

Item 1
THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this Offering Circular, "Company", "us" and "we" mean DataPreserve Franchise, LLC, the Franchisor, and "you" means the person who buys a DataPreserve franchise from us. If you are a corporation, partnership or limited liability company, the owner of 51% or more of your business must guarantee your obligations to us, and all of your owners will be bound by the provisions of the Franchise Agreement and other agreements as described in this Offering Circular.

DataPreserve

DataPreserve Franchise, LLC, was formed in Arizona as a limited liability company on July 25, 2005. It is a wholly owned subsidiary of DataPreserve, Inc. ("DP Inc."). We do not do business under any other name. We began offering DataPreserve franchises in August 2005, and have never offered any other type of franchises. Our principal business address is 15651 N. 83rd Way, Suite C-3, Scottsdale, Arizona, 85260. Our agents for service of process are listed on Exhibit O.

Our Predecessor and Affiliates

DP Inc. has operated under four different names: It was founded as a Utah corporation in December 2002 under the name Peletex Products and Sales Co. In May 2003 its name was changed to Small Business Specialized Services, Inc. and shortly thereafter its name was changed again to Digital Data Integrity, Inc. In March 2005, its name was changed to DataPreserve, Inc.

We have two other affiliates: DataPreZerver, Inc. ("PreZerver"), a Utah corporation formed on February 8, 2005, which assembles and sells computer equipment and related products, and DataDog Backup, LLC ("DataDog"), an Arizona limited liability company formed on February 1, 2006, which markets automated encrypted remote computer backup and storage services only over the Internet and provides all customer support and services by the Internet.

The principal business address for DP Inc., PreZerver and DataDog is the same as ours. None of these three companies has ever conducted the type of business to be conducted by Franchisees, and none of them has ever offered any franchises for any type of business.

Our Business

We contract directly with customers to provide them with automated encrypted remote computer backup storage services. We provide all the necessary programming, server storage equipment, secured facilities, and security systems to maintain the integrity of the storage system, as well as all the necessary back office support including customer billing, collection of accounts receivable, and help desk support for technical and customer service. We utilize qualified computer service technicians and information technology agents ("IT Agents") to market our services and equipment made by PreZerver. We contract with the IT Agents directly, and train them about our services and products. They provide any needed on-site installation, support and services to our customers, for which we pay them.

As of the end of our last fiscal year, we were conducting three businesses substantially the same as the franchises we offer, one for a territory in Arizona, and two for territories in California. In addition, our Chairman and Chief Executive Officer owns a franchise for a territory in Arizona. See Item 20 and Exhibit K.

DataPreserve Franchised Businesses

DataPreserve Franchisees market our services to small and mid-sized businesses and individual customers in their assigned territories, and they provide liaison and support services for the customers in their territories. We reserve the exclusive right to market to certain types of customers, such as those who conduct business in multiple territories and educational institutions. See Item 12. Franchisees must also recruit qualified IT Agents within their territories, and assist us in training, monitoring and managing the performance of the IT Agents in their territories. You must recruit for us each year sufficient numbers of IT Agents and customers in your territory to satisfy the minimum requirements specified in your Franchise Agreement. See Items 12 and 17.

Your competition will be all businesses that offer remote computer backup services. Historically, this industry has been led primarily by companies that focus on "enterprise" clients who typically have multiple locations, data volumes greater than 100Gb, more than 1000 employees, internal technology support departments, and large budgets. Vendors that offer data backup in this market segment include EMC, Veritas, IBM, Iron Mountain, Hewlett-Packard, Legato, CommVault and EDS. Currently, the small business computer data backup market is predominantly based on options for manual backup and automated software. However, there are also a number of remote data backup providers who offer their services primarily via the Internet. Competitors in this market include: EZ Backup, iBackup, AmeriVault, @ Backup, and Iomega iStorage, and may include MicroSoft. This is a rapidly evolving industry segment and is likely to become much more competitive as vendors realize the potential given the vast numbers of small businesses and individual computer users who do not backup their data at all and are extremely vulnerable to data loss.

The operation of your DataPreserve business will be subject to all of the federal, state and local laws that apply to businesses generally, including minimum-age and minimum-wage laws, and occupational health and safety laws.

Item 2 BUSINESS EXPERIENCE

DataPreserve

Chairman, Chief Executive Officer and Managing Member: James W. Morand

Mr. Morand has been the Chairman, Chief Executive Officer and Managing Member of DataPreserve since its formation in July 2005. He has also been the Chairman and Chief Executive Officer of DP Inc. since its formation in December 2002. In addition, since February 2005, Mr. Morand has been the Chairman and Chief Executive Officer of our affiliate PreZerver, and since February 2006, he has been the Chairman and Chief Executive Officer of our affiliate DataDog. From January 1999 to June 2002, Mr. Morand was the Chief Technology Officer of Westwind Technologies, Inc. (formerly named Envirofoam Technologies, Inc.), which he founded, a Huntsville, Alabama

manufacturer of fire equipment and a provider of contract services to the federal government.

President and Chief Operating Officer: James L. Walker

Mr. Walker has been the President and Chief Operating Officer of DataPreserve since its formation in July 2005. He has also been the President and Chief Operating Officer of DP Inc. since June 2004. In addition, since February 2005, Mr. Walker has been the President and Chief Operating Officer of our affiliate PreZerver, and since February 2006, he has been the President and Chief Operating Officer of our affiliate DataDog. From July 1972 through September 2003, Mr. Walker worked for Sprint Corporation in various senior positions in the areas of finance, regulatory and public affairs, performance management and project management. Mr. Walker also has his own business consulting company, Walker Business Consulting, LLC, which he started in December 2003. Mr. Walker holds a B.A. degree, *cum laude*, in Business Administration, from Fort Lauderdale University, Florida.

Vice President of Marketing and Sales: Douglas W. Bruhnke

Mr. Bruhnke has been the Vice President of Marketing and Sales for DataPreserve since July 2005. He has also been the Vice President of Sales and Marketing of our affiliate DP Inc. since October 2004, the Vice President of Sales and Marketing of our affiliate PreZerver since February 2005, and the Vice President of Sales and Marketing of our affiliate DataDog since February 2006. From December 2002 through June 2004, he was Vice President Global Marketing and Sales for Phelps Dodge Corporation, an Arizona based mining and manufacturing company. From September through December of 2002, he was President and Managing Director of Stamos International LLC, a Salt Lake City, Utah company that sold software to Olympic organizing committees. From May 1999 to August 2002, Mr. Bruhnke was Managing Director and Vice President of QuestOne Decision Sciences, a Safeguard Scientific company based in Orem, Utah that provided business productivity software to the pharmaceutical, high tech and healthcare industries. Mr. Bruhnke holds a MBA degree from Michigan State University, and a BS degree in Chemical Engineering from the University of Utah.

Chief Financial Officer: Lynn A. Gruenig

Ms. Gruenig has been the Chief Financial Officer of DataPreserve since July 2005. She has also been the Chief Financial Officer of our affiliates, DP Inc. and PreZerver, since February 2005, and of our affiliate DataDog since February 2006. She was the Vice President of Finance of ExpressBill (a division of WebMD), a print and mail business located in Scottsdale, Arizona, from December 2002 to July 2004. From May 2000 to July 2002, she worked for Honeywell International in Tempe, Arizona as Director of Finance, Global Business Services, Information Technology Group. Ms. Gruenig is a graduate of the General Electric Financial Management Program and holds a Bachelor of Science in Business Administration degree, *magna cum laude*, from the University of Nebraska at Omaha. She is also a Certified Public Accountant.

Director of Operations: Paul V. Linden

Mr. Linden has been the Director of Operations and Technology for DataPreserve since July 2005. He has also been the Director of Operations and Technology for our affiliate DP Inc. since October 2004, for our affiliate PreZerver since February 2005, and for our affiliate DataDog since February 2006. From October 2003 to August 2004, he was Senior Account Executive for ePlus, Inc., a business consulting company located in Robbinsville, New Jersey. From April through October of 2003, Mr. Linden was Director of Client Services for Commerce Technologies, Inc., a management and hosting company for catalog retailers, based in West Chester, Pennsylvania. From November 2000 to February 2003, he was Global Account Executive for Dell Computer Corporation, located in Roundrock, Texas. Mr. Linden has an APICS certification in Supply Chain Management. He holds a B.A. degree in International Relations from the University of Pennsylvania. He also holds an MBA degree, *summa cum laude*, from Saint Edward's University in Texas.

Training Manager: Roberta P. Smith

Ms. Smith has been the Training Manager for DataPreserve since July 2005. She has also been the Training Manager for DP Inc. since February 2005. From November 2003 to February 2005, she was an E-Learning Project Consultant at American Express, in Phoenix, Arizona, managing the international E-Learning initiative. From January through July of 2003, she managed E-Learning course development for UNICON Academus™ at Unicon, Inc., a Chandler, Arizona company. From February 2001 to June 2002, she was the Director of E-Learning at Concord EFS-VCS, Inc., a nation-wide credit and debit transaction processing company located in Mesa, Arizona. She holds a B.A. in Commercial Art from Northeastern Illinois University, and an MEP in Computer Graphics from Arizona State University.

Franchise Broker

We have entered into a contract with Franchise Resource Company, a Scottsdale, Arizona corporation formed on January 17, 2002, doing business as FranSource, to be a franchise broker for us. FranSource has a single Director and Officer:

Director and President/Secretary: Kent Craven

Mr. Craven has been the sole Director and the President/Secretary of FranSource since its formation. Since January 2005, he has been the Managing Member of Franchise Resource LLC, an Arizona limited liability company that also markets franchises. Since January 1990, he has also been the President of Passengers Unlimited, Inc., a Pennsylvania tour operator.

**Item 3
LITIGATION**

There is no action, litigation, arbitration, or administrative proceeding required to be disclosed in this Offering Circular.

**Item 4
BANKRUPTCY**

Neither DataPreserve, nor any of its affiliates, nor any of DataPreserve's officers, has been involved as a debtor in proceedings under the U.S. Bankruptcy Code that must be disclosed in this Item.

**Item 5
INITIAL FRANCHISE FEE**

Franchise Fee

You pay an initial franchise fee of \$50,000, plus ten cents (\$0.15) per person for population in excess of 400,000, payable in full when you sign the Franchise Agreement. The franchise fee is calculated in the same way for all franchises currently being granted by us, except for franchises that may be granted for no initial fee or at a substantial discount to certain officers or other individuals affiliated with DataPreserve.

If we decide that an individual Franchisee, or the entity representative for a Franchisee that is a corporation or other form of business entity, has not successfully completed initial training, or is not otherwise qualified to be a DataPreserve franchisee, we may cancel your franchise within three business days after you complete training. When you return our manuals, software, telephone equipment and give us a general release, we will fully refund your franchise fee. The franchise fee is not refundable under any other circumstances.

Territory Reservation Agreement

Before you sign a Franchise Agreement, you may request us to enter into a Territory Reservation Agreement to reserve a specified territory for two months. Entering into a Territory Reservation Agreement does not obligate either of us to enter into a Franchise Agreement. A copy of the Territory Reservation Agreement is attached as Exhibit G to this Offering Circular. You must pay us a territory reservation fee of \$6,500 when the Territory Reservation Agreement is signed. The reservation fee is not refundable under any circumstances. However, if you enter into a Franchise Agreement with us within four months, we will apply the reservation fee towards your initial franchise fee.

Pre-Opening Financial Obligations To DataPreserve

Before you begin operating your DataPreserve franchised business, you will become obligated to pay us certain fees. You must pay us \$75 per month for providing you with voice over Internet protocol ("VoIP") telephone network services, including unlimited local and toll voice communications. You must pay us Remote Backup Service Fees currently ranging from nothing (for up to 10 gigabytes) up to \$249 per month (for up to 100 gigabytes) depending on the amount of your data and the features you choose. When we implement our computerized customer relationship management ("CRM") system in the fall of 2006, you will also become obligated to pay our CRM Service Fee of up to \$500 per year per user. See Item 6 below for additional information about each of these fees. These fees are the same for all franchises currently being granted by us, including franchises granted to our officers or other individuals affiliated with DataPreserve.

**Item 6
OTHER FEES**

Type of Fee (Notes 1 & 2)	Amount	Due Date	Remarks (Note 3)
VoIP Service Fee FA § 2.3	\$75 per month	1 st day of each month	The voice over Internet protocol communications service fee is for access to and the use of our proprietary VoIP telephone network and unlimited local and toll voice communications. We may increase this fee by not more than 10% annually.
CRM Service Fee FA § 2.4	Up to \$500 per year per user	1 st day of 1 st month after the Effective Date of your FA, and annually thereafter	We are not currently charging the CRM Service Fee. We anticipate implementing the CRM system in the fall of 2006, and the first annual fee will be payable at that time. The CRM system will provide access to our proprietary computer based customer relationship management system. We may increase the CRM Service Fee by not more than 10% annually.
Backup Services Fee FA § 14.3	Currently \$25 to \$249	1 st day of each month	We will not charge you a setup fee, or for the storage of 10 gigabytes or less. We will charge you at our current monthly published rates for the backup and storage of more than ten gigabytes and for any premium features you choose to use
Initial Training FA § 12.3	\$5,000 per person	In advance	We provide free initial training for two people. See Item 11.
Transfer Fee FA § 30.2.G	2% of the then current initial franchise fee	Upon a transfer	Waived for a transfer to a legal entity you control, for a transfer of less than 49% of Franchisee, and for a transfer upon death or disability.
Renewal Fee FA § 4.2.G	1% of the then current initial franchise fee	Upon renewal	You pay a Renewal Fee rather than an initial franchise fee upon renewal, but you must execute our then current form of franchise agreement
Late Charges FA § 2.5	\$25	On date of delinquency	Payable if you fail to pay us any amount on time.
Delinquent Interest FA § 2.5	1.5% per month (but not exceeding the maximum legal rate)	Beginning on date of delinquency	Payable on any delinquent amount you owe us.
Collection Costs FA § 2.5	Amount we incur	As incurred	Our expenses including costs and attorneys' fees to collect amounts you owe us.
Indemnification FA § 27.2	Amount of our liabilities	As incurred	Covers claims and liabilities incurred by us relating to your business.
Attorneys' Fees FA § 35.4	Amount we incur	As incurred	Attorneys' fees and costs for indemnification or enforcing your Franchise Agreement.
Approval of Suppliers FA § 17.2	Our testing costs	On demand	If you wish to purchase products or supplies from non-approved vendors, you must reimburse us for our actual testing costs.

Type of Fee (Notes 1 & 2)	Amount	Due Date	Remarks (Note 3)
Reimbursement for Curing Any Default FA § 32.1	Amount we pay	On demand	Applies only if you default and we elect to cure your default
Guaranty FA § 29.1.D	All your obligations	On demand	An owner of at least 51% of the Franchisee must personally guarantee your obligations to us.

Notes:

1. Your initial franchise fee, and other initial financial obligations to us that you incur before you commence business, are described in Item 5. The fees and charges shown in this chart are all payments you must make to us.
2. "FA" means the Franchise Agreement attached as Exhibit C to this Offering Circular. The more detailed provisions of your Franchise Agreement on each of these subjects determine your obligations.
3. Unless otherwise noted, all fees in this table are imposed by and payable to us and are non-refundable.

**Item 7
INITIAL INVESTMENT**

Your Estimated Initial Investment

Expenses	Estimated Dollar Ranges				Method of Payment/ Financing (Note 2)	When Due	To Whom Paid	Refundable
	Home Office (Note 1)		Outside Office					
	Low	High	Low	High				
PRE-OPENING:								
Initial Franchise Fee (Note 3)	\$50,000	\$80,000	\$50,000	\$80,000	Lump sum	Upon signing Franchise Agreement	Us	Sometimes (Note 4)
Travel (Note 5)	750	2,000	750	2,000	Lump sums	As incurred	Airlines	No
Living Expenses While Training (Note 6)	1,800	2,300	1,800	2,300	As incurred	During training	Hotels & Restaurants	No
Real Estate (Note 7)	0	0	2,000	4,000	Lump sums	Usually monthly	Seller or Landlord	No
Leasehold Improvements (Note 8)	0	0	0	0	Lump sums	During and upon completion of construction	Contractors	No
Signage (Note 9)	0	0	100	200	Lump sum	As incurred	Vendor	No
Cellular Phone & Service (Note 10)	100	500	100	500	Lump sums	Monthly	Provider	No

Expenses	Estimated Dollar Ranges				Method of Payment/Financing (Note 2)	When Due	To Whom Paid	Refundable
	Home Office (Note 1)		Outside Office					
	Low	High	Low	High				
Equipment & Furniture (Note 11)	2,500	4,100	2,500	5,600	Lump sums	As incurred	Vendors	No
Office Supplies (Note 12)	125	500	125	500	Lump sums	As insured	Vendors	No
Utility Deposits (Note 13)	0	0	100	500	Lump sums	As incurred	Utility Companies	Sometimes
Insurance (Note 14)	4,000	10,000	4,000	10,000	Lump sums	Annually	Insurance Carriers	No
Professional Services (Note 15)	2,000	4,000	2,000	5,000	Lump sums	As incurred	Attorney/Accountant	No
Licenses & Permits (Note 16)	100	500	100	1,000	Lump sums	As incurred	Government Authorities	No
Advertising (Note 17)	100	500	100	500	Lump sums	As incurred	Media	No
ADDITIONAL OPERATING FUNDS FOR 12 MONTHS: (Note 18)	50,000	75,000	50,000	75,000	Lump sums	As incurred		No
TOTALS (Note 19)	\$111,475	\$179,400	\$113,675	\$187,100	Does not include: Debt service, the cost of a motor vehicle or your salary			

Notes:

1. You may choose to conduct your DataPreserve business from your home, or you may have an outside office. See Item 11.
2. Neither we nor our affiliates provide financing to you. Financing may be available from an independent source.
3. The initial franchise fee is \$50,000 plus \$.15 per person for population in the territory in excess of 400,000. The low estimates assume a population of 400,000; the high estimates assume a population of 600,000. If you have paid us a \$6,500 territory reservation fee, it will be fully credited against the initial franchise fee if we enter into a Franchise Agreement with you within four months. See Item 5.
4. The entire initial franchise fee is refundable if we decide that an individual Franchisee, or the entity representative for a Franchisee that is a corporation or other form of business entity, has not successfully completed initial training or is not otherwise qualified. See Item 5.
5. Estimated travel expenses are for two people making one flight to Scottsdale, Arizona. Transportation expenses vary depending upon advance booking, your location, the number of people traveling, and the number of round trips made during the course of training.
6. Food and lodging expenses for two people for approximately one week in Scottsdale, Arizona. One car rental is included at \$40 per day. No estimate is included for personal expenses. Your living expenses while training may vary significantly depending upon the season of the year and your tastes.

7. You are not required to have an office outside your home, but you may choose to do so. You may purchase or lease outside office space. Outside offices are typically located in office buildings or parks, and generally are approximately 600 square feet in size. **Rent can vary significantly depending on factors such as size, condition, location, local market conditions and tax rates.** Based on our experience in Scottsdale, Arizona, we estimate that monthly rent may range from \$2,000 to \$4,000, and that security deposits (which may be partially or wholly refundable) are one month's rent. Because individual cases vary so widely, no estimates are included for real estate purchase payments. No rental cost is included for the use of your home.
8. It is assumed that no leasehold improvements will be necessary, or that they will be paid for by the landlord.
9. Includes the costs of interior and exterior signs, which you may elect to purchase, and their installation.
10. Includes acquisition costs and service fees for one month.
11. You must have a laptop computer and license our proprietary and specified software. This estimate includes approximately \$1,620 to \$2,150 for the computer, and \$880 to \$950 for software. See Items 5 and 11. You must also have a printer/fax/copier office machine. The low estimates assume that you already have all needed furniture; the high estimates are \$1,000 for home office furniture, and \$2,500 for an outside office. These estimates assume that your equipment and furniture will be paid for in full at the time of purchase. If you lease or finance your equipment or furniture, the initial investment will be reduced, but your working capital needs will increase to cover the lease payments or debt service. See Note 18 below. It is assumed that you already have a reliable motor vehicle for use in your business. The cost of a motor vehicle is not included in this estimate.
12. Includes the purchase of paper, additional business cards, print cartridges, and other basic office supplies. See Item 11.
13. Assumes no additional utility deposits for a home office; includes deposits for water, electricity, gas, telephone and other utilities for an outside office. See Note 7 above regarding real estate lease security deposits.
14. Estimated annual premiums for business owner personal property coverage for office furniture and equipment at 100% replacement cost, with a \$500 deductible; comprehensive "all risks" general liability coverage, personal injury and property damage for \$1,000,000, with a \$500 deductible; and automobile liability insurance for \$1,000,000, for one driver, with no exceptional risk factors and no deductible. Premiums for real property, errors and omissions and worker compensation insurance are not included.
15. Obtaining legal and accounting services is not mandatory, but we recommend that you obtain professional advice in the course of verifying these initial investment estimates locally, entering into the Franchise Agreement, setting up your DataPreserve business, and complying with federal, state and local laws.
16. Assumes that some licenses or permits are required to commence business.
17. Includes pre-opening advertising costs. See Item 11.
18. You must have at least \$50,000 in a separate bank account, or available to you under a line of credit, or a demonstrated source of equivalent available income, to be used only as working capital for the operating expenses of your DataPreserve business. These estimates for additional operating funds include funds to cover operating shortfalls and cash flow shortages during your first 12 months of business. Estimated salaries for employees and associated payroll taxes, and a salary for you or a manager, are not included. Utility expenses have not been considered separately from rent. See Note 7 above. No real estate purchase payments are considered. See Note 7 above. No debt service is considered for any financing you may obtain, and no equipment or furniture lease payments are considered. See Note 11 above. The costs to acquire a motor vehicle are not considered. We based these estimates on our experience starting up two businesses in Arizona that are substantially similar to the businesses Franchisees will operate.

We do not guarantee that you will not have greater startup expenses than these estimates, or that you will not need more operating funds than these estimates. We do not imply or guarantee that you will "break even" by any particular time.

19. These numbers are only estimates of the range of initial startup expenses you may incur. Your actual expenses, and the amount of additional funds you will need, will depend on a variety of factors, including the location of your business, when you start your business, your marketing and management skills, economic conditions, the availability of qualified IT Agents in your territory and the number and needs of their existing customers,

competition, and other factors. You should review these figures carefully with a business advisor before making any decision to purchase a DataPreserve franchise.

We do not finance any part of your initial investment.

Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Required Purchases and Leases from DataPreserve

You must purchase remote computer backup services from us. See Items 5, 6 and 11, and the Remote Backup Customer Service Agreement attached as Exhibit D to this Offering Circular. You must purchase VoIP telephone network voice communication services from us. When our computerized customer relationship management system becomes available (anticipated fall 2006), you must purchase access to the CRM System from us. See Items 5 and 6. You must pay us to train any replacement General Manager you hire. See Items 6 and 11. We are the only supplier of these services.

There are no goods or services that you may purchase or lease from us on an optional basis. None of our affiliates sells or leases goods or services to Franchisees.

Approved Suppliers

Approved suppliers are listed in the Manuals. If you wish to purchase something from a supplier we have not approved, you must provide us with information in writing about the proposed supplier and technical information about the item, and a sample of the item for testing. You must reimburse us for our testing costs. We will respond to your request within ten business days. If we do not respond within ten business days, your request is denied. We can revoke our approval of suppliers when we determine they no longer meet our current standards. We notify Franchisees about changes to our list of approved suppliers by updating our Manuals. See Item 11.

Neither we nor our affiliates receive any payments or material consideration from your purchases or leases from third party suppliers. We do not negotiate purchase arrangements with suppliers for the benefit of our Franchisees. We do not provide any benefits to you based on your purchases from approved suppliers.

Specifications for Goods and Services

Computer System

You must have a computer system with hardware and software that complies with our minimum specifications in the Manuals. You must use our proprietary software that is loaned to you at no charge. See Item 11.

Advertising

All of your advertising, including signs, telephone listings and ads, and Internet pages and web sites, must conform to our standards and specifications in the Manuals and be approved by us before you use them. See Item 11.

Insurance

You must maintain in force at your expense all of the types of insurance specified in the Manuals, with the coverages and maximum deductibles specified. We may change the minimum insurance requirements annually. The insurance must be in forms acceptable to us, be issued by insurers rated A or better in Best's Insurance Guide, name us and any affiliate we designate as co-insureds, provide for advance notice of cancellation or modification, and contain a waiver of subrogation rights against us. You must provide us with the policies and certificates of insurance ten days before you commence business.

We currently require you to have at least the following insurance: (a) property insurance for your office equipment and furniture on a replacement cost basis; (b) comprehensive general liability insurance with a minimum limit of \$1,000,000 per occurrence (including coverage for personal injury, property and contractual liability); (c) automobile liability insurance with a minimum limit of \$1,000,000 per occurrence; and (d) if applicable, unemployment and workers' compensation insurance with a broad form all-states endorsement coverage sufficient to meet the requirements of applicable state law. You are responsible for ensuring that all of your employees and contractors using their own vehicles maintain at least the required amount of liability insurance on their vehicles.

Revenues from Sales to Franchisees

For the fiscal year ending December 31, 2005, neither we nor any of our affiliates had any revenues from the sale or lease of goods or services to Franchisees. We expect to receive revenues from sales and leases of goods and services to our Franchisees in the future. See Item 6. None of our affiliates sells or leases goods or services to Franchisees.

Percentages of Franchisee Purchases

We estimate that the cost of the goods and services you will purchase or lease from us, and from approved suppliers and in accordance with our specifications, will be approximately the following percentages of your total purchases and leases of goods and services in connection with the establishment of your DataPreserve business, and of your total annual purchases and leases of goods and services thereafter in connection with the on-going operation of your DataPreserve business:

ESTIMATED PERCENTAGES OF FRANCHISEE PURCHASES & LEASES	Percent of Total Purchases & Leases in Connection with the Establishment of Your Business	Percent of Total Annual Purchases & Leases in Connection with the On-Going Operation of Your Business
Required Purchases and Leases from Us (Notes 1 & 2)	1%	1%
Optional Purchases from Us (Note 2)	0%	0%
Purchases & Leases from Approved Suppliers	1%	2%
Purchases & Leases in Accordance with Our Specifications	5%	5%
Total Purchases & Leases in All 4 Categories Above	6%	8%

Notes:

1. This includes the VoIP Service Fees, Backup Services Fee, and CRM Service Fees you pay to us. See Item 6.
2. None of our affiliates sells or leases goods or services to Franchisees.

Purchasing Cooperatives

There are no purchasing cooperatives for the purchase of any goods or services relating to your DataPreserve business.

**Item 9
FRANCHISEE'S OBLIGATIONS**

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

Obligation	Section(s) in Franchise Agreement (Notes 1 and 2)	Item(s) in Offering Circular
a. Site selection and acquisition/lease	6.1, 6.3, 6.4	Items 11, 12
b. Pre-opening purchases/leases	2.3, 2.4, 6.2, 14.1, 14.3, 17	Items 5, 6, 7, 8, 11
c. Site development and other pre-opening requirements	6.2	Items 7, 11
d. Initial and ongoing training	12, 13.4	Items 6, 7, 11
e. Opening	7	Items 11, 12
f. Fees (Note 3)	2.1, 2.3, 2.4, 2.5, 4.2.G, 30.2.G	Items 5, 6, 7, 8, 10
g. Compliance with standards and policies/Operations Manual	16, 18.2, 20	Items 8, 11, 14
h. Trademarks and proprietary information (Note 4)	19, 21	Items 13, 14
i. Restrictions on products/services offered	8.1, 8.2, 9.1, 9.2, 10	Items 12, 13, 16
j. Warranty and customer service requirements	8.2, 9.1	Items 12, 13, 16
k. Territorial development and sales quotas	5.3, 8.3, 9.3	Items 1, 11, 12
l. Ongoing product/service purchases	2.3, 2.4, 14.3, 17	Items 5, 6, 8, 11
m. Maintenance, appearance and remodeling requirements	4.2.C, 6.1, 6.2, 16.2, 19.4	Items 7, 11
n. Insurance	28	Items 6, 8

Obligation	Section(s) in Franchise Agreement (Notes 1 and 2)	Item(s) in Offering Circular
o. Advertising	15	Items 7, 8, 11
p. Indemnification (Note 3)	27.2, 27.3	Items 6, 13, 14
q. Owner's participation/management/staffing (Note 3)	18.1, 18.5	Items 7, 11, 15
r. Records/reports	18.6	Items 6, 11
s. Inspections/audits	18.6	Items 6, 11
t. Transfer (Note 4)	29, 30	Items 6, 17
u. Renewal	4.2	Item 17
v. Post-termination obligations (Note 4)	22, 23, 24, 25, 33.1	Item 17
w. Non-competition covenants (Note 4)	22, 23, 24, 25	Items 14, 17
x. Dispute resolution (Note 4)	34, 35, 36, 37	Item 17
y. Guaranties (Note 3)	29.1.D	Item 17

Notes:

1. The Franchise Agreement is attached as Exhibit C to this Offering Circular.
2. Federal bankruptcy laws and statutes or court decisions in some states may supersede the terms of your Franchise Agreement, including choice of law, choice of forum, waivers, releases, periods of limitation, transfer, termination and renewal. See the State Law Addendum attached to this Offering Circular at Exhibit B.
3. If the Franchisee is a corporation or other legal entity, the owner of 51% or more of the Franchisee and the owner's spouse must personally guarantee the Franchisee's payments and performance, and are individually responsible for these obligations (FA § 29.1.D).
4. If the Franchisee is a corporation or other legal entity, all of the owners, officers and directors of the Franchisee, and their spouses and any other family members who will be active in the business, are also individually obligated by these restrictions (FA §§ 25.1.A).

**Item 10
FINANCING**

Neither DataPreserve nor any of its affiliates will provide financing to you or guarantee any of your obligations, either directly or indirectly through third parties. Neither DataPreserve nor its affiliates receive any direct or indirect payments for any financing you may receive from third parties.

Item 11
FRANCHISOR'S OBLIGATIONS

Our Obligations To You

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

Pre-Opening Assistance

- We will provide initial training for two people at no charge. (FA § 12.1.) See "Training" below in this Item 11.
- We will loan you, at no charge, a telephone with VoIP capabilities. (FA § 6.2.A.)
- For an additional monthly fee, we will provide you with access to and the use of our proprietary VoIP telephone network and unlimited local and toll voice communications. (FA § 2.3.) See Item 6. You must contract with and pay your provider for access to our network.
- We will give you an initial supply package, including forms and trademark items. (FA § 13.1.)
- We will loan you our proprietary software. (FA § 14.2.)
- We will loan you one set of our Manuals. (FA § 20.) See "Manuals" below in this Item 11.

On-Going Operational Assistance

- For an additional monthly fee, we will provide you with access to and the use of our proprietary VoIP telephone network and unlimited local and toll voice communications. (FA § 2.3.) See Item 6. You must contract with and pay your provider for access to our network.
- When it becomes available (anticipated fall 2006), we will provide you with access to and the use of our proprietary computer based customer relationship management system for an additional annual fee. (FA § 2.4.) See Item 6.
- We will contract with and compensate the qualified IT Agents in your territory you recruit for us. (FA § 8.1.)
- We will contract with, provide automated encrypted remote computer backup storage services to, and handle all billings and collections, for qualified customers in your territory you solicit for us. (FA § 9.1.)
- We will pay you sales commissions for your customer marketing and support services. (FA §§ 11.1 & 11.2.)

- If you request it, we will provide you at no charge with on-site training for up to two days during the first three months after you begin operating your first DataPreserve franchised business. (FA § 12.2.)
- Upon request, we will consult with you by telephone, email or facsimile regarding the operation and management of your business. (FA § 13.2.)
- We will provide you with updates regarding your business, including any special or new services or products to be marketed by Franchisees. (FA § 13.3.)
- We will provide you with automated encrypted remote computer backup storage services pursuant to the Remote Backup Customer Service Agreement we enter into with you. (FA § 14.3 & Exhibit D to this Offering Circular.)
- We will review the advertising you submit to us. (FA § 15.1.) See "Advertising" below in this Item 11.
- We will provide you with a list of approved suppliers in the Manuals. (FA § 17.2.) See Item 8.
- We will consider any request you make for approval of a new supplier. (FA § 17.2.) See Item 8.
- We will reimburse you for your actual costs not to exceed \$2,500 if we change our trademark and require you to make the change. (FA § 19.4.) See Item 13.
- We will provide you with all updates to our Manuals. (FA § 20.) See "Manuals" below in this Item 11.
- We will indemnify you for any claim based solely on our failure to perform our obligations under any IT Agent contract or customer contract, or based solely on your proper use of our trademarks or our proprietary software. (FA § 27.1.) See Items 13 & 14.

Advertising

All of your advertising, including signs, Yellow Page listings and ads, and Internet pages and web sites, must conform to our standards and specifications in the Manuals. You must submit your advertising to us for our approval at least ten business days before you use it. If we do not respond within ten business days, your request is denied and you may not use the advertising. (FA § 15.1.)

We do not collect any advertising fees or maintain any advertising fund, and we have no advertising councils or cooperatives.

Computer System

You must have a computer system with hardware and software programs that comply with our minimum standards and specifications as set forth in the Manuals. (FA § 14.1.) Our current requirements for your computer system are in Exhibit J to this Offering Circular. We may change the standards and specifications if we believe it will protect, promote or improve the DataPreserve system, and you must make any required changes at your own expense. There are no contractual limitations on the frequency or cost of these changes. (FA §§ 16.1 & 16.2.) You must use our proprietary software and remote backup services and promptly install any upgrades we provide. There is no charge for upgrades that we provide to our proprietary software, although you may have to upgrade your computer at your expense in order to use the upgraded software. (FA §§ 14.2 & 14.3.) See Item 8.

You will use your computer to make presentations when recruiting IT Agents and soliciting customers, to operate your business, and to maintain your business records and information about customers and IT Agents in your territory.

Although we will provide remote computer backup services for your business, we will not have access to your information. The software we use to perform backup services automatically encrypts the data in your files. It is your sole responsibility to maintain the password you select for the encryption in a secure place. We will not have the password and we cannot "unencrypt" your files or access them unless you provide your password to us. (Remote Backup Customer Service Agreement, Exhibit D to this Offering Circular, § 1.B.) We will take reasonable precautions to maintain the confidentiality of any confidential information that you do disclose to us. (Remote Backup Customer Service Agreement, Exhibit D to this Offering Circular, § 4.) We may, however, disclose your confidential information to someone you propose to transfer your DataPreserve business to, or if required by law or a court order. (FA § 30.1.F.)

Manuals

The Tables of Contents of our current Training Manual and Operations Manual are attached as Exhibit H to this Offering Circular. The Training Manual has a total of 630 pages, and the Operations Manual has a total of 456 pages. The Tables of Contents show the number of pages devoted to each subject.

Site Selection

You are solely responsible for selecting the site for your office, which must be in your territory. The requirements for equipping your office are in the Manuals. Your office may be located in your home. The location for your office outside your home is subject to our approval. (FA §§ 6.1 & 6.2.) Our approval is based primarily upon general location.

Commencement of Business

Franchisees typically commence business within one to two months after they sign their Franchise Agreements. Factors that affect this time include arranging financing, attending training, and obtaining business licenses and necessary insurance coverage. You must complete your initial training within one month after we sign your Franchise Agreement, and you must commence your business within one month after you complete initial training. (FA § 7.)

Training

An individual Franchisee, or the 51% owner of a Franchisee that is a legal entity, must attend and successfully complete our initial training program within one month after the Franchise Agreement is signed and before commencing business as a DataPreserve Franchisee. Any general manager for your DataPreserve business must also attend and successfully complete our initial training program before assuming any management responsibilities. We will train these two individuals at no charge for the first Franchise Agreement you enter into with us. (If you acquire additional franchises, we will provide free initial training to only one person. (FA § 12.1.) Each person who attends our initial training program must sign the Confidentiality and Non-Competition Agreement which is Attachment 5 to the Franchise Agreement (included in Exhibit C to this Offering Circular).

Each person who will attend training must complete required reading and a pre-test before coming to training. We estimate this will take approximately 20 hours. The initial training program is held on five consecutive days at our headquarters in Scottsdale, Arizona. We offer the initial training program once each month. You must pay all your own travel, food, lodging and personal expenses to attend training. (FA § 12.1.)

The training instructors all have at least five years experience in the subjects they teach, and are supervised by our Training Manager. See Item 2. The materials used for training include our Manuals, a CD-ROM and various handouts. There are no on-the-job hours associated with our initial training. The training subjects and classroom hours for each subject are shown in the chart below.

Subject	Classroom Hours (Note 1)
System Introduction	2
IT Agents	6
DataPreserve Services & Products	7
Sales & Marketing	13
Customer Service	5
Business Administration	4
Total Classroom Hours:	37

Note:

1. The hours devoted to each subject are estimates and may be varied depending on the prior experience and expertise of those being trained and how quickly they learn the material.

Any replacement or additional general managers you hire must satisfactorily complete our initial training program for a fee of \$5,000 per person. (FA § 12.3.)

We may require you to attend additional training programs in the future not more than once a year. These programs may be held in Scottsdale, Arizona or other locations we choose. We will not charge any fee for such programs, but you will be responsible for all your own travel, food, lodging and personal expenses associated with attending these programs. (FA § 13.4.)

Item 12 TERRITORY

Your Territory

Your territory will be a geographic area having a population of approximately 400,000 to 600,000 people, as determined by the most current U.S. Census Bureau numbers. The boundaries of your territory will be determined by the boundaries of the zip code areas that are set in the January 2005A Directory of zip code areas published by the U.S. Postal Service. Those boundaries will not change even if the Postal Service has since added or deleted zip codes within those boundaries or if the Postal Service adds or deletes zip codes within those boundaries in the future. The boundaries will not change if the population within your territory increases or decreases.

Neither we nor our affiliates will establish, or license anyone else to establish, a DataPreserve franchised business in your territory that offers remote computer backup services to small and mid-sized businesses and individuals located in your territory. We will refer to you any customer located in your territory who we get from another source who will need local support. These restrictions are subject to our reserved rights described below, and apply only while you are in good standing and meeting the minimum performance requirements described below.

Our Reserved Rights

We reserve the right to solicit Special Accounts, and you may not solicit them unless you obtain our prior approval. Special Accounts are customers that conduct business (directly or through affiliates or franchisees) in two or more states, or in more than one Franchisee's territory, and customers who are educational institutions that offer four year degrees. You may not offer DataPreserve services or products to any U.S. federal agency, or to any customer located outside of the United States of America or its territories. You may solicit any state or local governmental agency within your territory.

We, and our affiliates, may sell, in your territory, the same or similar products and services that you offer, under different trademarks through alternative channels of distribution, including the Internet. Our affiliate, DataDog, currently markets DataDog™ brand remote computer backup services (for up to five gigabytes of data and without secondary backup) to customers located anywhere, including your territory. DataDog does all its marketing and customer support only by the Internet, and does not offer franchises for DataDog businesses. (We will not pay you any commissions on revenues from DataDog customers located in your territory.)

We may also use, and license others to use, different trademarks to market products and services in your territory that may be similar to or completely different from those you offer. We are not obligated to grant you any rights to market such products or services.

We can always sell any services and products under the DataPreserve trademarks outside your territory by any methods we choose.

Your Commissions

We will pay you commissions for soliciting qualified customers located in your territory that we contract with, for providing support services to customers in your territory, and for our sales of products you generate to customers in your territory, as shown in the chart below. Commissions will be a percent of Gross Sales, paid monthly, based solely on the payments we actually receive from customers. Gross Sales are customer payments less sales and equivalent taxes, shipping charges, credits, discounts and refunds.

Customer Category	% for Your Marketing of Our Services	% for Your Service & Support of Customers	% for Your Marketing of Our Products
Customer with a billing address <i>within your territory</i> and <i>referred by you</i> or an IT Agent located within your territory	1% of Gross Sales for backup services (excluding one-time set-up fees) for the first 12 months of service	29% of Gross Sales for backup services (excluding one-time set-up fees)	5% of Gross Sales (excluding technical service and installation fees) for products sold
Customer you service with a billing address <i>within your territory</i> and <i>referred to us by a third party</i> other than you or an IT Agent located within your territory	No commission	29% of Gross Sales for backup services (excluding one-time set-up fees)	5% of Gross Sales (excluding technical service and installation fees) for products sold
Special Account customer with locations <i>within your territory</i> you service who is <i>not referred by you</i> or an IT Agent located within your territory	No commission	15% of Gross Sales for backup services (excluding one-time set-up fees) for DataPreserve Services provided to locations within your territory	5% of Gross Sales (excluding technical service and installation fees) for products sold and delivered to locations within your territory
Customer with a billing address <i>outside your territory</i> who is <i>referred by you</i> or an IT Agent located within your territory	No commission	No commission	No commission

Your Performance Requirements

In order to keep your territory rights, you must meet certain minimum performance requirements regarding the number of qualified IT Agents you recruit and the numbers of customers in your territory. If you do not meet these performance requirements, we may, at our option, reduce or eliminate your territory rights, or terminate your Franchise Agreement.

IT Agent Requirements

At the end of each year your Franchise Agreement has been in effect, there must be at least the number of qualified IT Agents located in your territory, who you recruited and are under contract with us, as shown on the chart below.

Years/After Effective Date of FA	Minimum Number of IT Agents	Years/After Effective Date of FA	Minimum Number of IT Agents
1	37	6	98
2	74	7	104
3	80	8	110
4	86	9	116
5	92	10	122

Customer Requirements

At the end of each year your Franchise Agreement has been in effect, there must be at least the number of customers who have billing addresses in your territory, who have contracted with us to provide remote computer backup services, as shown on the chart below. (Special Account customers and customers who were already under contract with us before you signed your Franchise Agreement do not count.)

Years/After Effective Date of FA	Minimum Number of Customers	Years/After Effective Date of FA	Minimum Number of Customers
1	300	6	5,300
2	1,300	7	6,000
3	2,300	8	6,700
4	3,300	9	7,400
5	4,300	10	8,100

Your Office Location

You are solely responsible for selecting and equipping your office, which must be located within your territory. You may choose to have your office in your home, or you may have an office outside your home. If you are in good standing, you may open additional fully equipped offices in your territory without paying us any additional fees. The location of any office outside your home, and any relocation of an outside office, is subject to our prior approval. See Item 11. You do not have any option or right of first refusal to acquire additional franchises or territories.

Item 13 TRADEMARKS

Licensed Trademarks

You have the non-exclusive right and obligation to use the DataPreserve trademark shown on the cover of this Offering Circular and other marks that we may license to you in the future, only in connection with your DataPreserve franchised business. You may not use the marks as part of your company name or your internet domain name. You may not use the marks in the sale of unauthorized products or services or in any manner we do not authorize. All rights and good

will arising from your use of the DataPreserve names and trademarks accrue solely to us and our parent company, DP Inc., which owns all the DataPreserve marks.

Our Agreement with DP Inc.

DP Inc. has granted us the exclusive right in perpetuity to grant licenses to franchisees for the use of the DataPreserve marks. DP Inc. and our other affiliates may continue to use the DataPreserve name and marks, but they must honor the territory rights granted to you under your Franchise Agreement, and they cannot license any third party to use the marks. If our agreement with DP Inc. were terminated, your Franchise Agreement would continue and DP Inc. would assume our rights and obligations under your Franchise Agreement.

Registrations

DP Inc. has applied for registrations on the principal register of the United States Patent and Trademark Office ("USPTO") for the word mark DATAPRESERVE™ and for the shield design mark shown as part of the mark on the cover of this Offering Circular. As of the date of this Offering Circular, no affidavits of use or renewals were required to be filed for these marks.

Trademark	Serial Number	Application Date
DATAPRESERVE word mark	78649314	6-13-2005
Shield design mark (without words)	78649301	6-13-2005

Neither the word mark nor the design mark is yet registered. By not having a principal federal registration for these marks, we do not have certain presumptive legal rights granted by registration. We have received an Office Action from the USPTO examiner raising objections to the registration of the DATAPRESERVE work mark. There is no guarantee that we can overcome the objections or that either of the marks will be registered with the USPTO. We may change or modify our trademarks. If we do, you must make any change we require at your expense. We will reimburse you for your actual costs for changing to any new or modified mark, not to exceed \$2,500.

Proceedings, Agreements and Infringements

Except as discussed above, there are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, any court, or the trademark administrator of any state, no pending infringement, opposition or cancellation proceedings, or assignments, no pending material lawsuits, and no agreements, concerning the DataPreserve marks that could materially affect your rights.

Protection of the Marks

You must notify us of any unauthorized use of the DataPreserve marks or confusingly similar marks by a third party. We may take whatever action we deem appropriate regarding any infringement, and DP Inc. has the right to control any proceedings relating to any such claim.

We must indemnify you against all claims for trademark infringement based on your authorized use of the DataPreserve marks listed above in accordance with your Franchise Agreement and the manuals. You must promptly notify us of any claim against you.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents

There are no patents material to the franchised business.

Copyrights

Copyrighted Materials

Various marketing, sales, training and management materials which we have created, including the manuals and our proprietary software, used in operating a DataPreserve franchised business, are protected under the U.S. Copyright Act even though we have not filed for or obtained copyright registrations for them. You may use these copyrighted materials subject to the terms of your Franchise Agreement in connection with the operation of your franchised business, but you do not receive any ownership rights in our copyrighted materials. If we add, modify or discontinue the use of any copyrighted material, then you must do so also, at your expense.

Infringements, Proceedings and Agreements

We have no actual knowledge of any infringing uses of our copyrights. There are no determinations of the U.S. Copyright Office (Library of Congress) or any court, nor are there any pending infringement, opposition or cancellation proceedings or any material litigation or agreements, involving any copyrighted materials that could materially affect your rights.

Protection of Copyrighted Materials

You are not required to notify us of any unauthorized use of our copyrighted materials although you are encouraged to do so. We may take whatever action we deem appropriate regarding any infringement, and we have the right to control any proceedings relating to any such claim.

We must indemnify you against all claims for copyright infringement based on your authorized use of our proprietary software in accordance with your Franchise Agreement and the manuals. You must promptly notify us of any claim against you.

Confidential Information

You will be entitled to use our manuals, software and the other trade secrets and proprietary and confidential materials and information that we provide to you in the conduct of your business. The confidential information includes information about IT Agents; customers; suppliers; revenues; pricing; compensation; sales, marketing and advertising history, plans and strategies; research; mailing, telephone and email lists; accounting and operations systems; compilations; specifications; business records; and anything we designate as confidential. You are obligated to protect the confidentiality of these materials, and to prevent the wrongful disclosure, duplication or use of these materials and the information in them. You, and your owners, officers and directors, your general managers, and each of their spouses and family members who are active in the franchised business, must each sign the Confidentiality and Non-Competition Agreement which is Attachment 5 to your Franchise Agreement (and included

as part of Exhibit C to this Offering Circular). Anyone else who will have access to our confidential information must sign the Confidentiality Agreement which is Attachment 4 to your Franchise Agreement (and included as part of Exhibit C to this Offering Circular) before they have access to the confidential information or receive any training from you.

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF
THE FRANCHISE BUSINESS

We strongly believe that the success of any DataPreserve franchised business depends on the personal and continued efforts, supervision and attention of the individual Franchisee, or the 51% owner of a Franchisee that is a corporation or other type of business entity. These individuals must use their best efforts to promote the growth and success of the franchised business. The 51% owner of a corporation or other business entity that is a Franchisee must be the president or chief executive officer of the Franchisee, personally guarantee all of the obligations of the Franchisee, and sign the Guaranty which is Attachment 3 to the Franchise Agreement (and included in Exhibit C to this Offering Circular).

The franchise owner may elect to have the franchised business operated on a day-to-day basis by a general manager under the general supervision of the franchise owner. General managers are not required to have an ownership interest in the Franchisee, but they must successfully complete our initial training program. See Items 6 and 11. All of the owners of the Franchisee, and all general managers of the franchised business, and their spouses and family members who are active in the franchised business, must sign the Confidentiality and Non-Competition Agreement which is Attachment 5 to the Franchise Agreement (and included in Exhibit C to this Offering Circular). This Agreement requires them to protect our confidential materials, and prevent the wrongful disclosure, duplication or use of these materials and the information in them. Subject to your state law, the Agreement also prohibits them from engaging in any remote computer backup storage services business located in your territory while the Franchise Agreement is in effect and for two years after any transfer, termination or nonrenewal of your franchise. See Item 17.

Item 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must recruit qualified IT Agents doing business in your territory, who will assist you in soliciting customers for our remote computer backup services and providing support and services to those customers. We will enter into contracts directly with the IT Agents and be fully responsible for compensating them for the services they perform for us. You must assist us in training, monitoring and managing the performance of the IT Agents in your territory.

You may only solicit customer orders for the services we provide. We will contract directly with the customers, provide all remote computer backup services to them, and be solely responsible for all customer billing and collections. We may change the services we provide, or the prices for them, upon one month's notice to you. There are no limits on our right to change our services or pricing. You may not divert any customer to any competitor of ours. We may, at our option in the future, give you the opportunity to market computer equipment and products that we will sell to customers in your territory. If we do, and you wish to sell our products, we may impose restrictions on your right to sell competing products. We will pay you commissions for the customers in your territory you recruit for us, for the services you provide to customers in

your territory, and for sales of our products you generate to customers in your territory. There are certain categories of customers you may not solicit. See Item 12.

Item 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain 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 (Note 1)	Summary
a. Term of franchise	4.1	10 years.
b. Renewal or extension of the term	4.2	An unlimited number of successive 5-year terms.
c. Requirements for you to renew or extend	4.2	You must be in good standing, upgrade your operations and equipment to our current standards, give 6-12 months' notice, pay a renewal fee (1% of our initial franchise fee at the time), satisfy our current training requirements, and sign a general release and our current form of franchise agreement (which may have materially different terms except that your territory and future renewal rights will not be reduced). (Note 3)
d. Termination by you		You may terminate your Franchise Agreement for our material breach or default as provided by law.
e. Termination by us without cause		We cannot terminate without cause.
f. Termination by us with cause	2.2.A, 32	Subject to your state law, we can terminate within 3 days after you complete training if you do not successfully complete training or if we decide you are not qualified; we can also terminate for other cause. (Note 2)
g. "Cause" defined – defaults which can be cured	32.3, 32.6, 32.7	Subject to your state law: failure to meet performance requirements (minimum numbers of IT Agents and customers) [3 months to cure]; non-payment, failure to begin operating your business by required date, misuse of our trademarks, failure to maintain standards, violation of covenants of confidentiality, non-competition and non-interference with employees and customers [10 business days to cure]; and any other material default [30 days to cure]. (Note 2)
h. "Cause" defined – defaults which cannot be cured	32.4, 32.5	Subject to applicable law: insolvency, bankruptcy, disclosure of confidential information, abandonment, criminal conviction, liens on your assets, 3 defaults within 12 months, any fraud or misrepresentation in your franchise application or conduct of business, and uncured defaults under other agreements with us or our affiliates. (Note 2)

Provision	Section in Franchise Agreement (Note 1)	Summary
i. Your obligations on termination/ nonrenewal	33.1	Cease operations; pay money owed to us; cease use of trademarks; assign telephone numbers to us; return telephone, manuals, software, forms, and trademarked and confidential materials; cancel fictitious names; comply with non-competition covenants. (See r below.) (Note 3)
j. Assignment of contract by us	31	We may assign, delegate and subcontract our rights and obligations.
k. "Transfer" by you – definition	30.1.D	Any transfer or pledge of any interest in the Franchise Agreement, your DataPreserve business, the assets of your business, or direct or indirect ownership or voting rights in any legal entity that is the Franchisee. (Note 3)
l. Our approval of your transfer	30.2, 30.4, 30.5, 30.7	Transfer to a legal entity you own pre-approved subject to certain conditions; approval of other transfers cannot be unreasonably withheld.
m. Conditions for our approval of transfer	30.2, 30.5	New franchisee must be qualified, sign our current franchise agreement (which may have materially different terms except that your territory will not be reduced), successfully complete training, provide a Guarantee, and sign a Confidentiality and Non-Competition Agreement; you must give us a right of first refusal, be in good standing, pay all amounts owed to us and a transfer fee (2% of current initial franchise fee), subordinate your rights to payments from the new franchisee to us, and sign a mutual general release. Certain requirements waived for transfers of minority interests. (Notes 2 & 3)
n. Our right of first refusal to acquire your business	30.6	We have 10 business days to match any proposal and acquire your business (waived for transfers to incorporate, minority interests, and death or disability). (Note 3)
o. Our option to purchase your business		We have no option to purchase your business.
p. Your death or disability	30.7	Your heirs have 3 months to succeed to your interests, and 12 months to transfer the business (subject to the conditions in m above), if satisfactory temporary operating arrangements made.
q. Non-competition covenants during the term of the franchise	22, 23, 24	Subject to your state law, no involvement with any remote computer backup storage services business located in your territory and areas you market in; no unauthorized use of confidential information; no solicitation of our employees, IT Agents or customers; and all improvements relating to the franchised business are automatically assigned to us. (Note 3)
r. Non-competition covenants after the franchise is terminated or expires	22, 23	Subject to your state law, no involvement with any remote computer backup storage services business located in your territory and areas you market in for 2 years; no use of confidential information; and no solicitation of our employees or IT Agents. (Notes 2 & 3)

Provision	Section in Franchise Agreement (Note 1)	Summary
s. Modification of the Agreement	16.2, 14.2.F, 20, 25.3, 34.1, 37.5, 41, 43	Automatic conformance to state law; otherwise only by signed document except that we may unilaterally revise manuals, change our marks, modify our software, and reduce the scope of non-competition covenants. (Note 2)
t. Integration/merger clause	42	Only the written agreements we sign are binding; with limited exceptions, any other promises are unenforceable.
u. Dispute resolution by arbitration or mediation	35.2, 36	Mandatory binding arbitration except for injunctive relief. (Note 3)
v. Choice of forum	34.2, 36	Arbitration in Maricopa County, Arizona, injunctive relief anywhere. (Notes 2 & 3)
w. Choice of law	34.1	Federal and Arizona law apply. (Notes 2 & 3)
x. Waivers	37	Mutual waivers of jury trial, punitive damages, rights to consolidated or class action proceedings, and claims not brought within 2 years. (Note 2)

Notes:

1. The Franchise Agreement is attached as Exhibit C to this Offering Circular. The more detailed provisions of your Franchise Agreement on each of these subjects determine each party's rights and obligations.
2. Federal bankruptcy laws and statutes or court decisions in some states may supersede the terms of your Franchise Agreement, including choice of law, choice of forum, waivers, releases, periods of limitation, transfer, termination and renewal. The choice of law in your Franchise Agreement is not a waiver of any rights that you may have under your state law. See the State Law Addendum attached to this Offering Circular at Exhibit B.
3. If the Franchisee is a corporation or other form of legal entity, the officers, directors and owners, and their spouses and immediate family members who are active in the business are also individually subject to this obligation.

**Item 18
PUBLIC FIGURES**

We do not use any public figure to promote our franchises.

**Item 19
EARNINGS CLAIMS**

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 a DataPreserve franchised business. Actual results vary from territory to territory, and we cannot estimate the results of any particular franchise. There is no guarantee that you will attain the same level of sales or profits that have been attained by other Franchisees.

**Item 20
LIST OF OUTLETS**

Franchised Businesses Status Summary for 2005 (Note 1)

State	Number of Franchised Businesses						Total Number of Franchisees at Year End (Note 2)	
	Ownership Transferred	Cancelled or Terminated by Us	Not Renewed by Us	Reacquired by Us	Otherwise Left the System	Totals from 5 Columns at Left		Total Number of Franchised Businesses at Year End (Note 2)
Arizona						0	2	2
Colorado						0	5 (Note 3)	1
Florida						0	1	1
TOTALS	0	0	0	0	0	0	8	4

Notes:

1. Numbers are for the period of July 25, 2005 (when DataPreserve was formed) through December 31, 2005, its fiscal year end.
2. The number of franchised businesses exceeds the number of franchisees because some franchisees have multiple franchises. See Exhibit I.
3. A single Colorado Franchisee has five franchises, of which two were operational as of December 31, 2005. See Exhibit I.

A list of the names, addresses and telephone numbers of our existing independent franchisees and their business addresses as of December 31, 2005, is attached to this Offering Circular as Exhibit I.

During the year ended December 31, 2005, there were no franchisees whose franchises were terminated, cancelled or not renewed, or who otherwise voluntarily or involuntarily ceased doing business pursuant to their agreements or have not communicated with us during the ten weeks prior to the date of this Offering Circular.

Estimated Openings and Franchise Sales For 2006

State	Franchise Agreement Signed But Franchise Business Not Started (Note 1)	Estimated New Franchise Agreements To Be Signed in 2006		Estimated Franchised Businesses To Be Started in 2006		Estimated Businesses To Be Started by Individuals Affiliated with DataPreserve in 2006 (Note 2)
		New Franchises	Renewal of Existing Franchises	New Franchises	Renewal of Existing Franchises	
Alabama		1		1		
Arizona		1		1		
California		3		3		
Colorado	3			3		
Florida		1		1		

State	Franchise Agreement Signed But Franchise Business Not Started (Note 1)	Estimated New Franchise Agreements To Be Signed in 2006		Estimated Franchised Businesses To Be Started in 2006		Estimated Businesses To Be Started by Individuals Affiliated with DataPreserve in 2006 (Note 2)
		New Franchises	Renewal of Existing Franchises	New Franchises	Renewal of Existing Franchises	
Idaho						1
Illinois		1		1		
Indiana		1		1		
Kansas						1
Kentucky		1		1		
Louisiana		1		1		
Maryland		1		1		
Massachusetts		1		1		
Michigan		1		1		
Minnesota		1		1		
Missouri		2		2		
Nebraska		1		1		
New Jersey		1		1		
New Mexico		1		1		
New York		5		5		
North Dakota		1		1		
Ohio		2		2		
Oregon						2
Pennsylvania		2		2		
Rhode Island		1		1		
South Dakota		1		1		
Texas		3		3		
Utah		1		1		
Virginia		1		1		
Washington		1		1		
Wisconsin		1		1		
TOTALS	3	38	0	41	0	4

Notes:

1. As of December 31, 2005, our Colorado Franchisee had five franchises, two of which were operational, and three of which are expected to be opened in 2006. See Exhibit I.
2. DataPreserve does not intend to start any new DataPreserve businesses in 2006. We anticipate that these businesses will be opened by our officers and other individuals affiliated with us.

Status of DataPreserve Businesses Owned by Us and Our Affiliates for 2005 (Note 1)

State	Opened	Closed	Sold	Total Businesses Operating at Year End
Arizona	2 (Note 2)	0	0	2 (Note 2)
California	2	0	0	2
TOTALS	4	0	0	4 (Note 2)

Note:

1. Numbers are for the period of July 25, 2005 (when DataPreserve was formed) through December 31, 2005, our fiscal year end.
2. One of these businesses is owned by our Chairman and Chief Executive Officer. See Exhibit K.

**Item 21
FINANCIAL STATEMENTS**

Attached to this Offering Circular as Exhibit L are our audited financial statements for the period of July 25, 2005 (formation) through December 31, 2005.

**Item 22
CONTRACTS**

Attached as Exhibits to this Offering Circular are copies of the following agreements relating to the offer of the franchise:

Exhibit C: Franchise Agreement and its Attachments:

- 1 - Data Sheet
- 2 - Statement of Ownership
- 3 - Guaranty
- 4 - Confidentiality Agreement
- 5 - Confidentiality and Non-Competition Agreement
- 6 - Conditional Assignment of Telephone Numbers

Exhibit D: Remote Backup Customer Service Agreement

Exhibit E: Non-Disclosure Agreement

Exhibit F: Application

Exhibit G: Territory Reservation Agreement

Exhibit M: Receipt for Completed Documents

Exhibit N: Confirmation of Sales Procedures

**Item 23
RECEIPT**

The last page of this Offering Circular is a Receipt acknowledging your receipt of this Offering Circular, to be signed by you and returned to us. A duplicate copy of the Receipt is also attached for you to keep.