment requirements under the Conversion Franchise Program described in Item 1. Otherwise, you may expect to incur the same expenses as noted in this Table.~~

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To help assure a uniform image and uniform quality of products and services in all ALLOVER MEDIA businesses, you must maintain and comply with our quality standards. Although you are not required to purchase or lease real estate from us, if you lease office space for your Business, you must improve and equip the space in accordance with our then current approved design, specifications and standards. You also must use equipment (which includes hardware and software for the computer system), signage, fixtures, furnishings, products, supplies, and advertising and sales promotion materials that meet our specifications and/or standards.

You must sell or use only those products and services that we have approved in writing. The purpose of this requirement is to insure that all franchisees adhere to the uniformity and quality standards associated with ALLOVER MEDIA businesses. ~~The products may vary depending on the type of franchise package we grant to you and the~~ location of your Designated Territory. Upon request, we will periodically provide you with the names of approved vendors and suppliers for products, goods, supplies, fixtures and equipment. The approved products will include advertisement designs, display frames and boards, advertising material, and other materials related to the creation, production and posting of ads.

We ordinarily establish specifications and/or standards for approved vendors and suppliers or approved products based on our experiences, system standards, the marketplace, competition and other related factors that we deem appropriate. We may modify the standards and specifications for products and services periodically and add or delete from the list of approved vendors and suppliers. Standards may include minimum standards for delivery, performance, warranties, design, appearance and other restrictions. We reserve the right to limit the number of vendors and suppliers. We also reserve the right to designate a primary or single source of supply for certain products. We or an affiliate may be that source, as further described below.

You may make written requests for approval of a specific product of an additional qualified vendor or supplier. Except as noted below, we may grant our approval of the product if doing so will not create an inordinate number of suppliers (usually not more

than 2) of the product. In addition, each supplier of a product must meet the following requirements: its product must comply with the applicable specifications and/or standards; the supplier's facilities must be adequate to meet the needs of franchisees; and the supplier and its facilities must be accessible to our periodic evaluation. We may charge the cost of evaluating a proposed new supplier and/or its product to you or the supplier (approximately \$50 to \$250 per hour). We do not make these specifications and/or standards generally available to franchisees or vendors/suppliers.

You must initiate the formal approval process to have a specific product of an additional supplier approved. As part of this approval process, we may request that the supplier submit samples of its specific product to us. We then conduct an evaluation of the samples to determine whether the product conforms with the specifications and/or standards. We will notify you and the supplier of our evaluation results by mail usually within 30 days after our receipt of the sample.

As part of the approval process for a specific product, the supplier may be required to sign an applicable supplier agreement. We may revoke our appointment if the supplier is in violation of any of the terms of the applicable supplier agreement or if we determine in our good faith but exclusive judgment that the supplier is not meeting the standards and specifications that we have established for that product or service.

As stated in Items 6 and 7, you must license the ALLOVER MEDIA software from us. The ALLOVER MEDIA software license is attached as appendix E. The ALLOVER MEDIA software license will not be available from any other source.

We or an affiliate also may offer for sale products that you will need to operate your Business. We, an affiliate, or a third-party vendor or supplier may be the only approved supplier for certain products. For example, you must purchase graphic design ads from our single designated source. In addition, we are the only approved supplier for the electronic LCD boards and all trademarked items (letterhead, business cards, etc.). Further, you may use only marketing and promotional materials that meet the standards described in Item 11 (see Items 6 and 11 for more information on marketing). We reserve the right to receive rebates or other consideration from suppliers in connection with your purchase of goods, products and services as described in this Item 8. Some of these payments are based on services we provide to the supplier, other payments are calculated on an amount based on products sold to you. We will retain and use these payments as we deem appropriate or as required by the vendor.

During our 200~~5~~⁴ fiscal year, we derived revenues of \$215,153,107,244, or ~~4412~~⁴⁴¹²% of our total revenues of \$489,146,905,147, from the sale of products as set forth in this Item 8. We derive revenue from the sale of products to you by charging more than our wholesale purchase price or by receiving commissions, rebates and other payments from the manufacturers or suppliers.

In addition to approved products, you must purchase and maintain in full force and effect, solely at your expense, liability insurance in an aggregate amount designated

periodically by us. If you operate your Business out of your home and you have no employees, your homeowner's insurance must include business/commercial liability insurance with a minimum of \$1,000,000 per occurrence. If your Business is located outside of your home or if you have employees, you must carry (i) broad form general liability of \$2,000,000 per occurrence, (ii) property insurance covering the full replacement value of your office and business interruption insurance sufficient to cover lost income, operating expenses and profits for a reasonable period of days, beyond any applicable waiting period, to allow you to resume business in the ordinary course, (iii) workers' compensation insurance, and (iv) bodily injury/accident insurance of \$1,000,000 per individual. You also must purchase and maintain any other insurance required by any agreement related to the franchise business or by law. You must furnish to us copies of all insurance policies.

We estimate that your purchase of products, supplies, and marketing materials that meet our specifications and standards will represent approximately 65% to 90% or more of the cost to establish the franchise business and 20% to 70% or more of the cost to operate the franchise business on an ongoing basis. The costs may vary depending on whether you operate your Business out of your home and if you hire employees.

When your franchise is up for renewal or you apply for an additional franchise, among the factors we consider are your compliance with your franchise agreement and support of our programs and policies, which would include compliance with the requirements described in this Item 8.

We may negotiate prices for products for the benefit of the franchise system but not on behalf of individual franchisees. We are not aware of any purchasing or distribution cooperatives in the ALLOVER MEDIA system that offer to you products used in the franchise business. We will try to receive volume discounts for the franchise system. We do not provide material benefits to you because of your use of approved supplies.

Item 9

FRANCHISEE'S OBLIGATIONS

THIS 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 (1)	Item in offering circular
a.	Site selection and acquisition/lease	Paragraphs 2, 5A, 5C	Items 1, 7, 11, and 12
b.	Pre-opening purchases/lease	Paragraphs 5A, 6A-C	Items 5, 7, and 8
c.	Site development and other pre-opening requirements	Paragraphs 2, 5A	Items 7 and 11
d.	Initial and ongoing training	Paragraphs 7B, 7C	Items 6, 7 and 11
e.	Opening	Paragraphs 2, 5A	Items 5 and 11
f.	Fees	Paragraphs 7E, 8A-K, 9A	Items 5, 6 and 7
g.	Compliance with standards and policies/Operating Manual	Paragraphs 5A-B, 6A-F, 6I-K	Items 11 and 16
h.	Trademarks and proprietary information	Paragraphs 3A-E, 4 (iv), 6A-B, 6M, 9B, 12A, 12C	Items 13 and 14
i.	Restrictions on products/services offered	Paragraphs 2, 6A-D	Items 8, 11 and 16
j.	Warranty and customer service requirements	Paragraph 6F	Item 16
k.	Territorial development and sales quotas	Paragraph 2	Item 12
l.	Ongoing product/service purchases	Paragraphs 6A-D	Items 8 and 11

	Obligation	Section in Agreement (1)	Item in offering circular
m	Maintenance, appearance and remodeling requirements	Paragraph 5A, 5C	Items 6 and 11
n	Insurance	Paragraphs 6C, 10B	Items 6, 7 and 8
o	Advertising	Paragraphs 6M, 9A-C	Items 6, 7 and 11
p	Indemnification	Paragraph 10B	None
q	Owner's participation/ management/staffing	Paragraphs 7A-E	Items 11 and 15
r.	Records/reports	Paragraphs 8G, 8H, 8J	Item 6
s.	Inspections/audits	Paragraphs 6I, 8J	Item 6
t.	Transfer	Paragraphs 11A, 14A-E, 15	Items 6 and 17
u	Renewal	Paragraph 4	Items 6 and 17
v	Post-termination obligations	Paragraphs <u>10C.2</u> , 12A-C	Item 17
w	Non-competition covenants	Paragraphs 10C, 12C	Item 17

	Obligation	Section in Agreement (1)	Item in offering circular
x	Dispute resolution	Paragraphs 13A-C	Item 17

(1) Unless stated otherwise, references are to the franchise agreement.

Item 10

FINANCING

We do not offer direct or indirect financing. We do not guarantee your loans, lease, or other obligations.

Item 11

FRANCHISOR'S OBLIGATIONS

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

Pre-opening Assistance. Before you operate your Business, we will

- (1) Grant to you a license to operate your Business in a Designated Territory (subparagraph 2.A of the franchise agreement and appendix B to the franchise agreement);
- (2) Provide training as described below in this Item 11 (subparagraph 7.B of the franchise agreement);
- (3) Upon your request, furnish to you a list of approved products and suppliers for your Business (subparagraphs 6.A and 6.B of the franchise agreement); and
- (4) Loan to you one copy of our manuals for your Business containing mandatory and suggested specifications, standards and operating procedures for your Business (subparagraph 6.E of the franchise agreement). The manuals may include other manuals that we create for use in the operation of your Business.

Ongoing Assistance. During the operation of your Business, we will

- (1) Furnish you from time to time with updated and revised material for your manuals (subparagraph 6.E of franchise agreement);
- (2) Furnish you from time to time with update and revised products and suppliers lists (subparagraph 6.A and 6.B of the franchise agreement);
- (3) Evaluate your Business as necessary (subparagraph 6.I of the franchise agreement); and
- (4) Provide additional training (subparagraph 7.C of the franchise agreement);

Marketing Programs You must use your best efforts to promote and advertise your Business in your Designated Territory and participate in any local marketing and promotional programs we establish from time to time. You must use only marketing materials as we furnish, approve or make available, and the materials must be used only in a manner that we prescribe. We will not unreasonably withhold approval of any marketing materials, provided that they are factual and dignified and include proper usage of the Trademarks (defined in Item 13). You may not separately register any domain name or operate any web site containing any of the Trademarks, nor market or sell products or services similar to our products and services, without our written approval. Any local advertising materials you submit to us will be deemed approved if we do not disapprove or comment on the materials within 10 business days of receipt. Upon our request, you must advertise your Business in your local telephone directory. We will designate the content of the telephone directory listings you must place for your Business.

You must pay us a ~~monthly~~quarterly marketing fee of 1% of your Gross Revenues. The 1% marketing fee will be part of a marketing fund. We administer the marketing fund. We also contribute the 1% marketing fee to the marketing fund for our company-owned ALLOVER MEDIA businesses. We may formulate, develop, and conduct marketing and promotion programs out of the marketing fund to promote the ALLOVER MEDIA system and products in a form and media we determine in our sole judgment to be appropriate. Media used for any marketing program may include indoor and outdoor display boards, television, radio, newspapers, magazines and other written publications, which all may be local, regional or national in coverage. We may use national and regional marketing and advertising agencies from time to time to create and place advertising and other marketing communications. We reserve the right to use the marketing fund to reimburse ourselves for all costs that we incur related to the marketing and promotion programs, including the proportionate compensation of employees who devote time and render service in the conduct, formulation, development and production of the marketing and promotion programs, website development, or the administration of the marketing fund.

We have no obligations to spend any amount on marketing in the area or Designated Territory where you are located. We may, however, provide you with advertising materials that we have developed ourselves or that we have commissioned. If you want to use these materials, you will have to pay the duplication costs. Excess marketing fund contributions not spent in any fiscal year will be carried over for future use. The marketing fund is not a trust or escrow account, creates no fiduciary duties or obligations, and is our property. You have no property rights of any kind with respect to the monies in the marketing fund. Upon request, we will provide you with an unaudited financial report showing receipts and disbursements of the marketing fund. The marketing fund program will not be used for advertising principally directed at the sale of franchises. During our fiscal year ending December 31, 2005~~4~~, we collected \$16,143,042,691.49 of marketing fees and allocated the funds to the cost to advertise and list the AllOver Media brand in the 2006 SRDS "Out of Home Advertising Source" publication (25%) and to a Reimbursement Program for each franchisee to use for local marketing efforts such as local association membership, business convention fees, self promotional items, and local third party advertising (75%)~~the license of Ad Mall (62%) and the development of the AOM pitch books (28%).~~

Although we currently do not do so, we reserve the right to require advertising or marketing cooperatives to be formed, changed, dissolved or merged.

Computer System You must license the ALLOVER MEDIA software and pay monthly maintenance and support fees (see Item 6 of subparagraph 8.E of the franchise agreement). There are no contractual limitations on our access to the data on your computer or the data you upload onto our computer system. We and our predecessors have used the ALLOVER MEDIA software, in various versions, since January 1993. You must update, at your cost, your computer hardware and software as we direct, such as purchasing more memory or disk space, new network operating systems, Internet service providers, new file servers and/or new computer hardware. There are no contractual limitations on the frequency or cost of the computer hardware and software updates that you must make at our request. We will have direct independent access to your computer data uploaded onto our computer system using the ALLOVER MEDIA software and will have independent access to the data on your computer hard drive via modem. We routinely will update National Account information on your computer system.

Listed below is the computer hardware and software which is required for the operation of your Business.

- (A) We will provide you with a digital camera, laptop computer with an Intel based Pentium processor; QuickBooks software; full version of Adobe Acrobat; a minimum of 256 megabytes (MB) RAM; a minimum of 20 GB EIDE hard drive; MS Office Small Business Edition; one 32X Eide CD/RW drive; cables; and power cords. The laptop computer will be used to compile sales, lease and accounting information in addition to interfacing with the management software.

- (B) You will need to purchase a printer that prints at least 600 dpi x 600 dpi resolution~~printing station: one Hewlett Packard LaserJet 1100xi printer; cables; and power cords.~~ The printer will be used to generate sales reports, financial statements and customer invoices.
- (C) You will need to purchase one high-speed Internet connection (digital subscriber line (“DSL”) or cable modem as supplied by your local Internet service provider.

The computer hardware will serve as an infrastructure for the computer software and will enable you to use the computer software described below to help manage your Business.

You must license the ALLOVER MEDIA software and pay to us monthly software and support fees (see Item 6 of this offering circular and subparagraph 8.E of the franchise agreement). The Software License Agreement will be in effect for the term of the franchise agreement unless your franchise agreement is terminated or expires. The ALLOVER MEDIA software will serve as your management tool, providing advertising vacancy information, billing and accounts receivable status and financial statement creation capability you can use to improve your Business’ performance.

We will review our required computer hardware and software periodically in order to assess its functionality and operating efficiency.

Site Selection We do not select the site for your Business, as the franchise is granted for the right to operate an ALLOVER MEDIA business within a particular designated territory (see Item 12). You are solely responsible, however, for finding a Designated Territory that meets our standards and criteria and that is acceptable to us. We generally will respond within 30 days of your request for approval of a proposed Designated Territory. If we do not approve the Designated Territory you propose, we will permit you to examine alternative search areas for your Designated Territory. The franchise agreement does not have any provision that addresses termination or other consequences if we do not agree upon a Designated Territory within a prescribed time period. When approving a Designated Territory, we will consider local competition, population and character of the Designated Territory, demographic surveys and customer information, the comparative advantages of a particular market and market penetration. We do not guarantee or warrant the financial success of your Business or any site from which you conduct your Business.

Development Time The length of time between the signing of the franchise agreement and the opening of your Business may be 1 to 64 months,~~although this time period may be even shorter than one month for a conversion franchise.~~ Factors affecting this length of time usually include arranging financing, successfully completing training and other possible factors. You must open your Business within 64 months after signing the franchise agreement or we have the right to declare the franchise agreement null and void.

You should not expend funds or make any other commitment in connection with the franchise and should not resign from existing employment, relocate or take any similar action until our approval of the franchise, which we will specifically communicate to you in writing.

Training You must attend our initial training program unless you currently own and operate an ALLOVER MEDIA business ~~are a conversion franchisee~~. Training is available to you and your approved manager (if you have one) for your Business. All in-house training must be completed to our satisfaction before you begin to operate your Business. The training program is divided into two sessions. The first session is in-house training and lasts for 5 days. The second session is in-field training and also lasts for 5 days. We will determine whether the second session occurs on consecutive days or will be divided up into separate segments.

The in-house training is held at our headquarters in Maple Grove, Minnesota. Unless we approve a later date in writing, you and any approved manager must complete this training within ~~180~~120 days of signing the franchise agreement. The in-field training is conducted in your Designated Territory. The in-field training will be performed by our Director of Franchise Training and Support, by a member of our Franchise Mentor Program, or by a qualified AllOver Media representative or field consultant. Our Franchise Mentor Program is a group of current and established AllOver Media franchise owners qualified to assist in training and support. You must complete a portion of in-field training within 120 days of completing in-house training.

There is no additional fee for you and approved manager to attend initial training. However, you must pay the salaries, fringe benefits, payroll taxes, unemployment compensation, workers' compensation insurance, travel expenses, lodging, airfare, food, automobile rental costs and all other expenses for yourself and each of your employees who attend training. The initial training program is mandatory, and you and your office manager or any sales agent must successfully complete the training program before you open your ALLOVER MEDIA business.

At any time during the term of your franchise agreement, you may request in-field training for additional individuals who are responsible for the daily operation of your Business. Additional training will be provided at our then-current training fee. Also, we may require you to attend additional mandatory training programs the content and duration of which may vary, depending on the circumstances, although we will not require your attendance at these programs more than twice a year. We will not charge a registration fee of any more than \$250 per person for these programs, although you must pay the travel and living expenses, salaries and any other costs for you and any of your employees in attendance.

We may hold at least one convention per year in Maple Grove, Minnesota (or other location that we designate), for all of our franchisees. You must attend this convention, which will not last longer than 4 days with travel. We may charge a fee for

attending the meeting, and you must pay for travel, lodging and related costs for you and all persons associated with you who attend the meeting.

TRAINING PROGRAM INFORMATION

<u>Subject</u>	<u>Time Begun</u>	<u>Instructional Materials</u>	<u>Hours of In-House Training</u>	<u>Hours of In-Field Training</u>	<u>Instructor</u>
<u>History, Vision, Mission</u>	<u>before opening</u>	<u>manuals</u>	<u>1 ½ hours</u>		<u>see note (1)</u>
<u>Products Overview</u>	<u>before opening</u>	<u>manuals</u>	<u>2 hours</u>	<u>1 hour</u>	<u>see note (1)</u>
<u>Operations</u>	<u>before opening</u>	<u>manuals</u>	<u>2 hours</u>	<u>3 hours</u>	<u>see note (1)</u>
<u>Business Cycle</u>	<u>before opening</u>	<u>manuals</u>	<u>1 hour</u>		<u>see note (1)</u>
<u>Leasing</u>	<u>before opening</u>	<u>manuals</u>	<u>7 hours</u>	<u>8 hours</u>	<u>see note (1)</u>
<u>Ad Sales</u>	<u>before opening</u>	<u>manuals</u>	<u>12 hours</u>	<u>8 hours</u>	<u>see note (1)</u>
<u>Business Plan</u>	<u>before opening</u>	<u>manuals</u>	<u>2 hours</u>	<u>4 hours</u>	<u>see note (1)</u>
<u>ALLOVER MEDIA Software</u>	<u>before opening</u>	<u>manuals</u>	<u>3 hours</u>	<u>1 hour</u>	<u>see note (1)</u>
<u>National Account Sales</u>	<u>before opening</u>	<u>manuals</u>	<u>1 hour</u>		<u>see note (1)</u>
<u>Financial Management</u>	<u>before opening</u>	<u>manuals</u>	<u>½ hours</u>	<u>1 hour</u>	<u>see note (1)</u>
<u>Marketing, Telemarketing, Setting Appointments</u>	<u>before opening</u>	<u>manuals</u>	<u>3 hours</u>	<u>10 hours</u>	<u>see note (1)</u>
<u>Bartering, Trade</u>	<u>before opening</u>	<u>manuals</u>	<u>2 hours</u>	<u>1 hour</u>	<u>see note (1)</u>
<u>Office Set Up</u>	<u>after opening</u>	<u>manuals</u>		<u>1 hour</u>	<u>see note (1)</u>
<u>Materials</u>	<u>before opening</u>	<u>manuals</u>	<u>1 hour</u>	<u>1 hour</u>	<u>see note (1)</u>
<u>Creative Process and Forms</u>	<u>before opening</u>	<u>manuals</u>	<u>2 hours</u>	<u>1 hour</u>	<u>see note (1)</u>
<u>TOTALS</u>			<u>40 hours</u>	<u>40 hours</u>	

<u>Subject</u>	<u>Time Begun</u>	<u>Instructional Materials</u>	<u>Hours of In-House Training</u>	<u>Hours of In-Field Training</u>	<u>Instructor</u>
<u>History, Vision, Mission</u>	<u>before opening</u>	<u>manuals</u>	<u>2 hours</u>		<u>see note (1)</u>
<u>Operations</u>	<u>before opening</u>	<u>manuals</u>	<u>1½ hours</u>	<u>3 hours</u>	<u>see note (1)</u>

Subject	Time Begun	Instructional Materials	Hours of In-House Training	Hours of In-Field Training	Instructor
Business Plan	before opening	manuals	3 hours		see note (1)
Indoor Advertising	before opening	manuals	9 hours	4 hours	see note (1)
ALLOVER MEDIA Software	before opening	manuals	4 hours	1 hour	see note (1)
Gas Pump	before opening	manuals	5 hours	3 hour	see note (1)
National Account Sales	before opening	manuals	1½ hours		see note (1)
Financial Management	before opening	manuals	4 hours	1 hours	see note (1)
Marketing, Telemarketing, Setting Appointments	before opening	manuals	3 hours	24 hours	see note (1)
Bartering, Trade	before opening	manuals	3 hours	1 hour	see note (1)
Office Set Up	after opening	manuals		1 hour	see note (1)
Materials	before opening	manuals	1 hour	1 hour	see note (1)
Creative Process and Forms	before opening	manuals	3 hours	1 hour	see note (1)
TOTALS			40 hours	40 hours	

(1) Brandon Almich is our Director of Training and Support and oversees our training. Tony Jacobson, Dan Adelstein, and members of our Franchise Mentor Program and Jay Mitchell will assist Brandon in training. Tony's, Dan's Jay's and Brandon's backgrounds are described in Item 2.

Manual Attached as Exhibit 7 to this offering circular is the table of contents for each of our manuals, which include the "Getting Started Manual," "Operations Manual," "Sales Manual," "Business Management Manual," "LCD Installation and Configuration Manual," and the "Information Technology Manual."

Item 12

DESIGNATED TERRITORY

We grant you the right to operate an ALLOVER MEDIA Business within a particular Designated Territory. The method used to describe territorial boundaries of franchises will be one or a combination of the following: county lines, ~~highways or streets~~, or zip codes. We determine the population of your Designated Territory based on United States census data. During the term of your franchise agreement, we will not establish either a company-owned ALLOVER MEDIA business or another ALLOVER MEDIA franchise within

your Designated Territory or modify your Designated Territory without your written permission, provided that you are in compliance with the terms and conditions of your franchise agreement. As noted in Item 16, you may only offer and sell those products and services that we have approved for your Designated Territory. We may allow you to expand your Designated Territory as described in Item 6, provided you are in compliance with the terms and conditions of the franchise agreement and we agree in writing, although you are not required to sign a new franchise agreement.

Even though the continuation of your franchise is not specifically dependent upon the penetration of the potential market, your failure to meet your Minimum Local Billing and Venue Requirements, as described below, during a calendar year is a default under the franchise agreement and may lead to a reduction in your Designated Territory or termination or nonrenewal of the franchise agreement (see Item 17).

Your yearly Minimum Local Billing and Venue Requirement will not be higher than the standard for the population of your Designated Territory as shown in the chart below. We reserve the right to apply a lower yearly Minimum Local Billing and Venue Requirement after consideration of the following factors: product offerings, business count, customer information, market penetration, competition, and other factors affecting your Designated Territory, will be as follows:

50,000-100,000 population	Year 1	Year 2	Year 3	Year 4	Year 5
Local Billing	\$ 10,000	\$ 35,000	\$ 75,000	\$ 75,000	\$ 75,000
Venues	25	40	40	40	40
100,000-200,000 population					
Local Billing	\$ 17,500	\$ 60,000	\$ 100,000	\$ 125,000	\$ 125,000
Venues	35	50	60	60	60
200,000-250,000 population					
Local Billing	\$ 20,000	\$ 70,000	\$ 140,000	\$ 160,000	\$ 160,000
Venues	40	50	70	75	75
300,000-500,000 population					
Local Billing	\$ 30,000	\$ 100,000	\$ 200,000	\$ 300,000	\$ 300,000
Venues	75	90	110	130	150
500,000-750,000 population					
Local Billing	\$ 30,000	\$ 100,000	\$ 200,000	\$ 350,000	\$ 400,000
Venues	90	100	125	150	175
750,000 + population					
Local Billing	\$ 35,000	\$ 120,000	\$ 240,000	\$ 360,000	\$ 500,000
Venues	110	130	150	175	200

We have not established and will not establish any other franchise or company-owned advertising production and placement business under the name ALLOVER MEDIA or under any other name within your Designated Territory during the term of your franchise agreement. Other than an advertising production and placement business in your Designated Territory, we and our affiliates have the right to operate and franchise any business or distribute products or services within and outside your Designated Territory under trademarks other than the ALLOVER MEDIA Trademarks. Further, as noted in Item 1, in some instances NextMedia may sell, arrange, or place indoor print advertising in an AllOver Media market as defined under our agreement with NextMedia.

We will not market the ALLOVER MEDIA business within your Designated Territory, except in the case where the marketing is part of the marketing fund program described in Item 11 or is contained in a general publication (or media) with general distribution (or broadcast) within and outside your Designated Territory. Except for National Account Sales and Cross Sales, it is a violation of another ALLOVER MEDIA franchisee's franchise agreement if that franchisee makes sales in your Designated Territory. The franchisee's marketing in his designated territory, however, may reach your Designated Territory if contained in a general publication (or media) like a regional newspaper with general distribution (or broadcast) within his or her designated territory and your Designated Territory. We reserve the right to develop and operate and to franchise or license others to develop and operate an ALLOVER MEDIA business at any location or through any distribution channel or method outside your Designated Territory.

We have the right to sell and/or place National Accounts, both within and outside your Designated Territory. See Item 16. You are contractually obligated to participate in the National Account program.

If neither we nor a franchisee operates in a neighboring territory ~~contained in your Metropolitan Statistical Area ("MSA")~~, we may permit you to service clients and venues outside of your Designated Territory, ~~so long as the client and venue is in the same MSA as your Designated Territory~~. In such instances, we reserve the right to require you to cease servicing those clients and venues located outside your Designated Territory, and you must work diligently to assist in transferring the service needs of those clients and venues immediately to the entity (whether us or a franchisee) that will continue to service those clients and venues. We or the franchisee will have the choice to purchase from you any display boards (at depreciated cost) located at those venues or replace them with new display boards. We or the new franchisee will assume the obligations associated with those clients and venues. Other than any payments for the display boards, you will receive no compensation with respect to those clients and venues outside your Designated Territory.

Other than the option for purchasing territory contiguous to your Designated Territory, as described in Item 6, you do not have any options, rights of first refusal or similar rights to acquire additional franchises within any particular Designated Territory.

Item 13

TRADEMARKS

The franchise agreement licenses you to use the ALLOVER MEDIA trademark, as well as other trademarks, service marks, trade names and commercial symbols (collectively, the "Trademarks"). We also claim common law trademark rights for all of the Trademarks. We have filed or intend to file all required affidavits and renewals for the Trademarks listed below.

Principal Trademarks	Principal/ Supplemental Register	Serial No.	Filing Date	Reg. No.	Registration Date
ALLOVER MEDIA*	Principal	78/468,105	August 16, 2004	--	--
ALLOVER MEDIA & Design (LOGO)*	Principal	78/468,120	August 16, 2004	--	--
ALLOVER	Principal			2,887,608	September 21, 2004
<u>ALLOVER MEDIA & Design (LOGO)*</u>	<u>Principal</u>	<u>78/709,054</u>	<u>September 8, 2005</u>		

***By not having a federal registration on the Principal Register for this service mark, we do not have certain presumptive legal rights granted by a federal registration.**

Appendix A to your franchise agreement identifies the Trademarks that you are licensed to use. Appendix A will include the ALLOVER MEDIA trademark and our other Trademarks. We have the right to change Appendix A from time to time. Your use of the Trademarks and any goodwill is to our exclusive benefit and you retain no rights in the Trademarks. You also retain no rights in the Trademarks upon expiration or termination of your franchise agreement. You are not permitted to make any changes or substitutions of any kind in or to the use of the Trademarks unless we direct in writing.

There currently are no effective material determinations by the United States Patent and Trademark Office, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringement, opposition or cancellation proceeding, or any pending material litigation, involving the Trademarks. There currently are no agreements in effect that significantly limit our rights to use or license the use of any Trademarks in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the Trademarks.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of the Trademarks, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to the Trademarks and we have the sole right to decide to pursue or settle any infringement actions related to the Trademarks. You must notify us promptly of any infringement or unauthorized use of the Trademarks of which you become aware. If we decide to change the Trademarks or determine that a trademark infringement action requires changes or substitutions to the Trademarks, you must make these changes or substitutions at your own expense.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents or copyrights currently registered that are material to the franchise, although we do claim copyright ownership and protection for our franchise agreement, the ALLOVER MEDIA software, our websites, the manuals and for various sales, promotional and other materials published from time to time.

There are no currently effective determinations of the Copyright Office (Library of Congress), United States Patent and Trademark Office, Board of Patent Appeals and Interferences, or any court, or any pending infringement, opposition or cancellation proceeding or any pending material litigation involving any patents or copyrights. There are currently no agreements in effect that significantly limit our rights to use or license the use of any patents or copyrights in any manner material to the franchise. There are no infringing uses actually known to us that could materially affect your use of the patents or copyrights.

We are not obligated to protect you against infringement or unfair competition claims arising out of your use of any patents or copyrights, or to participate in your defense or indemnify you. We reserve the right to control any litigation related to any patents and copyrights and we have the sole right to decide to pursue or settle any infringement actions related to the patents or copyrights. You must notify us promptly of any infringement or unauthorized use of any of our patents or copyrights of which you become aware.

You must keep confidential during and after the term of the franchise agreement all proprietary information, including the manuals. Upon termination of your franchise agreement, you must return to us all proprietary information, including the manuals and all other copyright material. You must notify us immediately if you learn about an unauthorized use of proprietary information. We are not obligated to take any action and we have the sole right to decide the appropriate response to any unauthorized use of proprietary information. You must comply with all changes to the manuals at your cost.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If you are an individual, you must directly supervise and manage your Business in your Designated Territory. If you are a corporation, partnership or other business entity, you must designate in writing to us an individual who will directly supervise and manage the operation of Minimum Local Billing in your Designated Territory. In either instance, the individual who will directly supervise and manage the operation of Minimum Local Billing in your Designated Territory must complete our training program. This individual need not have an ownership interest in the franchisee entity; however, he or she (as well as other key employees) may be required to sign a written agreement maintaining confidentiality of proprietary information described in Item 14 and abiding by the noncompete covenants described in Item 17.

Each individual who owns an interest in the franchisee entity must sign the personal undertaking and guarantee attached to the franchise agreement. These people agree to discharge all obligations of the franchisee under the franchise agreement and are bound by all its terms and conditions, including maintaining confidentiality of proprietary information described in Item 14 and abiding by the noncompete covenants described in Item 17.

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those products and services that we have approved (appendix A to the franchise agreement and Items 8 and 9 of this offering circular). For example, we only will authorize ~~electronic LCD products~~ indoor print advertising in certain designated territories. Further, our settlement with NextMedia, as described in Items 1 and 3, will restrict certain franchisees from displaying electronic LCD advertising in certain venues or indoor print advertising in a designated territory. Appendix A to your franchise agreement will identify any restrictions you may have in your Designated Territory with respect to our settlement. There are no limits on our right to make modifications to the approved products and services from time to time as set forth in the manuals or otherwise in writing. Any failure to comply with these standards may result in termination of your franchise agreement (Item 17).

You will be responsible for complying with all local, state, and federal laws in the operation of your Business. There may be laws or ordinances that regulate certain product offerings in your Designated Territory, such as taxicab and gas pump advertising. We urge you to make further inquiries about all of these laws that may be applicable to your Business. It is your responsibility to make sure that you understand how these laws may impact your Business.

You may not use your place of business in the Designated Territory for any business purpose other than the operation of an ALLOVER MEDIA Business.

You may use only marketing and promotional materials that we have approved.

You are not allowed to specifically solicit or market outside of your Designated Territory. Although you are not limited in the clients and venues to whom you may sell approved products and services in your Designated Territory, we reserve the right to put limitations on National Account Sales originating in your Designated Territory. For instance, you must obtain our prior written approval before selling a National Account Sale. Further, because of the nature of National Account Sales, we have the right to deny you the approval to sell the National Account Sale and we may handle this sale through our corporate headquarters. Our policies and procedures for National Accounts will be included in our Manuals. Your clients and venues must be located within your Designated Territory. With our written approval, you may provide products and services to clients and venues located outside your Designated Territory and not assigned to another ALLOVER MEDIA franchisee. If we do permit you to service clients and venues outside the Designated Territory, we reserve the right to require you to cease servicing those clients and venues, and you must assist in transferring the service needs of those clients and venues immediately to the entity that will continue to service those clients and venues, all without compensation to you.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this offering circular.

Provision		Section in franchise agreement	Summary
a.	Term of the franchise	Paragraph 4	10 years
b.	Renewal or extension of the term	Paragraph 4	If you satisfy renewal requirements, you may renew for one 10-year term.
c.	Requirements for you to renew or extend	Paragraph 4	You must be in compliance with your franchise agreement, be current with all monetary obligations, attend any necessary training, have continuously operated Minimum Local Billing (including meeting the Minimum Local Billing and Venue Requirement), and pay us a renewal fee of \$1,000. You also must give us notice, maintain or obtain suitable premises for the Business, sign a release and sign a then current franchise agreement.
d.	Termination by you	Paragraph 11C	Subject to certain conditions, you may terminate the

Provision		Section in franchise agreement	Summary
			franchise agreement only for good cause with 30 days notice to us and 30 days opportunity to cure.
e.	Termination by us without cause	None	
f.	Termination by us with cause	Paragraphs 11A-B	We can terminate only if you default.
g.	“Cause” defined - defaults that can be cured	Paragraphs 11A-B	You have 30 days to cure non-submission of reports, non-payment of amounts due and owing, failure to abide by our standards and requirements for Minimum Local Billing, failure to meet our requirements and specifications regarding goods and services, and any other default not listed in Section 11.B(2)-(3) (subject to state law).
h.	“Cause” defined - defaults that cannot be cured	Paragraphs 11A-B	Non-curable defaults: abandonment, insolvency, assignment for the benefit of creditors, conviction of offenses, deception of customers regarding goods, willful falsification of reports, repeated audits because of underreporting, repeated defaults within 12-month period even if cured, and failure to cure within 24 hours notice of default that materially impairs the goodwill associated with our Trademarks (subject to state law).
i.	Your obligations on termination/non-renewal	Paragraph 12A-C	Obligations include complete de-identification, payment of amounts due, discontinue or assign business phone number, and return of manuals and proprietary information.
j.	Assignment of contract by us	Paragraph 15	No restriction on our right to assign. Assignee must fulfill our obligations under the franchise agreement.
k.	“Transfer” by you - definition	Paragraphs 14A-C	Includes any transfer of your interest in the franchise agreement or Business.
l.	Our approval of transfer by franchisee	Paragraphs 14A-C	We have the right to approve all transfers but will not unreasonably withhold approval, provided all transfer conditions are satisfied.
m.	Conditions for our approval of transfer	Paragraphs 14A-C	New franchisee qualifies, you are not in default under the franchise agreement, transfer fee paid, all amounts owed by you are paid, training completed, non-compete agreements signed, a release signed by you and guarantees or new franchise agreement signed.

Provision		Section in franchise agreement	Summary
n.	Our right of first refusal to acquire your business	Paragraph 14E	We can match any offer for your Business.
o.	Our option to purchase your business	None	
p.	Your death or disability	Paragraph 14D	Upon your death, disability or incapacity, franchise can be transferred to third party approved by us. Transfer conditions apply (see m, above).
q.	Non-competition covenants during the term of the franchise	Paragraph 10C.1	No direct or indirect involvement by you or your personal guarantors in the operation of any advertising placement business or any other business selling products and services similar to those sold by your Business.
r.	Non-competition covenants after the franchise is terminated or expires	Paragraph 10C.2+2B	No competing business for 2 years within your Designated Territory, within a 25-mile radius of the Designated Territory, or within the Designated Territory of another ALLOVER MEDIA franchisee whose Designated Territory is within 25 miles of yours, except in the limited circumstances if this Agreement is terminated due only to our default under this Agreement and you are not in default.
s.	Modification of the agreement	Paragraph 16B	No modifications generally, but we may change manuals and list of Trademarks.
t.	Integration/ merger clause	Paragraph 16B	Only the terms of the franchise agreement are binding (subject to state law). Any other promises may not be enforceable.
u.	Dispute resolution by arbitration or mediation	Paragraph 13A	Except for certain claims, all disputes must be arbitrated in Minneapolis, Minnesota (subject to state law).
v.	Choice of forum	Paragraph 16I	Litigation must be brought in the Federal District Court for the District of Minnesota or in Hennepin County District Court, Minneapolis, Minnesota (subject to state law).
w.	Choice of law	Paragraph 16I	Applicable law of the state where your Designated Territory is located.

These states have statutes, which if applicable to the franchise agreement, and subject to our right to challenge the validity, applicability or construction of such statutes, may supersede the franchise agreement in your relationship with us

including the areas of termination, renewal of your franchise, and choice of law: ALASKA [Stat. Sections 45.45.700 – 45.45.790], ARKANSAS [Code Sections 4-72-201 – 4-72-210], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Sections 42-133e-42-133h], DELAWARE [Code Sections 2551 – 2556] HAWAII [Rev. Stat. Section 482E-6], IDAHO [Code Section 29-110], ILLINOIS [815 ICLS 705/1-44], INDIANA [Code Sections 23-2-2.7-1 – 23-2-2.7-7], IOWA [Code Sections 523H.1 - 523H.17 and 537A.10], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Sections 80C.14 and 80C.21], MISSISSIPPI [Code Sections 75-24-51 – 75-24-63], MISSOURI [Rev. Stat. Sections 407.400 – 407.413 and 407.420], NEBRASKA [Rev. Stat. Sections 87-401 – 87-410], NEW JERSEY [Rev. Stat. Sections 56:10-1 – 56:10-12], RHODE ISLAND [Stat. Sections 19-28.1-14 – 19-28.1-16; Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim enforceable under this Act”], SOUTH DAKOTA [SDCL Sections 37-5A-51 and 37-5A-51.1], VIRGINIA [Code Sections 13.1-557 – 13.1-574], WASHINGTON [Rev. Code Section 19.100.180], WISCONSIN [Stat. Sections 135.01 – 135.07]. These and other states may have court decisions, which may supersede the franchise agreement in your relationship with us including the areas of termination and renewal of your franchise.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote the franchise. No public figure is involved in our actual management or control.

Item 19

EARNINGS CLAIMS

We have compiled information regarding the actual revenues generated through our National Account program for our franchisees. The figures below show the actual dollar revenues received by franchisees from January 2004 through December 31, September 2005, ~~and the minimum revenues which will be received during the remaining three months of 2005 if the franchisee chooses to accept the National Account program.~~ The revenues are for 2419 franchisees. Fourteen of the 2419 franchisees began operations prior to January 2004 while another four five started operations prior to January 2005 ~~since then~~. The 2004 revenue figures are the amounts each of the 189 franchisees received during the 2004 calendar year. Six franchisees began operations during 2005, and of these six franchisees, five started after September, 2005 and did not receive any National Account Revenues in 2005. ~~The 2005 revenue figures are the amounts each received during the 9-month period from January 2005 through September~~

2005 and the amounts each is scheduled to receive during the remaining three months of 2005 based on commitments by national account advertisers, as of September 30, 2005.

	1	2	3	4	5	6	7	8	9
Total-2004	\$11,258	\$17,376	\$21,376	\$31,287	\$12,851	\$10,321	\$0	\$2,856	\$10,808
Total-2005	\$21,8944 63	\$16,649 15,769	\$ 22,098 21,993	\$21,636 21,371	\$25,023 23,076	\$13,365 11,505	\$17,352 19,053	\$88,870 86,482	\$21,588 23,701

	10	11	12	13	14	15	16	17	18
Total-2004	\$2,380	\$34,028	\$3,499	\$25,670	\$519	\$31,580	\$2,233	\$8,477	\$0
Total-2005	\$8,551 5,695	\$34,514 38,210	\$2,925 4,175	\$41,694 28,345	\$52,584 57,284	\$6,566 7,938	\$4,771 5,279	\$-61,931	\$43,522 46,111

	19	20	21	22	23	24
Total-2004						
Total-2005	\$36,397,305	\$0	\$0	\$0	\$0	\$0

**TOTAL NATIONAL ACCOUNT REVENUE
DERIVED BY ALL FRANCHISEES**

2004 (Jan. – Dec.) **\$226,519**
 2005 (Jan. – Dec.) **\$541,930506,686**

Notes:

1. All of the ALLOVER MEDIA Businesses whose revenue figures were used in this Item 19 disclosure generally offer the same products and services as you will offer, although as noted in Item 16 certain franchisees may not be able to offer certain products and services in their designated territories. Substantiation of the actual national account revenues set forth in this Item 19 will be made available to you upon reasonable request.

2. Franchisee #2 above operates in two separate markets and Franchisee #9 above consolidated ~~operates in three separate markets~~ into one territory in 2005 (the national account revenue is combined for the markets).

~~3. The figures used for the last three months of 2005 represent the commitments we had received from national account advertisers as of September 30, 2005. We anticipate that the revenue amounts for many franchisees will increase over the last three months of 2005 as we continue to arrange for national account business. National account advertisers, however, also may terminate their relationship with us. Except as disclosed in this Item 19, we have made no material assumptions in producing the national account revenue figures described above.~~

43. We have based the unaudited figures used in this Item 19 upon our business and accounting records and have compiled the figures to the extent possible in a manner consistent with generally accepted accounting principles consistently applied.

54. The earnings claims figures do not reflect the costs of Sales, operating expenses or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your ALLOVER MEDIA business. Franchisees or former franchisees listed in the offering circular may be one source of this information.

OTHER THAN THE INFORMATION SET FORTH ABOVE, WE DO NOT FURNISH, OR AUTHORIZE OUR SALESPERSONS (OR ANYONE ELSE) TO FURNISH, AND YOU SHOULD NOT RELY ON, ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF AN ALLOVER MEDIA BUSINESS. WE HAVE NOT SUGGESTED, AND CERTAINLY CANNOT GUARANTEE, THAT YOU WILL SUCCEED IN THE OPERATION OF YOUR ALLOVER MEDIA BUSINESS, BECAUSE THE MOST IMPORTANT FACTORS IN THE SUCCESS OF THE BUSINESS ARE YOUR PERSONAL BUSINESS ACUMEN, MARKETING, MANAGEMENT, JUDGMENT AND OTHER SKILLS AND YOUR WILLINGNESS TO WORK HARD AND TO FOLLOW THE SYSTEM. ACTUAL RESULTS MAY VARY FROM BUSINESS TO BUSINESS, AREA TO AREA, AND MARKET TO MARKET. WE CANNOT ESTIMATE OR PROJECT THE RESULTS FOR ANY PARTICULAR BUSINESS.

WE DO NOT REPRESENT THAT YOU CAN EXPECT TO ATTAIN THESE NATIONAL ACCOUNT REVENUES. THERE IS NO ASSURANCE THAT YOU WILL DO AS WELL. YOUR FINANCIAL RESULTS ARE LIKELY TO DIFFER FROM THE RESULTS SHOWN.

NEITHER WE NOR OUR AFFILIATE MAKES ANY PROMISES OR REPRESENTATIONS OF ANY KIND THAT YOU WILL ACHIEVE ANY PARTICULAR RESULTS OR LEVEL OF SALES OR PROFITABILITY OR EVEN ACHIEVE BREAK-EVEN RESULTS IN ANY PARTICULAR YEAR OF OPERATION.

Except as disclosed in this Item 19 or in a supplemental earnings claim that we prepare in accordance with applicable legal requirements, we do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of an ALLOVER MEDIA™ business.

Item 20

LIST OF FRANCHISED OUTLETS

**FRANCHISED TERRITORIES
STATUS SUMMARY
FOR YEARS 2005/2004/2003 (1)**

State	Transfers	Canceled or Terminated	Not Renewed	Reacquired By Franchisor	Non-Operating Left The System	Total From Left Columns	Franchises Representatives At Year End (2)
Arizona	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/0
Connecticut	0/0/0	1/0/0	0/0/0	0/0/0	0/0/0	19/0/0	0/1/0
Florida	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	24/1/1
Indiana	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Illinois	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Iowa	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/0
Massachusetts	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
Minnesota	19/1/0	0/0/0	0/0/0	0/0/0	0/0/0	19/1/0	67/7/7 (3)
North Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	32/2/2
North Dakota	19/0/0	0/0/0	0/0/0	0/0/0	0/0/0	19/0/0	04/1/1 (3)
Ohio	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
South Carolina	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0
South Dakota	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1
Texas	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/1/1
Wisconsin	04/10/2	1/1/0	0/0/0	0/0/0	0/0/0	12/24/2	3/45/65 (4)
TOTALS	24/24/2	2/1/0	0/0/0	0/0/0	0/0/0	43/32/2	252/234/2019

- (1) We began offering franchises in March 2003. The numbers for 2005, 2004 and 2003 are as of our fiscal year end, December 31. ~~The numbers for 2005 are as of October 1, 2005.~~
- (2) Franchisees may own more than one Designated Territory. The numbers reflected in this column were of franchise territories.
- (3) In October, 2005, the franchise territories of Central Minnesota, Northern Minnesota, and Fargo, North Dakota were transferred, assigned, and consolidated p into one franchise territory collectively known as Northern Minnesota. The Northern Minnesota franchise was transferred and assigned from a sole proprietorship to an entity under the same ownership.
- (4) In September, 2004, the franchise territories of Duluth, Minnesota and Superior, Wisconsin were transferred, assigned, and consolidated into one franchise territory collectively known as Duluth, Minnesota.

**STATUS OF COMPANY-OWNED BUSINESSES
OPERATED BY AOM
FOR YEARS 2005/2004/2003 (1)**

State	Stores Closed During Year	Stores Opened During Year	Company-Owned Stores at Year End (2)
Alabama	1/0/0	0/0/1	0/1/1
Arizona	0/0/0	0/0/0	0/0/0
California	3/0/0	0/3/0	0/3/0
Florida	0/0/0	0/0/0	0/0/0
Georgia	1/0/0	0/1/1	0/1/1
Illinois	0/0/0	0/0/0	0/0/0
Indiana (3)	1/0/0	0/1/0	0/1/0
Iowa (4)	2/0/0	0/0/0	0/2/2
Kansas	1/0/0	0/0/0	0/1/1
Kentucky	1/0/0	0/0/0	0/1/1
Louisiana	1/0/0	0/0/1	0/1/1
Michigan	2/0/0	0/0/0	0/2/2
Minnesota	0/0/0	0/0/0	1/1/1
Missouri	1/0/0	0/0/0	0/1/1
Nebraska	1/0/0	0/0/0	0/1/1
New York	2/0/0	0/2/0	0/2/0
North Carolina	0/0/3	0/0/3	0/0/0
Ohio	1/0/0	0/0/0	0/1/1
Oklahoma	1/0/0	0/0/0	0/1/1
Pennsylvania	0/0/0	0/0/0	0/0/0
Tennessee	0/0/0	0/0/0	0/0/0
Texas	2/0/1	0/0/1	0/2/3
Utah	0/0/0	0/0/0	0/0/0
Virginia	1/0/0	0/0/0	0/1/1
Washington	0/0/0	0/0/0	0/0/0
Wisconsin	0/0/1	0/0/0	0/0/0
TOTALS	22/0/5	0/7/7	1/23/18

- (1) The numbers for 2005, 2004 and 2003 are as of our fiscal year end, December 31. ~~The numbers for 2005 are as of October 1, 2005.~~
- (2) The company-owned stores listed above for 2004 and 2003 were owned and managed by us and refer only to the existence of display boards in venues within a particular city or geographic market area. We may not have had an office in each market listed above as a company-owned store. As of July 1, 2005, we no longer recognized only the existence of display boards in venues within a particular city or geographic market area as constituting a company-owned store.
- (3) The company owned store based in Indianapolis, IN was acquired by Don Leeke and Kevin Monn, d/b/a AOM Indianapolis.
- (4) The company owned store based in Des Moines, IA was acquired by Randy Luedtke, d/b/a AOM Des Moines.

**PROJECTED OPENINGS
FOR FISCAL YEAR 2005**

State	Projected New Franchise Openings	Projected New Company-Owned Stores
Alabama	1	0
California	21	0
Colorado	1	0
Florida	31	0
Maine	1	0
North Carolina	2	0
Oregon	1	0
South Carolina	2	0
Tennessee	1	0
Texas	12	0
Utah	1	0
Virginia	1	0
TOTALS	15	0

Included in this offering circular as Exhibit 4 is a list of the names, addresses and telephone numbers of our franchisees as of ~~October 1~~December 31, 2005. Exhibit 4 also includes any franchisees that

~~Simone Tremblay dba AllOver Media La Crosse, WI and dba AllOver Media Eau Claire, WI, 10660 N. Riverside Road, Hayward, WI 54843, tel. no. 800-633-0009, Luke Finnestad and Brent Kompelien dba AllOver Media Stamford, CT, 18 Dr. Martin Luther King Drive, Unit C 3, Norwalk, CT 06854, tel. no. 612-386-4113 and Wynette Smith dba AllOver Media Duluth, MN and dba AllOver Media Superior, WI, 3969 Reinke Road, Duluth, MN 55811, tel. no. 218-729-8750 had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement as of ~~October 1~~December 31, 2005. No franchisees have failed to communicate with us in the 10 weeks prior to the date of this offering circular.~~

Item 21

FINANCIAL STATEMENTS

Attached as Exhibit 5 are the audited financial statements for AllOver Media Franchising, Inc. for the periods ending December 31, 2005, December 31, 2004, December 31, 2003, and December 31, 2002.

Item 22

CONTRACTS

This offering circular includes a sample of the ALLOVER MEDIA franchise agreement with appendices A (Authorized Trademarks and Product Offerings), B

(Designated Territory and Minimum Local Billing and Venue Requirements), C (Revenue Sharing), D (Draft Authorization) and E (Software License Agreement); ~~Conversion Addendum~~; and Acknowledgment Addendum.

As a prospective franchisee, you should obtain the independent legal and financial advice concerning the ALLOVER MEDIA franchise offering as you deem appropriate before making any commitment.

Item 23

RECEIPT

Exhibit 9 of this offering circular contains a detachable acknowledgment of receipt.