

RED-LINED

FRANCHISE OFFERING CIRCULAR

FOR

PROSPECTIVE FRANCHISEES



MAILCOUPS, INC.

*Avon Industrial Park
180 Bodwell Street
Avon, Massachusetts 02322
1-800-626-2620*

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180 Bodwell Street
Avon, MA 02322
1-800-626-2620

* * * * *

INFORMATION FOR PROSPECTIVE FRANCHISEES
REQUIRED BY FEDERAL TRADE COMMISSION

To protect you, we've required your franchisor to give you this information. We haven't checked it, and don't know if it's correct. It should help you make up your mind. Study it carefully. While it includes some information about your contract, don't rely on it alone to understand your contract. Read all of your contract carefully. Buying a franchise is a complicated investment. Take your time to decide. If possible, show your contract and this information to an advisor, like a lawyer or an accountant.

If you find anything you think may be wrong or anything important that's been left out, you should let us know about it. It may be against the law.

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

FEDERAL TRADE COMMISSION
WASHINGTON, D.C. 20588

Date of Issuance: ~~{March 1, 2002, as amended May 31}~~ [December 27], 2002



Local Coupons. Super Savings.

FRANCHISE OFFERING CIRCULAR
MAILCOUPS, INC.
Avon Industrial Park
180 Bodwell Street
Avon, Massachusetts 02322
(800) 626-2620
[www.supercoups.com]

The franchisee will develop, own and operate a cooperative direct mail coupon advertising business.

[We offer a Traditional franchise for a territory with about 80,000 Homes and a Metro franchise for a territory with about 400,000 Homes.]

The initial franchise fee for a Traditional start-up franchise is \$29,000 ~~{for an 80,000 Home territory (See Item 5). In addition to the initial franchise fee, you must pay us \$1,090 for a license to use AdTrack™ software and one year's maintenance and support. The estimated initial investment varies from \$32,890 to \$52,295 for a Traditional franchise, from \$15,890 to \$43,295 for an Industry Experienced Professional franchise, and from \$3,000 to \$31,895 for a Conversion franchise}~~. The initial franchise fee for a ~~{Conversion}~~ [Metro] franchise is ~~{\$3,000}~~ [\$60,000]. The initial franchise fee for an Industry Experienced Professional franchise is \$12,000. [The initial franchise fee for a Conversion franchise is \$5,000. (See Item 5) In addition to the initial franchise fee, you may pay us \$1,090 for a license to use AdTrack™ software and one year's maintenance and support. The estimated initial investment varies from \$34,950 to \$62,500 for a Traditional franchise, from \$65,950 to \$93,500 for a Metro franchise (assumes a 400,000 Home territory), from \$17,950 to \$53,500 for an Industry Experienced Professional franchise, and from \$5,600 to \$15,800 for a Conversion franchise.]

You should consult Items 5-7 of this Offering Circular for further information concerning the total investment required.

RISK FACTORS:

1. THE FRANCHISE AGREEMENT PERMITS YOU TO ARBITRATE OR SUE US ONLY IN MASSACHUSETTS. OUT OF STATE ARBITRATION OR LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE OR SUE US IN MASSACHUSETTS THAN IN YOUR HOME STATE. STATE FRANCHISE REGISTRATION AND RELATIONSHIP LAWS MAY AFFECT THE ENFORCEABILITY OF CHOICE OF VENUE PROVISIONS (SEE UNIFORM UFOC ADDENDUM AND STATE AMENDMENTS TO THE FRANCHISE AGREEMENT).
2. THE FRANCHISE AGREEMENT STATES THAT MASSACHUSETTS LAW GOVERNS THE FRANCHISE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. YOU MUST MEET MINIMUM MAILING REQUIREMENTS TO AVOID TERMINATION OF YOUR FRANCHISE AGREEMENT. SEE ITEM 12 FOR THE SPECIFIC MINIMUM REQUIREMENTS.

4. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information comparing franchisors is available. Call the state administrators listed in Exhibit A or your public library for sources of information.

Registration of this franchise by any state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in the offering circular is untrue, contact the Federal Trade Commission and the applicable state authorities listed in Exhibit A

Date of Issuance: ~~{March 1, 2002, as amended May 31}~~ [December 27], 2002. This Offering Circular may be registered in certain states that require pre-sale registration of franchise offerings. The effective date in those states in which this offering is registered is listed on the UFOC Addendum following this page.

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE PROSPECTUS. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THE PROSPECTUS.

MAILCOUPS, INC.
UFOC ADDENDUM

As to any state law described in this Addendum that declares void or unenforceable any provision contained in the Franchise Agreement, the Franchisor reserves the right to challenge the enforceability of the state law by, among other things, bringing an appropriate legal action or by raising the claim in a legal action or arbitration that you have initiated.

The following states have statutes that may supersede the Franchise Agreement and other related agreements in your relationship with the Franchisor. These statutes may affect the enforceability of provisions in the Agreements related to termination; transfer; renewal; covenants not to compete; choice of law; jurisdiction venue selection; execution of waivers and releases of claims under the statute; injunctive relief; waiver of rights to jury trial; punitive and liquidated damage provisions, and other remedies; arbitration, and discrimination between franchisees: Ark. Code Ann. § 4-72-201 Michie (1993); Cal. Corp. code §§ 31000 - 31516 (West 1994); Cal. Bus. & Prof. Code §§ 20000 - 20043 (West 1994); Conn. Gen. Stat. § 42-133e (1994); Del. Code Ann. tit. 6 § 2552 (1993) Haw. Rev. Stat. § 482E-1 - 482E-12 (1993); Ill. Rev. Stat. ch. 815 para. 705/1 - 705/44 (1994); Ind. Code §§ 1 - 51 (1994); Ind. Code Ann. § 23-2-2.7 (West. 1994); Iowa Code § 523H.1 - 523H.17 (1994); Md. Code Ann., Bus. Reg. §§ 14-201 - 14-233 (1994); Mich. Comp. Laws §§ 445.1501 - 445.1545 (1994); Minn. Stat. §§ 80C.01 - 80C.22 (1994); Minn. Stat. §§ 80C.01 - 80C.14 (1994); Miss. Code Ann. § 75-24-51 (1993); Mo. Ann. Stat. § 407.400 (Vernon 1994); Neb. Rev. Stat. § 87-401 (1993); N.J. Stat. Ann. § 56:10-1 (West 1994); N.Y. Gen. Bus. Law §§ 680 - 695 (1994); N.D. Cent. Code § 51-19-01 (1993); Or. Rev. Stat. §§ 650.005 - 650.085; R.I. Gen. Laws §§ 19-28.1-1 - 19-28.1-34 (1993); S.D. Codified Laws Ann. §§ 37-5A-1 - 37-5A-87 (1994); Tex. Rev. Civ. Stat. Ann. art. 16.01 (1994); Va. Code Ann. §§ 13.1-557 - 13.1-574; Wa. Rev. Code §§ 19.100.010 - 19.100.940 (1994); Wis. Stat. §§ 553.01 - 553.78 (1996); Wis. Stat. §§ 135.01 - 135.07 (1984). These and other states may have fair practice laws and other civil statutes affecting contracts and state and federal court decisions that may also affect the enforcement of provisions in the Franchise Agreement and other related agreements.

A provision in the Franchise Agreement that terminates the agreement upon your bankruptcy may not be enforceable under Title 11, United States Code Section 101.

This Offering Circular is registered, on file or exempt from registration in the following states with franchise registration and disclosure laws:

California - amended -	Effective date: _____	{ April 15, 2002, as
Illinois - amended -	Effective date: _____	{ May 14, 2002, as
Indiana - amended -	Effective date: _____	{ April 26, 2002, as
Maryland - amended -	Effective date: _____	{ April 18, 2002, as
Michigan -	Effective date: _____	{ March 25, 2002
Minnesota - amended -	Effective date: _____	{ April 3, 2002, as
New York - amended -	Effective date: _____	{ April 23, 2002, as
North Dakota - amended -	Effective date: _____	{ April 11, 2002, as
Rhode Island -	Effective date: _____	
South Dakota - amended -	Effective date: _____	{ March 25, 2002, as

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EXHIBITS

- EXHIBIT A – State Agencies/Agents for Service of Process
- EXHIBIT B – Table of Contents of the Confidential Manual
- EXHIBIT C – Franchisees
- EXHIBIT D – Financial Statements
- EXHIBIT E – Franchise Agreement and Related Agreements
- EXHIBIT F – ~~Promissory Notes~~
- EXHIBIT ~~G~~ Independent Sales Agent/Broker Disclosures
- EXHIBIT ~~H~~ ~~G~~ – Receipts

ITEM 1

FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

To simplify the language in this offering circular, “us” and “we” means MailCoups, Inc., (“MailCoups”) the franchisor. “You” means the person who is awarded a franchise, the franchisee. If the franchise owner is a corporation, partnership or other business entity, “you” includes the shareholders, members or partners.

We do business under our corporate name, MailCoups, Inc., and the Service Mark “SuperCoups.” Our principal business address is Avon Industrial Park, 180 Bodwell Street, Avon, MA 02322. Our agents for service of process are disclosed in Exhibit A.

We were incorporated in Delaware on February 23, 1998. We grant franchises that offer targeted advertising services principally to local businesses. Our advertising services include cooperative direct mail coupon advertising, Internet and television advertising. We began our operations after purchasing the assets of our predecessor, The Mailhouse, Inc. (“Mailhouse”) (Avon Industrial Park, 180 Bodwell Street, Avon, MA 02332), which was a Massachusetts corporation that had granted franchises to operate direct mail coupon advertising businesses since 1984. Mailhouse did not offer franchises in any other businesses.

Mailhouse was created in April 1982 by combining the assets of Douglas Savidge’s sole proprietorship, Creative Mailing Services (120 Centre Street, Walpole, Massachusetts) and the assets of Scott Berry’s Massachusetts corporation, Super Coups, Inc. (131 Adams Street, Braintree, Massachusetts). Creative Mailing Services operated for about three years and did not offer franchises in this or any other line of business. The first Super Coups, Inc. operated for about three years and did not offer franchises in this or any other line of business.

Like our predecessor, Mailhouse, we grant franchises to operate Cooperative Mailing businesses which ~~{mail}~~ **[distribute]** local and national advertising via the United States Postal Service [(“USPS”)] directly to residences and businesses within specified zip codes [(“Mail”)]. We refer to the addresses to which our franchisees Mail advertising as “Homes.” **[We offer distribution of Mailings either directly through us, in which a franchisee’s “solo mailing” is sent independently to Homes, or through other “shared mail” distribution devices, such as the ADVO ShopWise wrap or the ADVO National Network Extension (“ANNE”). Mailings sent in ADVO’s ShopWise wrap is less expensive to distribute than “solo mail”. “Shared mail” is not available in all zip codes. (See Item 6)]**

Our franchisees also offer advertising on the Internet and on television. Our current Internet program is offered in cooperation with Esave, Inc., an online direct marketing service which enables consumers to locate and select offers of interest to them 24 hours a day ~~{, and which permits advertisers to track the effectiveness of their offers, profile consumers who do respond to their offers and retarget future advertising to those customers.}~~ **[.]**

~~{Since the fall of 1998, we have operated a SuperCoups business in Phoenix, Arizona, which is the same as our Franchised Businesses. In the future, we}~~ **[We]** may acquire or operate ~~{additional}~~ SuperCoups businesses **[similar to our franchised businesses in the future. However, we do not own any now].** ADVO, Inc., the largest full-service direct marketing company in the United States owns 100% of our stock. ADVO also is in the direct mail advertising business and each week ~~{mails envelopes}~~ **[distributes shared mail packages]** to

more than 60,000,000 households. ADVO has never offered franchises in this or in any other line of business. ADVO's address is One Univac Lane, Post Office Box 755, Windsor, Connecticut, 06095-0755. ADVO has been conducting [a] business ~~{of}~~ [similar to] the type carried on by the franchise since 1980. Founded in 1929 as a hand-delivery company, ADVO entered the direct mail industry as a solo mailer in 1946. We have no affiliates that offer franchises in any line of business or that provide products or services to our franchisees.

As a franchisee, you will ask businesses to advertise by having their message printed on a coupon, generally 3½ inches by 8½ inches ("coupon"). Coupons you have sold to local businesses together with coupons we have sold to our National Accounts and coupons sold by other SuperCoups franchisees are Mailed in one envelope to residences in your territory ("coupon Mailing"). The process of Mailing different advertisers coupons in a single envelope is known as "Cooperative Mailing." You also will have the opportunity to solicit the same customers to advertise [with Esave, our current internet program provider,] on our web site and to participate in our television advertising programs.

We Mail approximately ~~{70}~~ [60] million SuperCoups envelopes annually. The ~~{U.S. Postal Service's}~~ [USPS] rules, regulations and policies will impact your business, as will some state laws that impose use taxes on the manufacturing and Mailing services we perform for you. No specific laws regulate your business, but you must comply with all copyright laws and other laws applicable to the operation of a business. Also, if you conduct business from a home residence, you should confirm that your business operation is consistent with applicable zoning laws. The market for the services you will offer is varied, depending on the geographic area. Some areas are well developed and you will compete with existing independent and franchised businesses offering similar services. You also may compete with ADVO's "ShopWise" program for certain accounts. Competition in each market may vary and the focus of your competition could change at any time as well.

Although some of your competition will come from local newspapers, shopping guides, newspaper circulars, the World Wide Web and broadcast media, your primary competition is from other national and local cooperative direct mail coupon advertising companies.

We do not offer franchises in any other lines of business.

ITEM 2

BUSINESS EXPERIENCE

Director: ~~{Stephanie B. Molnar}~~ [Ed Harless]

~~{Stephanie B. Molnar became our Director in May 2000. She}~~ [Ed Harless has been our Director and ADVO's Executive Vice President and Chief Administrative Officer since 2002. Ed] has also been Senior Vice President ~~{of Client Logistics and Local Clients}~~ [and Chief Human Resources Officer] for ADVO, Inc. since ~~{April 2000. From May 1987 to April 2000, Stephanie was Regional Vice President of ADVO, Inc. in Columbia, Maryland. Stephanie works in our office in Columbia, Maryland.}~~ [August 2002. From October 1997 to August 2000, he was Senior Vice President and General Manager for Adventis-Behring. From 1995 to October 1997, he was Vice President of Human Resources for Adventis-Behring. Ed's office is located at ADVO corporate headquarters in Windsor, Connecticut.]

President: William M. Matthews

Bill Matthews became our President in November 2000, after serving as Vice President of Franchise ~~{Support and}~~ Development between August and November 2000. From May 2000 to August 2000, his title was Vice President of ~~{Franchise}~~ Sales and Marketing. He was our Vice President of Franchise Training and Support from June 1998 to May 2000. From June 1985 to June 1998, Bill was Sales Manager for Direct Home Advertising Inc. (DHA) in Avon, Massachusetts, SuperCoups' largest franchisee during that time. As the Sales Manager of DHA, Bill opened new territories, recruited, hired and trained salespeople and had the opportunity to gain valuable experience in all areas critical to the success of new and/or existing SuperCoups franchise owners. Bill works in our Avon, Massachusetts office.

Director of Finance: David Murphy

David Murphy joined us in April 2001 as Director of Finance. From August 1997 to April 2001, David was Controller of the Shaw Group in Boston, Massachusetts. Before that, he was Manager of Financial Plan/Analysis for Telco from August 1996 to August 1997. David works in our Avon, Massachusetts office.

~~{Vice President of Marketing and Training: Philip A. Mettra~~

~~Philip A. Mettra joined us in May 2000 as Vice President of Marketing and became our Vice President of Training in January 2002. From December 1997 to May 2000, Philip was Vice President of Marketing for Money Mailer, LLC located in Garden Grove, California. From May 1996 to December 1997, Philip was Vice President of Marketing for Money Mailer, Inc. Before that, he was Director of Marketing for Money Mailer, Inc. from April 1994 to May 1996.~~

Secretary: David M. Stigler

David M. Stigler joined us in April 1998 as Secretary. David has also been General Counsel for ADVO, Inc. since April 1986. **[David's office is located at ADVO corporate headquarters in Windsor, Connecticut.]**

~~Director of Training] {Assistant Vice President, Franchise Training and Support}:~~ David R. ("Randy") Naser

David R. Naser joined us in November 1998 as Assistant Vice President, Franchise Training and Support **[and was named Director of Training in 2001]**. From September 1997 to November 1998, David was President of Results Only Marketing, Inc. in Westboro, Massachusetts. Before that, he was General Manager of Val-Pak of Massachusetts from November 1992 to September 1997. David works in our Avon, Massachusetts office.

~~{Franchise Trainer: H. Kenneth Bird}~~ **[Director of Operations: Bruce Krangel]**

~~{H. Kenneth Bird became MailCoups' Franchise Trainer in October 1997. From April 1980 to April 1999, Kenneth was also a Real Estate Broker for the Ken Bird Agency in Hamilton, New Jersey. Ken}~~ **[Bruce Krangel joined us in June 2002 as our Director of Operations. From April 2000 to March 2002, Bruce was Plant Manager for Cox Target Media in Las Vegas, Nevada. From 1987 to February 2000, he was Finishing Manager for**

Brown Printing Co. in East Greenville, Pennsylvania. Bruce works in our Avon, Massachusetts office.

Director of Marketing: Heather Strohl

Heather Strohl joined us in November 2002 as our Director of Marketing. From May 2000 to July 2002, Heather was Worldwide Product Marketing Manager for Excelon Corporation in Burlington, Massachusetts. From November 1996 to May 2000, she was Marketing Consultant for Strohl Marketing Strategies in Norfolk, Massachusetts. Heather works in our Avon, Massachusetts office.

Franchise Sales Executive: William Wilson, Jr.

William Wilson, Jr. joined us in April 2000 as Franchise Sales Executive. From March 1999 to March 2000, William was Director of Franchising for Total Car Franchising, Inc. in Atlanta, Georgia. From January 1996 to March 1999, William was Director of Franchise Licensing for Aaron Rents, Inc. in Atlanta, Georgia. William] works from his office in ~~(Hamilton, New Jersey)~~ [Atlanta, Georgia.

Franchise Licensing Coordinator: John ("Jay") Mitchell

Jay Mitchell joined us in April 2002 as our Franchise Licensing Coordinator. From July 2000 to March 2002, Jay was Marketing Manager for Corvette City USA/LCC Financial Corp. in Atlanta, Georgia. From March 2000 to July 2000, Jay was Assistant Broker for Etrade Securities in Atlanta, Georgia. From August 1998 to July 2000, he was an optician and lab tech for Lenscrafters in Atlanta, Georgia. From February 1997 to May 1999, Jay was Senior Resident Assistant for Johnson & Wales University in Providence, Rhode Island. Jay works in our Avon, Massachusetts office.

Internet Technology Manager: Christopher W. Valli

Christopher W. Valli became our Internet Technology Manager in December 1999. From June 1996 to December 1999, Christopher was our Programmer. Christopher works in our Avon, Massachusetts office.]

Franchise Brokers:

We use certain independent sales agents and franchise brokers to offer franchises. The agents/brokers listed do not have the authority to negotiate the offer of the Franchise Agreement or to otherwise contract or act on our behalf. We will not be bound by any statements or representations they may make, and we are under no obligation to offer a Franchise Agreement or any other rights to anyone whom they refer to us. See Exhibit ~~(G)~~ [F] for a description of the agent/broker servicing your territory.

ITEM 3

LITIGATION

Other than the following ~~{four}~~ actions, no litigation ~~{is required to}~~ [must] be disclosed in this offering circular.

Pending Litigation:

[Connie A. Nagrampa v. MailCoups, Inc., before the American Arbitration Association and Does 1-25, Case No. C02-03148, Superior Court of California, Contra Costa County, November 12, 2002.

On November 26, 2001 we filed a demand for arbitration against Connie A. Nagrampa claiming she had unlawfully breached her franchise agreement with us, and that she owed us \$81,684.62 in damages for sums due before the termination, plus lost future profits arising from the early termination of her franchise agreement, our costs and attorneys fees. She denied liability. She then attempted to assert counterclaims against us in the arbitration, but because she failed to pay the filing fees required by the American Arbitration Association ("AAA"), her counterclaims were not accepted for filing.

On November 12, 2002 she filed a lawsuit against us and the AAA in the Superior Court of California, County of Contra Costa alleging certain statements or omissions of information relating to earnings and costs constituting intentional misrepresentation] ~~{On June 27, 2001, we sued Robert Philpott, Marietta Philpott and Yellow Jacket Franchise Corporation in the United States District Court for the Central District of California, Case No. 01-5651-RDK (Mex.). Our case alleges that the Philpotts, who sold the assets of the Yellow Jacket Franchise Corporation in January 2000, breached the Asset Purchase Agreement and also breached certain other related agreements that were executed at the same time. In addition, we terminated the Philpott's Franchise Agreement for their failure to pay fees due us, and we terminated Robert Philpott's Employment Agreement with us and Marietta Philpott's Consulting Agreement. On July 17, 2001, the Philpotts filed an Answer and an eleven count Counterclaim which includes claims for fraud (intentional misrepresentation)}, negligent misrepresentation, [fraud and deceit, and violations of California franchise law. She further alleges that the arbitration provision in our franchise agreement violates the California Consumer Legal Remedies Act, because it violates her constitutional right to trial by judge and jury, to due process of law and to have a public forum for the resolution of her legal claims. She also claims that the arbitration clause violates the California Unfair Trade Practices Act and seeks to enjoin enforcement of the arbitration clause. We are filing a motion to remove the case to federal court and to compel Ms. Nagrampa to arbitrate her claims as required by the Federal Arbitration Act. We] ~~{failure to deliver franchise disclosures, material omissions from unfiled communications, failure to disclose material modifications and improper termination of the Franchise Agreement. They subsequently amended the Counterclaim to add ADVQ as a counter-defendant. As this disclosure was being prepared, we have filed an Answer in which we and ADVQ deny any wrongdoing, and both parties were conducting discovery.~~~~

~~On November 21, 2001, franchisees Robert and Linda Duncan sued us, ADVQ, Inc., Super Coups, Inc. (sic) and Does 1-100 in the Superior Court of California, County of Orange, Case No. 01CC14976. The Duncans owned a Yellow Jacket franchise at the time we acquired the Yellow Jacket Franchise chain. In August 2001, the Duncans, who owed us money for mailings, terminated their franchise after we informed them that if they wished to continue using the SuperCoups trademarks, they must sign a SuperCoups Franchise Agreement. Otherwise, they must revert to use of the Yellow Jacket trademarks. In the lawsuit, the Duncans claim that our demand constituted either an unlawful offer of a franchise, or a material modification of an~~

~~existing franchise in violation of the California Franchise Investment Law. They also allege that we breached their Franchise Agreement by failing to permit them to assign their written Franchise Agreement to qualified purchasers sometime during the four years before they filed the lawsuit. Finally, they allege that we committed negligent misrepresentation and fraud by representing that if they would cease using the Yellow Jacket trade dress, they would be permitted to use SuperCoups' trade dress. They claim damages of \$25,000 and also seek punitive damages and attorney's fees. We and ADVQ deny liability for any {of their allegations and plan to file breach of contract counter-claims to recover amounts they owed us when they terminated their franchise, as well as the profits we would have realized had they continued to operate their franchise through the remainder of its term, plus attorney's fees.} [and all of her claims.]~~

Concluded Litigation:

~~{State of New York v. The Mailhouse, Inc. and Scott B. Berry, Supreme Court of New York, New York County, index § 92. On August 11, 1992, the State of New York filed a Complaint against our predecessor, Mailhouse and Scott B. Berry ("defendants") alleging that the defendants had offered and sold franchises in New York without registration, in violation of the New York Franchises Act. On September 2, 1992, the State of New York also filed a Consent Judgment, in which the defendants agreed to stop selling franchises in New York until the franchises were properly registered and agreed not to violate the New York Franchises Act in the future. In addition, the defendants agreed to pay \$10,000 to the State of New York.}~~

State of Wisconsin v. The Mailhouse, Inc., before the commissioner of Securities of the State of Wisconsin, File No X-93066 (F). On February 10, 1994, the State of Wisconsin entered an order of Prohibition against our predecessor, Mailhouse ("defendant") prohibiting the defendant from offering or selling franchises in Wisconsin unless the franchises were properly registered with the Commissioner of Securities. The defendant agreed to the entry of this Order, which alleged that the defendant had sold a franchise to a Wisconsin resident without first registering the franchise with the Commissioner of Securities. No penalties were assessed.

ITEM 4

BANKRUPTCY

No proceedings under the United States Bankruptcy Code must be disclosed in this offering circular.

ITEM 5

INITIAL FRANCHISE FEE

We ~~{will charge you a lump sum, non-recurring, non-refundable franchise fee when you sign the Franchise Agreement. The initial franchise fee for a traditional franchise starts at \$29,000 for an 80,000 Home territory. "Home" means an individual or family dwelling and/or a business. Additional Homes may be available at a cost of \$100 per 1,000 Homes. If}~~ offer franchises based on the size of the Territory granted and your experience in our industry. Our franchise offerings are:

Type of Franchise	Fee	Territory Size	Qualifications
Traditional	\$29,000	80,000 Homes	No previous experience required.
Industry Experienced Professional	\$12,000	80,000 Homes	At least 1 year bona fide sales experience in direct mail coupon industry.
Conversion	\$5,000	Based on existing business	Only for owner/operators of direct mail coupon businesses.
Metro	\$60,000	400,000 Homes	Only for people with extensive business and sales management experience.

Fees must be paid in full when] you sign a Franchise Agreement[. Fees are not refundable. "Homes" are individual or family dwellings and/or businesses. We may offer to grant you larger than standard size territories for a] ~~{in the states of Illinois or Washington, you must also sign a promissory note (Exhibit F-2) and a guaranty (attached to the Franchise Agreement) for an amount equal to the initial franchise fee and other initial payments you owe us. The promissory note will be due and payable once we have completed our initial (pre-opening) obligations to you under the Franchise Agreement and you have commenced doing business. The Illinois Office of the Attorney General and the Washington Department of Financial Institutions require this deferral of fees. If you are purchasing your first Traditional franchise, the initial franchise fee includes the cost of training for you and one additional person (but not living expenses), all costs except postage for the first 25 standard one sided 3 1/2 x 8 1/2 inch coupons Mailed to the first two 10,000 Home areas. There are no refunds under any circumstances.~~

~~If you are awarded an additional territory, you must pay us an initial} fee of \$100 per 1,000 {Homes.} [additional Homes.]~~

~~{If you are awarded a franchise in the states of Illinois or Washington, no initial franchise fee or other initial payments will be due to us until we have completed our initial (pre-opening) obligations to you under the Franchise Agreement.} [Mailing Discounts]~~

~~{Initial}~~ [Traditional franchisees do not pay a Royalty Fee or a Base Fee on the first 10 Community Marketing Profiles ("CMPs") to which they mail. Metro franchise territories are divided into 4 10-CMP areas. Metro franchisees do not pay a Royalty Fee or a Base Fee on the first 10 CMPs to which they Mail in each area. A CMP consists of approximately 10,000 Homes which share certain demographic characteristics.

Conversion and Industry Experienced franchisees and franchisees acquiring additional territories do not qualify for these discounts.

Training

Persons acquiring their first SuperCoups franchise receive in-house classroom training for two people without additional charge. Additional persons attending training will be charged \$500 each. Traditional and Metro franchisees will receive mandatory in-field training without additional charge. In-field training is available for Conversion and Industry Experienced Professionals at a fee of \$750 per day, plus expenses, but in-field training is not required for them. Franchisees acquiring their franchises through a transfer from a SuperCoups franchisee are charged a \$5,000 training fee. Training] fees are not refundable. [You must pay wage] ~~{If you are awarded an additional franchise territory, you will not be entitled to receive initial training, unless you pay us the initial training fees set out in Item 6. Moreover, you shall not be entitled to receive the complimentary Mailing of the first 25 coupons Mailed to 10,000 Homes in your first two coupon Mailings.~~

~~If you are acquiring your first SuperCoups franchise, we will provide you, at no extra charge, classroom training and training materials for up to two trainees. If you send more than two people to training, we will charge you \$500 for each additional person. You must pay for all your and your attendees' wages}, insurance, travel, {meals and lodging. Training fees are not refundable under any circumstances} [meal and lodging expenses associated with attending training]. See Item 11 for additional information on training.~~

[Miscellaneous

If you acquire a renewal franchise, you must pay us the renewal fee specified in you franchise agreement.

We may negotiate initial franchise fees for]~~{We reserve the right to negotiate the initial franchise fee for new}~~ franchisees acquiring a territory that ~~{was previously Mailed for one year or more by us or a SuperCoups franchise owner.}~~ [previously was Mailed for one or more years by a SuperCoups franchisee.]

~~{If you are acquiring a renewal franchise, you will pay us the renewal fee specified in your current Franchise Agreement.~~

~~If you own and operate a direct mail company and meet our criteria, we may authorize you to convert your business into a SuperCoups franchise under our Conversion Franchise Program. The initial franchise fee for a Conversion franchise is \$3,000. Conversion franchises do not receive "free Mailings."~~

~~If you have had at least one year of bona fide sales experience with a company in the direct mail coupon industry, your experience may qualify you as an Industry Experienced Professional franchisee. Industry Experienced Professional franchisees pay a \$12,000 initial franchise fee. They receive our 5-day in-house training program, but no in-field training. No Mailings are included in the fee. Additional initial franchise fees for territories larger than 80,000 Homes are assessed at the same rate charged Traditional franchisees.~~

All new franchisees must acquire from us AdTrack™ software] [New franchisees may acquire AdTrack™ software from us] for use in operating their ~~{Franchised Business}~~ [franchised businesses]. We charge \$1,090 for a single ~~{user}~~ [use] license for the ~~{Software}~~ [software, which includes one year's support].

ITEM 6

OTHER FEES

Name of Fee ⁽¹⁾	Amount	Due Date	Remarks
{Royalty Fee (2)} \$15.25/1,000 Homes Mailed 7 days before scheduled Mailing date. If you ever default, 14 days before Mailing date} [Mailing Charges per 1,000 envelopes Mailed:] {Charged} [Manufacturing Charges - Base Fee ⁽²⁾ - Production Charge ⁽³⁾ Royalty Fee ⁽⁴⁾ Distribution Charge ⁽⁵⁾ Trucking ⁽⁶⁾ Total Mailing Charges	\$53.50 \$356.20 \$15.25 \$85.65 - \$126 \$5 - \$30 \$515.60 - \$580.95	30% 3 weeks before Mailing. Balance Friday before Mailing	Charges] on Cooperative Mailings {only} . [Varies based on volume and distance.]
[License Fee ⁽⁷⁾]	[2 - 8% of Gross Receipts on other products and services {(3)}]	[10 th day of each month for sales made during previous month]	[Charges are for products and services other than Cooperative Mailings. Precise fees to be set in advance by MailCoups. Fees are not now assessed. {Fees are subject to change}]
[Minimum Bimonthly Royalty Fee {-\$152.50 per unmailed Community Marketing Profile ("CMP")} subject to then applicable current Mailing requirement {(4) (8)}	\$15.25 per 1,000 envelopes not mailed during previous 2-month period]	[15 th day of January, March, May, July, September and November]	[Only due when you fail to Mail {in} [to] all {CMPs} [Homes] required by your Agreement.]

Name of Fee ⁽¹⁾	Amount	Due Date	Remarks
<p>{Manufacturing Charge (1) (2) Per current price list (Approximate current cost for a 25 3x8 coupon Mailing to 10,000 Homes is usually \$3,440) 7 days before scheduled Mailing date. If you ever default, 14 days before Mailing date. Includes art design, type-setting, paper, printing, cutting, collating, inserting, sort-traying, envelopes, addressing and direct mailing. Postage Charge (1) (2) 11.2¢ per envelope 7 days before scheduled Mailing date. If you ever default, 14 days before Mailing date. Approximate current postage cost for a Mailing to 10,000 Homes is \$1,090 subject to change. Trucking Charge (1) (2) Usually between \$0 and \$200 7 days before scheduled Mailing date. If you ever default, 14 days before Mailing date. Varies based on distance. }</p> <p>Mailing Cancellation & Adjustment Fees ⁽⁹⁾</p>	<p>\$750 per cancelled Mailing [for each CMP that was not mailed]</p> <p>\$250 per changed Mailing [for each CMP effected by the change]</p> <p>\$100 for each CMP effected by the change] (\$100)</p>	<p>The earlier of the date you notify us or 10 days before the scheduled Mailing date</p>	<p>Cancellation of Scheduled Mailing less than {six (6)} [6] weeks before the scheduled Mailing date.</p> <p>Change of Mailing date within 90 days of scheduled Mailing date.</p> <p>Change of Mailing date more than 90 days before scheduled Mailing date. [</p>
<p>{ } Initial Training for Additional Representative {(1)}</p>	<p>\$500 per person</p>	<p>Before training</p>	<p>You must pay out-of-pocket expenses for trainees or our trainer or both. No fee is charged for your first two representatives. [</p>
<p>Standard Training ⁽¹⁰⁾</p> <ul style="list-style-type: none"> - Classroom - In-field 	<ul style="list-style-type: none"> - \$5,000 per week - \$750 per day, plus expenses 	<p>Before training</p>	<p>Required on the appointment of a new operating franchisee or if Franchise Agreement indicated initial training is not included in initial franchise fee.]</p>

Name of Fee ⁽¹⁾	Amount	Due Date	Remarks
Additional Optional Training ((1))	Varying amounts, usually between \$100 and \$500	Before training	Your attendance is not mandatory. Quoted fee covers payments to us for training, but not your travel and related expenses. }
Additional Mandatory Training	Not more than \$250 per year	Before training	None scheduled now, but when implemented there will be a maximum of two per year. }
Advertising Fee ((2))	Annual amount based upon number of Homes in your territory. 0 – 250,000 Homes: \$500; 250,000-1,000,000 Homes: \$1,000; 1,000,000 + Homes: \$2,000	30 days after invoice date	10 equal payments per year. May be increased by a majority vote of Franchisee Advisory Board (or association) . See Item 11. }
Audit and Business Inspection	Our actual costs, such as travel, room, board, accountants fees	10 days after invoice date	You incur costs only if an audit is done because you fail to timely submit the financial information we request. }
Additional Territory	\$100 per 1,000 Homes	Before amending your Franchise Agreement	Written change to the territory description in your Franchise Agreement. }
Renewal Fee	\$2,500 }	When you sign the then (-) current Franchise Agreement }	Renewal is for 10 years.
Transfer Fee	\$2,500	Within 10 days of receipt of our approval of your transfer request }	Must be paid before date of transfer.
Financing Charges	Highest lawful rate but not more than 2% per month }	When invoiced	Assessed on all past due amounts.

Name of Fee ⁽¹⁾	Amount	Due Date	Remarks
]TV Production ((4)) (11)]	]\$50 for first 10 commercial productions, \$40 per commercial thereafter	]When invoiced	]Optional program is operated by a franchisee, CoupsCorp. Fees are paid to CoupsCorp. and are subject to change. We may charge fees as program develops. Cost of {air time} [airtime] varies by market. {
]AdTrack™ Software Maintenance and Support{	]\$295 { Anniversary } [per year	Each anniversary] of when you acquired software	]Contract is optional {after first year} .
]IMarket – { } Marketplace {Solo Mail} Lead Generation Software	]\$400 License first year only. {Production and mailing costs separate. When invoiced We will mail out at least 500 solo lead businesses prior to your first mailing at no cost to you.} [	{ Targeter Express Maps and Reports \$20 per hour (5) When invoiced This charge only applies to maps and reports which exceed the number provided without charge. } [When invoiced	{ Targeter Express Additional Maps } [Optional program.
{ \$5 to \$25 When invoiced Depends on map size. } [Crossbow Maps and Reports ⁽¹²⁾	\$20 per hour	When invoiced]
]Eversave Internet Coupon Fees ⁽¹³⁾]New Merchant Set-up[:] - \$5.00 (up to 5 locations) - \$2.00 for each additional { set of 5 locations.]Monthly Powering Fee[:] - varies per target area. {See Remarks. (6)}]([See Remarks])	]When invoiced	]Target Area - \$4.00 per coupon (5 mile area) - \$8.00 per coupon (15 mile area) - \$10.50 per coupon (35 mile area) - \$37.00 per coupon (State) {
]Cross Sale Compensation ("CSC") ((7)) (14)]	]As negotiated [between franchisees]. Otherwise as {established for Region} [we establish]	]15 days before Scheduled Mailing	]Applies to "Cross Sales," sales you make in another franchisee's territory.

Footnotes:

(1) All fees are imposed by and payable to us. All fees and charges are subject to change. Increases in manufacturing charges will be announced by October 1 for the following year. ~~{Postal rate}~~ **[Distribution charge]** increases may be passed on at any time. **[Fee estimates assume a minimal Mailing size of 1 CMP.]** Royalty fees and Minimum Bimonthly Royalty Fees increases are effective ~~{February}~~ **[January]** 1. Other fees may be increased at any time following notice.

(2) **[Manufacturing charges consist of 2 elements: a Base Fee and Production Charges. The Base Fee is a charge for envelopes, lists, labels, setup and warehousing.]**

(3) **The Production Charge is an estimate, based on an envelope containing 25 - 3"x8" coupons. It covers the cost of art, prepress, plating, printing, inserting and direct mail services. In the past,** ~~{(2) If you ever fail to pay royalty fees, manufacturing charges, postage charges or trucking charges at least 7 days before a scheduled Mailing date, the due date will become 14 days before scheduled Mailing dates. If you pay royalty fees, manufacturing charges, postage charges or trucking charges and we do not put your Mailing into distribution within 14 days after your Mailing date, these fees or charges will be refunded to you. In the past }~~ **we have offered discounts** ~~{on manufacturing charges to franchisees who performed their own desktop publishing and who were}~~ **[to high volume, high frequency Mailers. {We are phasing out that program and do not plan to offer it in the future.}** Discounts are provided in our sole discretion and may be ~~{reduced or}~~ **revoked at any time.]**

(4) **[Royalty** ~~{Fees}~~ **and Minimum Bimonthly Royalty Fees may be increased annually, but not by more than 6% per year.]**

(5) **[The** ~~{current royalty fee is \$15.25 per 1,000 Homes Mailed}~~ **[Distribution Charges depend on the weight of each envelope and whether your Mailing is sent via "solo distribution," directly through the USPS, or through a shared distribution service, such as the ADVO ShopWise wrap. Shared distribution pricing is normally materially less costly than solo distribution, but it is not available in all markets. The chart assumes that a 25 - 3"x8" coupon Mailing weighs 1.7 ounces. In the chart, the lower number assumes a 1.7 ounce envelope delivered in the ADVO ShopWise wrap. The higher number assumes a 1.7 ounce envelope Mailing through the USPS. The current Distribution Charge for Mailings delivered in the ADVO ShopWise wrap is \$44.50 per ounce per 1,000, plus \$10 per 1,000. The fee currently is assessed in 1/10th ounce measurements].** ~~{can accommodate additional materials without increasing postage charges}~~ **[is available on or near your scheduled Mailing date], we may offer to** ~~{include}~~ **[distribute] your SuperCoups Mailing within the ADVO** ~~{"Wrap,"}~~ **[ShopWise wrap,] thereby reducing your postage charges. The extent of this benefit will differ from Mailing to Mailing and by location. It may be unavailable in certain areas. [Neither we nor ADVO is bound to offer this program in the future.]**

(6) **Trucking charge varies based on weight, volume and distances shipped.**

(7) **The License Fee (for products and services other than Cooperative Mailings)** ~~{(3) The License Fee }~~ **will be a flat fee calculated at a rate which will not exceed 8% of our suggested prices. Gross Receipts is defined as the aggregate gross amount of all revenues from whatever source derived (whether in form of cash, credit, the redemption of gift certificates,**

agreements to pay or other consideration, including the actual retail value of any goods or services traded, bartered, or otherwise received by the Franchisee in exchange for any form of non-monetary consideration, whether or not payment is received at the time of sale or any ~~{such}~~ amount is proved uncollectible) from ~~{or in conjunction with the Franchised Business, whether such}~~ **[the franchised business, whether this]** business is conducted in compliance with or in violation of the terms of the Franchise Agreement. Gross Receipts includes all sales of products, services or promotional items made from the ~~{Franchised Business}~~ **[franchised business]**. Gross Receipts includes proceeds received from "loss of business" insurance. However, Gross Receipts does not include:

- a) Proceeds due from the sale of Cooperative Mailings;
- b) Sales or use taxes collected by ~~{the Franchisee}~~ **[you]**;
- c) The amount of any refunds or allowances made on products or services returned by customers;
- d) Returns to shippers, vendors and manufacturers;
- e) Proceeds derived from the sale of equipment or supplies used by ~~{the Franchisee}~~ **[you]** in the conduct of ~~{its}~~ business and not provided for resale;
- f) Sums received in settlement of claims of loss or damage to fixtures, equipment or leasehold improvement; and
- g) Sale of gift certificates.

(8) [If, during any 2-month period, you fail to meet the schedule or carry out a Mailing which is required by your Franchise Agreement, you must pay us the Minimum Bimonthly Royalty. The fee is based on the number of envelopes you were required to have Mailed during that 2-month period.

(9) If you ever fail to pay royalty fees, manufacturing charges, distribution charges or trucking charges before the Due Date, we may refuse to produce or distribute your Mailings, and you will owe us a Mailing Cancellation or Adjustment Fee. If no Mailing has been delivered during a 2-month period, the Minimum Bimonthly Royalty Fee will be charged. If you pay royalty fees, manufacturing charges, distribution charges or trucking charges, and we do not put your Mailing into distribution within 14 days after your Mailing date, these fees or charges will be refunded to you. In the past we have offered discounts on manufacturing charges to franchisees who performed their own graphic design and who were high volume, high frequency Mailers. We are phasing out that program and do not plan to offer it in the future. Discounts are provided in our sole discretion and may be reduced or revoked at any time. Royalty Fees and Minimum Bimonthly Royalty Fees may be increased annually, but not by more than 6% per year.

(10) If you acquire your franchise from a SuperCoups franchisee, and you or your operating franchisee have not completed our initial training, you must pay the fee and complete the training.

(11) ~~{(4)}~~ Clients must buy coupons to participate in this program.

(12) ~~{(5)}~~ You will receive one map, analysis and report each month without charge, plus one additional map, analysis and report per month for each 100,000 Homes you Mail in excess of your first 100,000 Homes. The ~~{Targeter Express}~~ **[Crossbow] program and fees are subject to change or cancellation in our discretion.**

(13) We have contracted with Esave, Inc. ("Esave"), the owner and operator of Eversave.com, to provide online coupon services to our franchisees who wish to offer internet coupons. To participate you must take orders from your customers in the form specified by Esave and arrange for them to set up an account with Esave. ~~{Your customers will pay Esave \$10 to establish the account, and an additional \$14 for every 5 locations advertised on a coupon beyond the initial 5. You must pay us each month for the Esave coupons purchased by your customers. The fee is based on the radius of the target area within which a coupon is directed: 5 miles, \$4; 15 miles, \$8; 35 miles, \$10.50; statewide, \$37. A statewide target area payment includes the cost of a home page tile. If you sell Esave's e-mail services to your customers, you must pay Esave 10.5¢ for each e-mail message you sell. If you endorse Esave's "CustomerConnect" Products to your customers, and your customers purchase the products from Esave, Esave will pay you a commission of 25% of the sales price. As compensation for our marketing support, administrative and billing services, forms, and promotion and endorsement of the Esave program, Esave will pay us fees based on your sales of their services. (7) If you contract with a client who resides in your territory to Mail coupons into another franchisee's territory (the "Local Franchisee"), you must pay the Local Franchisee for placing the coupons in envelopes he Mails. The exact price will be negotiated between you and the Local Franchisee. However, if you and the Local Franchisee cannot agree on a price, you must pay, and he must accept, the Cross Sales Compensation ("CSC") which has been established for your Region for that year. The CSC is established by a rate of a majority of our franchisees in a Region whose franchise agreements contain language similar to yours. See Section 2 of the Franchise Agreement for details.}~~ The Esave program is subject to change or cancellation. ~~{If the cost of your first two Mailings is included in your initial franchise fee, no Internet Marketing Fee will be charged in connection with those Mailings. If our Internet vendor changes, all charges may change as well. Esave may terminate the program if the total number of offers made by SuperCoups franchisees falls below 4,000. 5,000 SuperCoups coupons are posted on the site as of January 2001.}~~ Internet programs having different fees and different requirements may be offered at any time.

(14) ~~{We may mandate participation in our Internet program in the future.}~~ [If you contract with a client who resides in your territory to Mail coupons into another franchisee's territory (the "Local Franchisee"), you must pay the Local Franchisee for placing the coupons in envelopes he Mails. The exact price will be negotiated between you and the Local Franchisee. However, if you and the Local Franchisee cannot agree on a price, you must pay, and he must accept, the Cross Sales Compensation ("CSC") which we set.]

ITEM 7

INITIAL INVESTMENT

[Fee]	Amount	Method of Payment	When Due	To Whom { } Payment { } is { } to be Made { }
Initial Franchise Fee (Traditional Start-up)	{ }\$29,000 ¹	Lump sum {, unless financed}	On signing Franchise Agreement {, unless financed	MailCoups
(Conversion)	{ \$3,000 }		}	

[Fee]	Amount	Method of Payment	When Due	To Whom { } Payment { } is { } to be Made { }
(Industry Experienced Professional) [(Metro)]	[\$5,000 ²] \$12,000 ³ [\$60,000 ⁴]			
Travel & Living Expenses While [Training ⁵]	\$600] {Training ⁴ } - \$300} to { } { \$1,500 } [2,000]	As Incurred	During training	Airlines, hotels & restaurants
Real Property & Deposits { }	\$0 to { \$2,400 ⁵ } [\$2,400 ⁶]	Per lease terms	Per lease terms	Landlord or utility company
Equipment (Phone Line, FAX machine & {line} ⁶ \$440} [line] ⁷	\$200] to \$800	According to supplier or utility company's terms { }	Before opening	Supplier & Utility company
{Insurance ⁷ } [Insurance ⁸]	\$150 to \$800	According to policy terms	According to Insurance company terms { }	Insurance company
Computer {Hardware ⁸ } [Hardware ⁹ and Software { }	\$0 to { \$2,795 } [\$2,500]	Lump Sum	Before {Opening} [opening]	Vendor, MailCoups
In-Field {Training ⁹ } [Training ¹⁰]	\$0 to \$8,000	Lump Sum	{Before Opening} [When invoiced]	MailCoups
Additional Funds {(three mos.) ¹⁰ \$3,000 to \$15,000} [(4 mos.) ¹¹	\$5,000 to \$25,000]	As incurred	During first {three} [4] months of operation	{Mortgage or} [Working capital, mortgage,] landlord, utilities, groceries { }
{TOTALS ¹¹ (Traditional Start-up) \$32,890 to \$52,295 6} [TOTALS ¹²	(Traditional)] (Conversion) { \$3,000 to \$31,895 } (Industry Experienced Professional)	\$34,950 to \$62,500 \$ 5,600 to \$15,800 \$17,950 to \$53,500 \$65,950 to \$93,500		

[Fee]	Amount	Method of Payment	When Due	To Whom { } Payment { } is { } to be Made { }
	(\$15,890 to \$43,295) (Metro)			

Footnotes:

¹ See Item 5 for additional information on initial franchise fees.

² Conversion franchisees already operate a Cooperative Mailing business. Any expenses beyond the initial franchise fee are only incurred if they do not have the necessary property, equipment and insurance to conduct business under the SuperCoups System. Although Conversion franchisees may incur some additional expenses associated with converting to a SuperCoups business, the total costs to convert are likely to be [substantially] less than ~~(half of)~~ the minimum initial expense incurred by a ~~(start-up franchisee beyond what they pay for initial franchise fees, i.e. \$0 to \$31,000)~~ [Traditional franchisee], provided they are not immediately expanding beyond the territory in which their business ~~(now operates)~~ [has been operating].

³ Industry Experienced Professionals receive no in-field training or ~~(“free”)~~ [discounted] Mailings as a part of their fees.

⁴ [Metro franchisees acquire and commit to develop a Territory of 400,000 Homes.

⁵ Your costs for travel, accommodations and meals during the five-day training vary depending on how far you are from Avon, Massachusetts and your personal tastes. This estimate is for out-of-pocket expenses for one person. If you send more than two people to training, we will charge you \$500 for each additional person.

~~6~~ ⁶ We encourage you to operate your franchise from your home, if local zoning laws permit. If you think your home is not properly zoned or suitable for franchise operations, you may need to lease or purchase suitable facilities. We estimate you will need an office of ~~(120 to 800)~~ [80] square feet to operate ~~(an 80,000 Home territory)~~ [your franchised business]. The rent will likely vary from \$5 to \$18 per square foot depending on the size, condition and location of the facilities. If you purchase property for an office, the costs could be significantly higher. Utility deposits are usually refundable and lease security deposits may be refundable. [If you are a Conversion franchisee, we assume you already have an office; we have not included this cost in our estimate of your total initial investment.

~~7~~ ⁷ ~~6~~ You must purchase a facsimile machine. Purchase costs could be as high as ~~(\$500)~~ [\$400]. You should have two telephone lines; one for the facsimile machine and one for general business. Phone line installation costs are estimated at ~~(\$300 to \$500)~~ [\$200 to \$400. If you are a Conversion franchisee, we assume you already have phone lines and a facsimile machine; we have not included these costs in our estimate of your initial investment.]

~~7~~ 8] Insurance figures assume that you will operate your ~~{Franchised Business}~~ [franchised business] from your home. If you decide to lease or purchase real property, the cost of insurance could be significantly higher. [Conversion franchisees may already be adequately insured. Our estimated maximum initial investment assumes a Conversion franchisee will spend the maximum amount for insurance. Our minimum investment assumes a Conversion franchisee already has adequate insurance.]

⁹ You] ~~{8 Franchisees}~~ must purchase the prescribed computer hardware equipment if ~~{they}~~ [you] do not already own hardware which meets our standards. The hardware may be purchased from any vendor. [If you are acquiring a Conversion franchise, we assume you already use a computer in your business which will be acceptable. Therefore, we have not included this cost in our estimate of your total initial investment.] Amount includes \$1,090 for ~~{a}~~ [the optional] single user license for AdTrack™ software ~~{to be used}~~ [which you may use] in the operation of your ~~{Franchised Business}~~ [franchised business] and maintenance and support for your first year. The license fee is paid to us. Subsequent maintenance and support services will be billed directly by our vendor. See Item 11.

~~9~~ 10] In-field training is provided to Traditional [and Metro] franchisees as a component of their initial franchise fees. In-field training is not required of Conversion franchisees and Industry Experienced Professional franchisees[, and our estimated minimum initial investment expense does not include it]. However, it is available for a fee of ~~{\$5,000 per week}~~ [\$750 per day or any fraction of a day, plus travel related expenses. Our estimated maximum initial investment expense assumes a Conversion franchisee or an Industry Experienced Professional franchisee will request in-field training.]

~~10~~ 11] This figure will vary widely depending on whether or not you choose to operate from your home, or lease or purchase office space, and your financial obligations at the time you undertake this business. We estimate that you will need ~~{two}~~ [four] months of your normal living expenses plus ~~{two}~~ [four] months of business operating expenses as initial operating capital [unless you convert your business to a SuperCoups Business through a Conversion franchise. Because of the development pace required of Metro franchisees, they may need substantial working capital to supplement their incomes over the term of their Development Schedules.]

~~12~~

~~11~~ No one will pay all these fees and expenses. Thus, the high total does not reflect training expenses, which are included in the (higher) initial franchise fee paid by Traditional franchisees. We relied on ~~{16}~~ [20] years of experience in the direct mail business (between us and Mailhouse) to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase a franchise. The items listed above are not refundable, except that utility deposits are usually refundable and lease security deposits may be refundable. We do not offer, directly or indirectly, financing for any items not described in Item 10.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Except for typesetting services, we are the only approved supplier for the products and services used in the franchise, including coupon art design, paper, printing, cutting, collating, inserting, sort/traying, labeling, labels, envelopes, addressing and direct mailing services. On our written approval, typesetting may be performed by the ~~{franchise owner}~~ [franchisee] or by a local graphic artist. We will also print, label and Mail single offers, announcements and other specialty Mailings for your customers.

[You will not be required to participate in new programs which we develop after the Effective Date of your Franchise Agreement. With our written approval, you may offer products or services which are not at the time similar to or competitive with those offered through our system.]

If at least 40% of our franchisees already participate in a program which we then designate as ~~{a Mandatory}~~ [an Exclusive] Program, you may not offer programs or services which compete with our ~~{Mandatory Program. We may also}~~ [Exclusive Program. **If you wish to participate in an additional program or to participate in an Exclusive program, we may** charge you fees to participate ~~{in a Mandatory Program or any other program}~~. If you already are selling a product or service which competes with the product or service which is part of ~~{a Mandatory}~~ [an Exclusive] Program when we make this program ~~{Mandatory}~~ [Exclusive], you will have 90 days to discontinue your involvement in the competitive program. However, you may continue providing products or services you have promised to provide under pre-existing written contracts for up to 1 year from the date we notify you.

We may charge you a license fee of up to 8% of your Gross Receipts from sources other than Cooperative Mailings for products or services we may offer in the future. License fees will be stated as a flat fee and will not exceed 8% of our suggested prices for the product or service.

We derive revenue from your purchases of products and services from us in the form of royalty fees and manufacturing charges ~~{, an}~~ [(production charges and base fees), and] from approved sources in the form of commissions or rebates. In the 12 months ending September 30, ~~{2001}~~ [2002], our revenues from royalties and manufacturing charges were ~~[\$22.7]~~ [\$19.6] million, or ~~{75%}~~ [80%] of our total revenue of ~~[\$29.1]~~ [\$24.5] million. Although our franchisees made no required purchases from our affiliates, many elected to reduce Mailing costs by Mailing in the ADVO [ShopWise] wrap. They paid ADVO fees of 2.5¢ to 11.5¢ per envelope for postage and insertion services. Based on ADVO's internal records, it received ~~[\$560,000]~~ [\$1.6 million] in payments from our franchisees for these services. These figures are taken from our internal financial statements.

Payments you make to us will account for an estimated ~~{74%-90%}~~ [75%-95%] of your cost of establishing your ~~{Franchised Business. That fee may include substantial costs of your first two Mailings if you are purchasing your first franchise}~~ [franchised business]. We do not require you to buy anything from us that is not covered by our initial fee to commence business as a franchisee. After your first year in operation, between 55% and ~~{79%}~~ [95%] of your cost of operating your ~~{Franchised Business}~~ [franchised business (other than debt service)] will be paid to us [or our affiliates].

Television advertising production and placement services are **[provided]** exclusively ~~{provided by Coup Corp. Coup Corp.'s}~~ **[by CoupsCorp. CoupsCorp.'s]** predecessor, Sarb Media Services, developed our original television advertising program. ~~{In consideration of our assistance to Coup Corp., since April 1999 we have been paid 1/5 of the 15% commission that Sarb Media Services or SCUSA (its successor) received for placing advertising.}~~ We may change agencies at any time.

You only may use Internet coupon services which we approve and you may only advertise on the Internet with our approval. Esave, Inc. is our current provider of Internet advertising services. ~~{Although we have not yet derived any income as a result of our relationship with Esave, Inc., in the future we may do so.}~~ During our last fiscal year, we received ~~{\\$75,000}~~ **[\$7,400]** in revenues from ~~{CoolSavings, Inc., our previous Internet coupon service provider.}~~ **[Esave, Inc.]**

You must obtain and maintain insurance, at your expense, as we require in the Confidential Manual, in addition to all other insurance required by applicable law, your landlord, lender or otherwise. The policies must be written by a responsible insurance company satisfactory to us. The insurance policies must protect you and us and your and our officers and employees against all loss, liability and expense from fire, including extended coverage, personal injury, death, property damage or theft, involving your ~~{Franchised Business}~~ **[franchised business]**. If you use an automobile in your business, you must also carry such automobile insurance as we prescribe, and the policy must name us as an additional insured. The insurance policies must provide for at least 30 days' written notice to us of any material modification, cancellation or expiration. You must provide us with evidence of insurance before you begin ~~{operations}~~ **[operating]** as a SuperCoups ~~{franchise}~~ **[franchisee]**. We may unilaterally require you to increase amounts and types of coverage required to reflect inflation, identification of new risks, changes in laws or standards of liability, higher damage awards or other relevant changes in circumstances.

You must at all times use computer hardware and software which we prescribe. We currently require use of an IBM-compatible desktop computer, and Microsoft Windows 95, 98 ~~{or 2000 and}~~, **2000 or XP. We recommend, but do not require, that some franchisees use** AdTrack™ software in the operation of ~~{your Franchised Business}~~ **[their franchised businesses]**. The version of AdTrack™ software which we ~~{prescribe and which}~~ **[recommend]** has been modified for use by SuperCoups franchisees **[and]** is only available from us. We may add or substitute required **[or approved]** software products at our option. You ~~{will be responsible}~~ **[must pay]** for all maintenance, repairs, upgrades and updates. We may require you to agree to maintenance or support contracts. We may require you to purchase particular software products from sources we may designate and use them in the operation of your business. You always must use the computer hardware and the software programs we designate for the tasks we specify, including Internet and Extranet communications.

We do not issue specifications or approved supplier lists.

There are no purchasing or distribution cooperatives.

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.

<u>Obligation</u>	<u>FRANCHISEE OBLIGATIONS Section in Franchise Agreement</u>	<u>Item in Offering Circular</u>
a. Site selection & acquisition/lease	Article 7	Items 11 & 12
b. Pre-opening purchases or leases	Articles 8 & 18	Item 7
c. Site development & other pre-opening requirements	Article 7	Items 6, 7 & 11
d. Initial & ongoing training	Article 16	Item 11
e. Opening	n/a	n/a
f. Fees	Articles 3, 4, 6, 11, 12, 13, 14, 16, 19, 20, 23, 24 & 26	Items 5 & 6
g. Compliance with standards & policies/Confidential Manual	Articles 2.1, 6.2, 17.4, 19.3, 20.2, 21.1, 23.2, 24.1 & 26	Items 8 & 11
h. Service Marks & proprietary information	Articles 1, 2, 10, 17, 19, 21 & 24	Items 13 & 14
i. Restrictions on products/services offered	Articles 10 & 19	Items 8, 13 & 16
j. Warranty & customer service requirement	Article 26.5	Item 11
k. Territorial development & sales quotas (Mailing requirements)	Summary Pages & Articles 8 & 9	Item 12
l. Ongoing product/service purchases	Articles 10.1 & 10.2	Item 8
m. Maintenance, appearance & remodeling requirements	Article 10.1	Items 6, 7 & 11
n. Insurance	Article 18	Item 6
o. Advertising	Articles 2.1, 8.3, 10.1 & 19	Items 6 & 11

FRANCHISEE OBLIGATIONS
Section in Franchise Agreement

Item in Offering Circular

<u>Obligation</u>	<u>Section in Franchise Agreement</u>	<u>Item in Offering Circular</u>
p. Indemnification	Article 26.7	Item 17
q. Owner's participation/ Management/staffing	Article 16	Items 11 & 15
r. Records/reports	Article 20	None
s. Inspection/audit	Article 20	Item 6
t. Transfer	Article 20	Item 17
u. Renewal	Articles 5.2 & 6	Item 17
v. Post-termination obligations	Article 24	Item 17
w. Non-competition	Article 26.16	Item 17
x. Dispute resolution	Article 27	Item 17
y. Computer requirements	Article 8.2	Item 8
z. Internet marketing	Articles 10.1.1, 13, 19, 21.1.6 & 24.1.6	Item 11
aa. Television marketing	Articles 8.3, 13, 19, 24.1.6	Item 11

ITEM 10

FINANCING

~~If you sign a Franchise Agreement in the states of Illinois or Washington, you must sign a promissory note (Exhibit F-2) in the full amount of the initial franchise fee for the first business to be opened. You must sign and deliver it to us when you sign the Franchise Agreement. Except in the event of a default, the promissory note will be interest free. The promissory note is due and payable on the day you open your first business.~~

~~If we deem you creditworthy, we may agree to finance up to 50% of the manufacturing costs of a single Mailing or grant you a revolving line of credit for up to 50% of the manufacturing costs of a single Mailing. If we do, you will sign a promissory note (Exhibit F-1), and you must pay the entire amount you owe us within 30 days after the Mailing. Each promissory note will bear interest at the Wall Street Journal prime rate (4.75% as of January 23, 2002), plus 4%.~~

~~By signing the Guaranty of Franchisee's Undertakings, which is attached to the Franchise Agreement, you will personally guarantee repayment of any promissory note you sign and give us the right to enforce any claims we have against you and the right to enforce any claims against a partnership, corporation or limited liability company you may establish to operate your Franchised Business. We do not require you to sign any security agreements in connection with our financing. In the event of default, such as failure to make payments in a timely manner or failure to perform under any promissory note, Franchise Agreement, or any other agreement with us, we can demand immediate payment of the outstanding principal and interest, plus all costs~~

~~and expenses we incur and reasonable attorneys' fees. The principal balance of the second financing option due at the time of the default will bear interest at a rate of 18% per annum. (See Exhibit E-1) We can also terminate the Franchise Agreement and proceed against any guarantors. You waive your rights to presentment, demand, notice of dishonor, protest, nonpayment and all other notices for which the law may provide. If you are not independently creditworthy, we may condition any credit we offer you on your obtaining additional guarantors of your obligations to us.~~

~~There is no penalty for prepayments of promissory notes or other obligations to us. However, the promissory note you sign, which defers the initial franchise fee, in Illinois and Washington, may not be prepaid. We do not plan to assign any of the promissory notes to a third party, although we may do so in the future. An assignment could preclude you from claiming against the assignee defenses to payment that you may have against us. The promissory notes contain no waivers of defenses.~~

~~Except as described above, we~~ [We] do not offer direct or indirect financing of any fees [which must be disclosed in this Offering Circular]. Neither we nor our affiliates receive any payments for the placement of financing with a third party lender. We do not guaranty any notes, leases or obligations.

ITEM 11

FRANCHISOR'S OBLIGATIONS

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

Before you open your ~~{Franchised Business}~~ [franchised business], we will:

1. Help you identify the Community Marketing Profiles (Homes Mailed together in a coupon Mailing) in your territory (Section 2). All Section and Article references below are to the Franchise Agreement, unless otherwise noted.

2. Lend you a copy of our Confidential Manual. The Confidential Manual includes ~~{written}~~ materials ~~{, video and audio tapes}~~ that contain the procedures, standards, specifications and operating methods for a SuperCoups franchise. This Manual is confidential and remains our property. You must not copy any part of the Confidential Manual. The Confidential Manual may be modified to reflect changes in procedures, standards, specifications and operating methods for SuperCoups franchisees, but your status and rights under the Franchise Agreement will not change because of the modification (Section 17.2). ~~{The}~~ [For the] Table of Contents of the Confidential Manual ~~{is attached as}~~ [see] Exhibit B to this offering circular.

3. ~~{Within 90 to 120 days of signing the Franchise Agreement, train you and one other person as described later in this Item 11 (Article 16). Note: Only traditional franchisees are offered in-house}~~ [If you are a Traditional or Metro franchisee, provide you without charge initial classroom (in-house)] and in-field training ~~{without additional charges.}~~ [(Article 16).]

~~{4. Within 90 to 120 days of signing the Franchise Agreement, we}~~ [4. If you are a Conversion or Industry Experienced Professional franchisee, provide you in-house class

room training without charge. If you request it and pay for it, we also] will provide you with ~~{a television production/advertising program kit if you elect to purchase it from us (Article 8)}~~ **[in-field training (Article 16).]**

During the operation of the ~~{Franchised Business}~~ **[franchised business]**, we will:

1. Provide pre-printing and printing services, inserting, sort/traying, labeling, labels, envelopes and direct mailing (Sections 3.2, 10.2, 13.1).

2. Suggest prices for products and services you offer. These prices are recommendations and are not mandatory (Section 26.5). Under certain circumstances, we may establish maximum prices that you may charge for certain products or services. If we do, you must comply with our price ceiling.

3. Provide you with mapping tools to help you analyze and map your territory and tools to help provide targeting and demographic information to help you and your clients determine the best prospective customers to target with their advertising (Section 2.4).

~~4. Except for Conversion franchisees, Industry Experienced Professional franchisees and purchasers of additional territories or franchises, waive Royalty Fees and Minimum Bimonthly Royalty Fees (provided you Mail on schedule) (Section 11.3) and provide manufacturing charges at no cost for the first 25 coupons Mailed to 10,000 Homes in your first two coupon Mailings (Section 3.2). You are responsible for postage and other charges described in Section 3.2.~~

~~5.~~ Use our reasonable efforts to have your Mailing timely produced at a reasonable cost by an alternate source if we are, for reasons beyond our control, unable to produce your Mailing at our own facility (Section 15.4.1).

~~{6}~~ [5]. Provide a company representative in the initial weeks of your business operation to help you establish and standardize your procedures and sales approaches (Section 16.3).

~~{7}~~ [6]. Provide initial franchise training for additional representatives of your ~~{Franchised Business}~~ **[franchised business]** at any time during the term of the Franchise Agreement for our standard fees (Section 16.5).

~~{8}~~ [7]. Present seminars, training programs or continuing development programs for our standard fees (Section 16.7).

~~{9}~~ [8]. Provide advice and guidance on establishing and maintaining proper administrative and general business procedures (Section 16.9).

~~{10}~~ [9]. Provide access to our corporate staff, field representatives and training staff to help with situations involving the operation of the ~~{Franchised Business}~~ **[franchised business]** (Section 16.9).

~~{11}~~ [10]. Conduct advertising and promotion for the benefit of the SuperCoups franchise system (Section 19.3).

~~{12}~~ [11]. Maintain and administer an advertising fund (Section 19.1). Most Franchise Agreements require franchisees to contribute \$500 annually ~~to the advertising fund, but a few franchisees in the past have acquired large territories and negotiated Franchise Agreements that place a cap on the advertising contributions they must make, regardless of the number of Homes in their territory. In all cases, these franchisees must pay between \$500 and \$5,000~~ ~~to the advertising fund, but a few franchisees in the past have acquired large territories and negotiated Franchise Agreements that place a cap on the advertising contributions they must make, regardless of the number of Homes in their territory. In all cases, these franchisees must pay between \$500 and \$5,000~~ [to the advertising fund each year. ~~Beginning in 2001, franchisees~~ [Franchisees] with large territories may pay more than \$500. See Item 6. Payments are due within 30 days of invoice date. Minimum contributions may be increased if the increase is approved by a majority vote of ~~a franchisee advisory council or association we approve~~ [our Franchisee Advisory Council]. Amounts collected for the National Advertising Fund are kept in a separate, segregated bank account. An advertising agency creates our promotional materials. The advertising fund is used by MailCoups to purchase advertising to promote and enhance the image, identity and patronage of the franchise system. In 1998, we approved formation of an Advertising Fund Committee with one franchise representative from each of five regions of the country. The Committee's job is to advise MailCoups on the spending of the money. MailCoups retains the right to make all final decisions about the advertising fund and to modify or dissolve the Committee.

During the ~~{2001}~~ [2002] fiscal year, ~~{25%}~~ [52%] of the MailCoups' advertising fund was spent on survey research [and lead generation software]. The remainder of the advertising fund ~~{(75%) was rolled into the 2002 fiscal year budget}~~ [(48%) was spent on the production of radio spots and calendars]. The advertising fund is not audited, but you may obtain an accounting from us on written request. We will provide you with quarterly reports about our National Advertising Fund's income and expenses. At the end of each year, excess funds remain in the advertising fund for use in the following year. We, in our discretion, may elect to discontinue the advertising fund. We are not required to spend any part of the advertising fund in any franchisee's territory. We do not currently have any local or regional advertising cooperatives. The Franchise Agreement does not require you to participate in any local or regional advertising cooperatives.

All advertising copy you want to use in your territory for local marketing, advertisements and local promotion programs must first be approved by our Marketing Department.

We currently offer franchisees the opportunity to participate in an Internet program and a television program. ~~Participation in each program is mandatory on 60 days prior notice. We will provide you with the training needed to participate in our television program as part of your initial franchise fee.~~ CoupsCorp., a SuperCoups franchisee, produces and places our television advertising. Either the Internet program or the television program may be modified or discontinued at any time.

Under our current Internet program, Esave places advertisements for your clients on its web site; allows the advertisers to target potential customers to whom coupons will be made available; allows potential customers to print and use coupons posted on the web site. The SuperCoups/Esave program commenced operation in January 2002 and is subject to modification or cancellation. Fees are charged for the program. See Item 6. You may not use the SuperCoups or Esave names or marks on the Internet in any manner, except under our Internet program, or with our permission. (Section 19.4).

Under the television production/advertising program, ~~{we}~~ [CoupsCorp.] will specify the equipment, information and training needed to videotape your own 30-second commercials.

~~{We}~~ [CoupsCorp.] will coordinate with you, and organize and arrange the airing of your commercials on your local television system. You will pay CoupsCorp. approximately \$50 for the first ten commercial productions and \$40 ~~{per}~~ [for each additional] commercial ~~{thereafter}~~. Prices may change. (Section 13.4).

We require you to operate your SuperCoups Business using an IBM-compatible ~~{desktop}~~ computer~~{,}~~ and Microsoft Windows ~~{and AdTrack™ software}~~. We may add to or substitute software products at our option. You may buy any of these items ~~{other than AdTrack™ from any vendor. The version of AdTrack™ software which has been modified for use by SuperCoups franchisees only is available from us for a one time fee of \$1,090, which includes maintenance and support for 1 year. You will be responsible}~~ [from any vendor. You must pay] for all maintenance, repairs, upgrades and updates. We do not require you to agree to any maintenance or support contracts~~{, other than for the AdTrack™ software. The current annual maintenance and support fee is \$295, payable to the software's designer, Doug Pautsch, after your first year}~~. We may require you to purchase particular software products from sources we may designate. You must use the computer hardware and the software programs we designate, in the operation of your business for the tasks we specify, including Internet and Extranet communications (Section 8.2). If we decide that it is important to the SuperCoups System to update or upgrade any hardware component or software program that we require you to use in the operation of your ~~{Franchised Business}~~ [franchised business], you must make ~~{such}~~ updates or upgrades at your expense. No contract limits the frequency or costs associated with the updates, upgrades or changes that we may require.

Before signing the Franchise Agreement, you select ~~{the}~~ [a] territory ~~{you wish to acquire and Mail}~~ and, if that territory is available, we determine the number of ~~{mailable addresses}~~ [Homes] in the territory by using information from the U.S. Post Office ~~{and the}~~ [, a] label company ~~{we will use for your Mailings}~~ [or other sources]. A territory should have at least 80,000 ~~{mailable Homes. Some franchisees maintain offices; we suggest that at least initially you operate from your Home if zoning laws allow.}~~ [Homes.]

~~{So long as}~~ [If] you have enough space in your home to accommodate a desk, computer, fax machine, telephone and file space dedicated exclusively to your ~~{Franchised Business}~~ [franchised business], you may operate from your home. However, if your home lacks ~~{such}~~ [adequate] space or zoning laws prohibit operating your business from your home, you must obtain an office that is proximate to your territory and contains at least ~~{120}~~ [80] square feet for each employee. We apply no other criteria for approving your location. We normally approve a location within 2 weeks after we receive a satisfactory description of a site from you. You may not commence business at a location without our prior approval.

You may have an operational business location at any point after you sign the Franchise Agreement and complete in-house and in-field training, but we believe the opening of your business is more appropriately described as the point at which you have completed the sale of your first coupon and are receiving deposits from customers. You should start receiving deposits from customers within one ~~{month}~~ [week] of completing the in-field training. The typical length of time between signing the Franchise Agreement and opening is ~~{1}~~ [4] to ~~{9}~~ [10] weeks.

In-house training is conducted at our home office in Avon, Massachusetts. The in-house training which is required of all franchisees~~{, Traditional, Conversion and Industry Experienced Professional}~~ lasts 5 business days and new classes start every 6 to 8 weeks. The instructors are

Randy Naser and Helen Galluzzo. Mr. Naser has been with us for 3 years as Director of Franchise Training. ~~{Prior to}~~ **[Before]** joining us, he was the General Manager of the Massachusetts Regional Sales Office of Val-Pak for 5 years. In addition, Mr. Naser was employed at Trader Publishing for 4 years as the General Manager for the Georgia region. Ms. Galluzzo has been with us since 2001 as our Franchise Training Coordinator. She brings 12 years of curriculum design and field training experience in retail and small business environments. You must complete the in-house training to our satisfaction. The initial franchise fee includes the cost of in-house training for you (and one other person from your franchise you appoint to be trained), but you must pay your and your designee's travel and living expenses.

In-field training is conducted in your own territory by our representative, who can either be ~~{one of our staff trainers (Ken Bird, Jim McCann or Randy Naser)}~~ **[our staff trainer, Randy Naser]**, or a franchisee who is familiar with the size territory you have purchased, has successfully conducted his or her own SuperCoups business and meets the minimum Mailing requirements of his or her own Franchise Agreement. ~~{Mr. Bird was a franchise owner for 6 years and has been providing training to our franchisees since 1998. Mr. McCann has owned and operated a SuperCoups franchise in New Jersey since 1995 and has been an in-field trainer since 1998.}~~ In-field training lasts 10 business days divided into 2 five-day segments. The initial franchise fee includes the cost of the trainers for your in-field training, if you are a Traditional **[or Metro]** franchisee. In-field training is only offered to Conversion and Industry Experienced Professional franchisees on special request and on the payment of ~~{ \$5,000 per week. }~~ **[\$750 per day and any fraction of a day, plus expenses.]**

The in-house **[classroom]** portion of the initial franchise training for a franchisee includes:

<u>SUBJECT</u>	<u>TIME BEGUN</u>	<u>INSTRUCTIONAL MATERIAL</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>INSTRUCTORS*</u>
Successful Selling	9:00	Hand Out Materials	.5	Randy Naser
Production Pricing	9:30		1.0	Helen Galluzzo
Value to Consumers	10:30		.25	Randy Naser
Organizing Categories	10:45		.5	Randy Naser
Organizing Leads	11:15	{Lead Card System} [Hand Out Materials]	.5	Randy Naser
Presentations	11:45	{Video Role Play}	1.0	Randy Naser
Building Rapport	1:15		.25	Randy Naser
Probing Questions	1:30		.5	Randy Naser
Features and Benefits	2:00		1.5	Randy Naser
Sales Tools	3:30	{SuperCoups Sales} [Hand Out Materials] {Journal Requirements}	1.5	Helen Galluzzo
Trial Closing and Closing	9:00		1.0	Randy Naser
Handling Objections	10:00		2.0	Randy Naser
Role Plays	1:00		4.0	Randy Naser

<u>SUBJECT</u>	<u>TIME BEGUN</u>	<u>INSTRUCTIONAL MATERIAL</u>	<u>HOURS OF CLASSROOM TRAINING</u>	<u>INSTRUCTORS*</u>
Using the Telephone	9:00	{Recorded tapes of telemarketing calls}	4.0	Randy Naser
Cold Calling	2:00		1.5	Randy Naser
Competition	3:30	Competitors' samples	1.5	Randy Naser
Non-Direct Mail Competitors		{See competition}		Randy Naser
Direct Mail Competitors		{See competition}		Randy Naser
Marketing	9:00		.5	Randy Naser
Selling Strategy	9:30		.5	Randy Naser
Selling and Servicing	10:00		1.5	Randy Naser
Layout Training	11:30	Confidential Manual	4.5	Helen Galluzzo
Review and Closing	9:00		4.0	Randy Naser

* We may use different instructors from time to time.

~~The in-field portion of the initial franchise training {for franchisees is conducted by our representative, who can either be one of our staff trainers (Ken Bird, Jim McCann or Randy Naser), or a franchisee who is familiar with the size territory you have purchased, has successfully conducted his or her own SuperCoups business and meets the minimum, Mailing requirements of his or her own Franchise Agreement. There are 2 segments of the in field portion of the initial franchise training. Each segment lasts 5 days and is conducted in the franchisee's own territory. In field training is only offered to Conversion and Industry Experienced Professional franchisees upon special request and upon the payment of \$5,000 per week. The following topics, which are subject to modification, are included in each segment:}~~
[includes:]

<u>SUBJECT</u>	<u>TIME BEGUN</u>	<u>HOURS OF ON JOB TRAINING</u>	<u>INSTRUCTOR</u>
Office Set Up	8:30	2.5	Randy Naser
Forms and Selling	11:00	1.0	Randy Naser
Materials Review	1:00	1.5	Randy Naser
Pricing	2:30	1.5	Randy Naser
Territory Prospecting	4:00	1.5	Randy Naser
Telemarketing	8:30	4.0	Randy Naser
Sales Appointments	2:00	1.5	Randy Naser
Cold Calling	3:30	1.5	Randy Naser
Telemarketing	8:30	8.0	Randy Naser

<u>SUBJECT</u>	<u>TIME BEGUN</u>	<u>HOURS OF ON JOB TRAINING</u>	<u>INSTRUCTOR</u>
Sales Appointments and Cold Calls	9:00	6.0	Randy Naser
Telemarketing	4:00	1.0	Randy Naser
Sales Appointments and Cold Calls	8:00	4.0	Randy Naser
Telemarketing	12:00	1.0	Randy Naser
Television Advertising Sales & Production	1:00	{4.0*} [1.0]	Randy Naser
Wrap up and Review	5:00	[4.0]	Randy Naser

] {1.0 Randy Naser
 Only included in one segment of the in-field portion of initial franchise training.

We may conduct additional training programs for you and your managers. We may require you and your managers to attend additional training programs not more than twice a year for no more than \$250 per person. You are responsible for your and your attendees' wages, insurance, travel and living expenses.

ITEM 12

TERRITORY

You will be granted the right to send, through the ~~{United States Postal Service}~~ [USPS], (to "Mail") Cooperative Mailings identified by our [Super Coups] Service Marks to Homes in your territory (as defined below). ~~{However, your}~~ [A "Mailing" may be delivered directly via the USPS or indirectly through distribution services such as ADVO's ShopWise wrap, the ADVO National Network Extension (ANNE) and through other methods of delivering envelopes to Homes. Your] right to advertise through other media, including ~~{without limitation,}~~ the Internet, television, radio and other electronic media is not exclusive. We, our affiliates and any of their successors, licensees, franchisees or assigns may advertise in your territory through all other media, including the ~~{United States Postal Service}~~ [USPS], provided any Mailing does not involve use of our Service Marks. Neither we nor our affiliates will provide "Complete Manufacturing Services" to anyone who mails "Cooperative Mailings" into your ~~{Territory}~~ [territory], unless the person or company for whom the Complete Manufacturing Services are performed is an affiliate or franchisee of us or of one of our affiliates. Complete Manufacturing Services means providing printing, inserting, sort/tray, envelopes, lists and labeling to a person or company. Neither we nor our affiliates are prohibited from providing one or more components of Complete Manufacturing Services to ~~{such}~~ [any] persons or companies, ~~{so long as}~~ [if] the services provided are less than all of the Complete Manufacturing Services. Neither we nor our affiliates ~~{are}~~ [is] prohibited from providing distribution services to ~~{such}~~ [any] persons or companies.

A territory consists of post office box numbers and residential mailing addresses of individual and family dwellings and businesses ("Homes"). A territory is described by zip codes. We draw the specific boundaries and attach them as Schedule 1 of your Franchise Agreement before the agreement is signed. A territory for a [Standard] franchisee is a minimum of 80,000 Homes. ~~{You may purchase additional territories}~~ [A Metro franchisee

territory consists of about 400,000 Homes. You may acquire an additional territory] at any time with our approval by signing our then current Franchise Agreement and paying our then-current fee for an additional territory. If you meet our conditions of eligibility for an additional franchise, which are described in Section 4.1.1 of the Franchise Agreement, we will grant you a franchise for an additional territory. As of the date of this offering circular, our [additional territory(ies)] fee is \$100 per 1,000 Homes. This fee does not entitle you to training~~, or complimentary~~ } [or discounted] Mailings. [See Item 5.]

If the ~~{U.S. Postal Service}~~ [USPS] modifies zip codes in a territory, the zip code boundaries as defined in the Franchise Agreement before the ~~{U.S. Postal Service}~~ [USPS] modification will define your rights. We reserve the right to modify or change the existing territory boundaries, so that there is equitable distribution of Homes to all franchisees involved [in the redesignation of zip code boundaries].

You may choose the general area of your Franchise. If the area is available ~~{for purchase}~~ [to be licensed], we will order carrier route lists from the post office and count information from a label company and help map the size and configurations for Community Marketing Profiles. Each territory will normally be comprised of sub-markets, known as Community Marketing Profiles, in which residents share demographic characteristics and which normally consist of about 10,000 Homes. Mailings are generally addressed to one or more Community Marketing Profiles rather than to all Homes in a territory.

Subject to your duty to make the minimum number of Mailings within Community Marketing Profiles which are prescribed in your Franchise Agreement, and ~~{so long as you are in}~~ [subject to your] compliance with the Franchise Agreement, we will not authorize another SuperCoups franchisee or anyone else to operate a SuperCoups cooperative direct mail advertising business from a location within your territory. Nor shall we operate a business ourselves in your territory which provides the same products and services that are the subject of your franchise under the name SuperCoups. We reserve the right to ~~{Mail to National Accounts located in your territory (excluding the first two Mailings for new franchisees which are neither Conversion franchisees nor Industry Experienced Professional franchisees)}~~ [place coupons of National Accounts in envelopes Mailed to your territory]. A National Account is a customer that is capable of Mailing coupons to at least 1,000,000 Homes within a 60-day period, regardless of where the Mailings are delivered. We currently pay franchisees \$1 per National Account for each 1,000 envelopes Mailed in their territory(ies) [directly through the USPS (except for National Accounts coupons placed directly in discounted Mailings described in Items 5 and 6). We do not pay for National Accounts distributed via the ADVO ShopWise wrap, the ANNE Network or similar distribution devices]. The amount is subject to change.

~~{We will not Mail National Accounts coupons for a class of advertiser which is authorized for Exclusive Advertising Rights treatment in your Region or Urban Zone without your prior approval, if you are granted Exclusive Advertising Rights to a client for a Mailing.~~

}
We may place advertising on the back of envelopes you Mail.

~~{We will pay you at least \$1 for each 1,000 such envelopes you Mail. Provided you notify us of your decision to do so within the time periods we prescribe, you may sell advertising to be printed on the back of envelopes you Mail (Section 2.5). Printing costs may make your sale of such advertising costs prohibitive for fewer than 250,000 envelopes.~~

~~Franchisees are not restricted from soliciting or accepting customers located outside their territory or from soliciting customers.~~ [As a Super Coups franchisee, you are granted the exclusive right to send envelopes containing cooperative direct mail advertising into your territory. We print the advertising and mail or arrange for the distribution of the envelopes for you. Although your success as a franchisee depends primarily upon the number of advertisers residing] within your territory ~~{to Mail in their territories. Each franchisee, though, must mail Cooperative Mailings only inside his or her own territory ("Mail"). Other franchisees may}~~ [who place advertising coupons in the envelopes you mail, that is not your only source of income.

Neighboring franchisees may solicit advertisers regardless of where they are located (including in your territory) to Mail coupons in your envelopes. They must pay you for the right to Mail in your envelopes. The process of selling advertising to be placed in another franchisee's Mailings is called "cross selling."

You may sell advertisers in your territory and elsewhere the right to] place coupons in envelopes Mailed ~~{in your territory, and they may contract for broadcast or television advertising directed to your territory. You may do the same in their territories. Franchisees in a Regional or Urban Zone may designate up to 10 classes of advertisers each year to whom franchisees may grant Exclusive Advertising Rights. You may not place coupons in a franchisee's envelope if the franchisee has granted another advertiser Exclusive Advertising Rights pursuant to the terms of his franchise agreement}~~ [by neighboring franchisees. If properly priced, you will generate income above the price charged by the franchisee with rights to the territory where the Mailing is directed.

Cross sales may be subject to 2 restrictions: price terms, and for certain neighboring franchisees, exclusive advertising rights].

]Franchisees negotiate price terms of ~~{cross sales. If they}~~ [Cross Sales between and among themselves. If you] cannot agree on a price ~~{, they}~~ [proposal by another franchisee, you] must accept the price we ~~{publish for their Region or Urban Zone (See)}~~ [determine is the appropriate price (see] Item 6, footnote 7).

~~{You may solicit advertising for our Internet program which may target customers anywhere, including other franchisees' territories. Caution:}~~ [Before 2003 some franchise agreements authorized franchisees to grant exclusive advertising rights to certain classes of advertisers in their territory. If a neighboring franchisee has granted exclusive advertising rights to a customer in his territory, you may not cross sell a coupon of a competitor into his territory.]

Franchise Agreements executed before 1999 do not require franchisees to accept your coupons for ~~{Mailing}~~ [Mailings] in their territories.

[All franchisees may sell internet advertising and TV advertising services without regard to where the advertising is directed or the location of the advertiser without paying anything to franchisees whose Territories may be impacted.]

We have no plans to establish any other franchised or company-owned businesses under a different name or to sell similar products under a different name in your territory, although we have the right to do so. We may acquire or merge with and operate a company which sells

products and services similar to those offered by SuperCoups franchisees. Our affiliate, ADVO, Inc.[,] does sell products substantially similar to those sold through our franchise and it may sell advertising and direct mailing services of any kind within your territory. However, ADVO may not use the Service Mark "SuperCoups" to identify Mailings it makes in your territory.

We do not guaranty that you will be able to satisfy our minimum Mailing requirements. Your success at meeting and exceeding our standards depends, in substantial part, on your own skills and efforts.

If your territory contains 80,000 Homes, during the first year after the Effective Date, you must Mail at least 190,000 envelopes and your first 2 Mailings must be to at least 2 Community Market Profiles ("CMPs"); your second 2 Mailings to at least 3 CMPs; and your fifth and sixth Mailings must be sent to at least 4 and 5 CMPs, respectively. During the second year following the Effective Date you must Mail at least 6 envelopes to each of the CMPs designated on ~~the Summary Pages~~ [Schedule 1] of your Franchise Agreement. You may select which of the CMPs to target for your Mailings. If your territory is larger, we will modify the requirements to reflect the [proportionate difference in the] size of your territory. Your Mailing requirements will be described on the Summary Pages of your Franchise Agreement.

If [you are awarded a Metro franchise, your initial Mailing will normally require 20,000 envelopes to be Mailed. The number will normally increase over a 4.5 year period until you are Mailing to 400,000 Homes, at which time you must continue to Mail to at least 400,000 Homes each scheduled Mailing.

Unless we have agreed to a different Mailing frequency, if] you fail to Mail at least 6 times per year to all CMPs [or zip codes] in your territory as specified in your Franchise Agreement, we either may terminate your franchise rights in ~~the~~ [all] unmailed ~~CMPs~~ [zip codes], or we may terminate your franchise. You must pay us a Minimum Bimonthly Royalty Fee (see Item 6) if you fail to Mail in each ~~CMP~~ [zip code] in which you are required to Mail. ~~{If your territory includes more than 80,000 Homes, provided you notify us of your desire to terminate your franchise rights in one or more CMPs before we send you a notice of termination, you may terminate your rights in those CMPs without incurring liability to pay us for our lost future profits. However, your termination rights only exist if you are in full compliance with applicable Minimum Mailing Requirements, and you are consistently Mailing to at least 80,000 Homes in your territory.}~~

We may increase your Minimum Mailing Requirements if more than 75% of the SuperCoups franchisees in your Region or Urban Zone, or if more than 50% of the SuperCoups franchisees in the United States, are Mailing more frequently than the requirements specified on the Summary Pages of your Franchise Agreement. You will receive notice of an increase by July 1 of the year before an increase is effective.

ITEM 13

TRADEMARKS

We own the Service Marks we use. Franchisees are licensed to use the Service Marks "SUPERCOUPS" and ~~["SUPERCOUPS MONEY SAVING COUPONS FOR THE WHOLE FAMILY and Design"]~~ ["Local Coupons. Super Savings."] The Service Mark

~~{“SUPERCOUPS”}~~ [“SUPER COUPS”] has been registered with the United States Patent and Trademark Office (“PTO”) on the Principal Register, Registration No. 1,945,801, effective January 2, 1996. ~~{The Service Mark “SUPERCOUPS MONEY SAVING COUPONS FOR THE WHOLE FAMILY and Design” has been registered with the PTO, Registration No. 1,386,255 on March 11, 1986}~~ [We have not registered “SuperCoups” or “Local Coupons. Super Savings.” with the PTO]. We have not registered the Service Marks in any state. We claim common law rights in our Service Marks based on use dating back to 1981 [for “SuperCoups.”] ~~{ }~~

You may not use our name or mark as part of a corporate name or with modifying words, designs or symbols. You may use the name “SuperCoups” with an identifying noun, e.g., D.B.A. SuperCoups of Phoenix, with our prior approval. You may not use our Service Marks to sell services or products not authorized by your Franchise Agreement, unless we first agree in writing. You may not use our name or marks on the Internet, or in any television, advertising, promotional or commercial marketing programs in any manner, except as we expressly permit.

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board or the trademark administrator of any state or any court, nor are there any pending infringement, opposition or cancellation proceedings or material litigation, involving the Marks that are relevant to their use by our franchisees. There are no decided infringement, cancellation or opposition proceedings in which we unsuccessfully fought to prevent registration of a trademark in order to protect the Marks.

You will be licensed to use certain Esave Service Marks as part of our Internet program, and you ~~{must}~~ [may] promote the SuperCoups/Esave program ~~{for so long as}~~ [while] you use Esave as your Internet provider. The Esave marks only may be used in ways we and Esave, Inc. approve.

There are no agreements currently in effect that significantly limit our rights to use or license the use of our Service Marks in any way material to your franchise.

You must notify us promptly in writing of any infringing use of our Service Marks. We alone will decide whether or not to begin legal action against an infringer and will control all the litigation. We can ask for your cooperation in prosecuting an infringement action without having to compensate you; we will pay your expenses for cooperating with us.

If you learn that someone is going to sue you or us for trademark infringement or if you are named in an action claiming that you or we have infringed a trademark, you must notify us by phone immediately and send written confirmation within 24 hours. If you notify us in a timely fashion and have otherwise complied with the Franchise Agreement, we will defend you in the action. We alone will control the litigation. You may retain your own attorney at your own expense.

If we decide to modify or to discontinue use of any of our Service Marks or to use additional or substitute marks, you must comply with our directions to modify or discontinue use within 60 days after written notice. We will not compensate you for any costs incurred due to modification or discontinuance.

We do not know of any infringing or superior uses that could materially affect your use of our Service Marks.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We do not grant any rights covered by a patent or copyright, but we do allow you to use the Proprietary Information in our Confidential Manual to operate your ~~{Franchised Business}~~ **[franchised business]** (See Item 11). Although we have not filed an application for a copyright registration for our Confidential Manual, we claim a copyright and the information is proprietary. Item 11 describes limitations on you and your employees' use of this Manual. You must promptly tell us when you learn about unauthorized use of this Proprietary Information.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

You need not participate personally in the direct operation of the ~~{Franchised Business}~~ **[franchised business]**, but the business must be directly supervised by an operating franchisee or designated manager who has successfully completed our training program. The operating franchisee or designated manager need not own an interest in the franchise. The operating franchisee or designated manager must sign a confidentiality agreement limiting use of the proprietary information described in Item 14 and a covenant not to compete as described in Item 17. Neither the franchise owner, the operating franchisee nor the designated manager is allowed to own an interest in or participate in any other direct mail advertising business.

If a corporation, limited liability company or partnership owns the franchise, one individual (the operating franchisee or designated manager) must be appointed to be responsible for supervision of the daily operation of the ~~{Franchised Business}~~ **[franchised business]**; if the owner is an individual, he or she may appoint a manager to operate the ~~{Franchised Business}~~ **[franchised business]**. Except for Conversion franchises, both the owner and the operating franchisee or designated manager must complete initial franchise training.

ITEM 16

RESTRICTIONS ON WHAT FRANCHISEE MAY SELL

We impose the following restrictions on products and services that limit your business:

You must operate your ~~{Franchised Business}~~ **[franchised business]** in strict compliance with your Franchise Agreement and the procedures, standards, specifications and operating methods in the Confidential Manual, as modified. You must use, offer for sale and sell all products and services we require **[you to use, offer and sell when you sign your Franchise Agreement]**.

You must use, offer for sale and sell under our Service Marks only products and services we approve in writing, and you must purchase those products and services from us or our designee (See Item 8). We do not authorize political, religious or "blue" material.

We ~~{have the right to add additional authorized services that you must offer. If}~~ [may not require you to add new products or services to what you may offer, unless] at least 40% of our franchisees ~~{already participate in a program which we then designate as a Mandatory Program, you may not offer programs or services which compete with our Mandatory Program. We may also charge you fees to participate in a Mandatory Program or any other program. If you already are selling}~~ [are then offering the same product or service. We may grant you approval to offer products or services which were not a part of the System when you signed your Franchise Agreement, and we may subsequently withdraw that approval. If, following the procedures described below, we designate a product or service as exclusive and if] a product or service which [we previously authorized you to offer competes with it, we can cause you to change what you offer. If at least 40% of our franchisees already participate in a program which we then designate as an exclusive program, you may not offer programs, products or services which compete with our exclusive program. If we designate the program as mandatory, you must offer it, even if you have not previously offered similar products or services. We may charge you fees on any products, services or programs you sell. If you already are selling a product or service which] competes with the product or service which is part of ~~{a Mandatory Program when we make this program Mandatory}~~ [an exclusive or mandatory program when we make a product, service or program exclusive or mandatory], you will have 90 days to discontinue your involvement in the competitive [product, service or] program. However, you may continue providing products or services you have promised to provide under pre-existing written contracts for up to 1 year from the date we notify you. See ~~{Sections 19.4 and}~~ [Section] 19.5 of the Franchise Agreement.

You may not sell to National Accounts without our approval. A National Account is a customer that is capable of Mailing at least 1,000,000 envelopes within 60 days, regardless of where Mailings are directed. Moreover, you may not Mail outside of your territory, except pursuant to our ~~{multiple territory policy}~~ [cross sale policy (Franchise Agreement Article 2.3)], which is described in Item 12. Persons who acquired franchises before 1999 are not contractually obliged to accept your ~~{Mailings in}~~ [cross sales into] their territories. Otherwise, you are not restricted from soliciting or accepting customers who are located outside your territory, provided your use of the SuperCoups service marks has been approved by us. (See Item 12).

The only Internet site you may use to promote your business is the one we approve.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

This table lists certain important provisions of the franchise and related agreements pertaining to renewal, termination, transfer and dispute resolution. You should read these provisions in the agreements attached to this offering circular.

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
a. Term of the franchise	Article 5	10 years
b. Renewal or extension of the term	Article 6	If you are in compliance with the Franchise Agreement, you may sign the then-current Franchise Agreement for an additional 10-year term.
c. Requirements for you to renew or extend	Article 6	Give notice 120 days before expiration, pay all monies owed, sign new agreement, pay renewal fee, sign release.
d. Termination by you	None	None.
e. Termination by us without cause	None	None.
f. Termination by us with cause	Article 23	We can terminate only if you default.
g. "Cause" defined - defaults that can be cured	Article 23	Curable defaults: 3 violations of the Confidential Manual in 12 months; failure to pay debt to us; failure to meet the minimum Mailing requirements.
h. "Cause" defined - defaults that cannot be cured	Article 23	Non-curable defaults; abandonment of franchise for more than 25 days; bankruptcy (subject to state and federal bankruptcy laws); conviction of a felony; unauthorized transfer; termination under another SuperCoups Franchise Agreement; unauthorized use or disclosure of our Marks or proprietary information; certain violations of the law; some circumstances involving incapacity and death.
i. Your obligations on termination or nonrenewal	Article 24	Pay all monies due under the Franchise Agreement, cease use of our Service Marks, return all inventory with Marks, cancel fictitious names and directory listings; return Confidential Manual; pay our costs, if any, of terminating your Franchise Agreement. (see also r. below)
j. Assignment of contract by us	Articles 22.1, 26.12	No restriction on our right to assign.
k. "Transfer" by you - definition	Article 22	Includes transfer of assets or ownership change (the Franchise Agreement is not "transferable"; your agreement terminates and the buyer signs the then-current form of Franchise Agreement).

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
l. Our approval of transfer by you	Article 22	Approval or disapproval within 45 days (disapproval with state reasons).
m. Conditions for our approval of transfer	Article 22	New buyer qualified, training fee paid, transfer fee paid, purchase agreement approved, release signed, current form of Franchise Agreement signed, no interest in a competing business, your rights to payment are subordinate to ours, buyer's capabilities and personality are compatible with us. No assignment to a lender.
n. Our right of first refusal to acquire your business	Article 22.1.3	We have 45 days to match any bona fide offer.
o. Our option to purchase your business	None	None
p. Your death or disability	Articles 22.1.5, 22.1.6	{So long as} [If the] business is operated pursuant to the Franchise Agreement, you or your representative {have} [has] 6 months to transfer it to a qualified buyer.
q. Non-competition covenants during the term of the franchise	Article 17.7	You cannot participate in a competing business.
r. Non-competition covenants after the franchise is terminated or expires	Article 26.16	You cannot participate in a competing business for 2 years after termination or transfer, within 10 miles of your territory. If you request renewal and comply with our renewal standards and requirements, and we refuse to renew your Franchise, the noncompete covenant will not apply to you.
s. Modification of the agreement	Articles 17.2, 21.1.9, 26.9, 26.10	The Agreement may be modified if at least 50% of SuperCoups franchisees agree. Otherwise, modifications must be written and signed by both parties; the Confidential Manual is subject to change.
t. Integration or merger clause	Article 26.14	The terms of the Franchise Agreement and the Confidential Manual are binding (subject to state law).

<u>Provision</u>	<u>Section in Franchise Agreement</u>	<u>Summary</u>
u. Dispute resolution by arbitration or mediation	Article 25	Arbitration is designated to resolve all disputes, differences or questions concerning the Franchise Agreement except matters involving intellectual property or irreparable harm to us or the franchise system.
v. Choice of forum	Article 25	Arbitration and Litigation must be in Massachusetts (unless the laws of another state prevail with regard to choice of forum). [We may seek an injunction and damages related to your misuse of our intellectual property in any court of competent jurisdiction.]
w. Choice of law	Article 26.17	Massachusetts law governs unless the laws of another state prevail.

These states have laws that may supersede the Franchise Agreement in your relationship with us including the areas of termination and renewal of your franchise: ARKANSAS [Stat. Section 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-200431], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE, [Code Ann. Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [815 ILCS 705/19 and 705/20], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MICHIGAN (Stat. Section 19.854(27)), MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51], MISSOURI [Stat. Section 407.400], NEBRASKA [Rev. Stat. Section 87-401], NEW JERSEY [Stat. Section 56:10-1], RHODE ISLAND [Gen. Laws § 19-28.1-14], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code Section 19.100.180], WISCONSIN [Stat. Section 135.03]. These and other states may have court decisions that 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 our franchises.

ITEM 19

EARNINGS CLAIM

We do not furnish or authorize our sales representatives to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a SuperCoups ~~(Franchised Business)~~ **[franchised business]**. Actual results vary from unit to unit and we cannot estimate the results of any particular franchise.

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ITEM 20

OUTLETS

FRANCHISED STATUS SUMMARY FOR FISCAL YEARS [2001/2000/1999/1] [2002/2001/2000/1]

STATE	TRANSFERS	CANCELLED OR TERMINATED	NOT RENEWED	REACQUIRED BY FRANCHISOR	NON-OPERATING LEFT THE SYSTEM	TOTAL FROM LEFT COLUMNS	FRANCHISE TERRITORIES OPERATING AT YEAR END ²	FRANCHISE REPRESENTATIVES AT YEAR END ³
AL	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/0	2/1/0
AZ	1/0/1	1/0/0	0/0/0	0/0/0	0/0/0	2/0/1	13/13/12	3/5/5
AR	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	1/0/0	2/5/5	1/2/2
CA	0/0/0	3/6/1	0/0/0	0/0/0	0/0/0	3/6/1	3/16/40	3/5/11
CO	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/1/1	1/1/1
CT	0/1/0	0/0/1	0/0/0	0/0/0	0/0/0	0/1/1	10/18/18	3/3/4
DE	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/2/2	1/1/1
FL	0/0/0	2/2/0	0/0/0	0/0/0	0/0/0	2/2/0	8/27/33	3/4/5
GA	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	4/20/20	3/2/2
IL	0/0/0	0/2/1	0/0/0	0/0/0	0/0/0	0/2/1	0/0/47	0/0/2
IN	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/2/2	1/1/1
KY	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/0/0	2/0/0
ME	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	3/2/2	4/2/2
MD	0/0/0	0/0/2	0/0/0	0/0/0	0/0/0	0/0/2	0/0/0	0/0/0
MA	0/0/1	0/0/0	0/0/0	0/0/0	0/0/0	0/0/1	45/49/47	3/3/2
MI	0/0/0	0/1/0	0/0/0	0/0/0	0/0/0	0/1/0	0/0/2	0/0/1
MN	0/0/0	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/15/15	0/1/1
MS	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	2/0/0	1/0/0
NV	0/0/0	0/1/0	0/0/0	0/0/0	0/0/0	0/1/0	0/0/3	0/0/1
NH	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	5/0/0	1/0/0
NJ	0/0/0	1/0/0	0/0/0	0/0/0	1/0/0	2/0/0	21/37/37	13/13/13
NC	0/0/0	4/0/0	0/0/0	0/0/0	0/0/0	4/0/0	2/14/12	1/5/5
NY	0/1/0	3/0/1	0/0/0	0/0/0	0/0/0	3/1/1	26/52/43	11/13/12

STATE	TRANSFERS	CANCELLED OR TERMINATED	NOT RENEWED	REACQUIRED BY FRANCHISOR	NON-OPERATING LEFT THE SYSTEM	TOTAL FROM LEFT COLUMNS	FRANCHISE TERRITORIES OPERATING AT YEAR END ²	FRANCHISE REPRESENTATIVES AT YEAR END ³
OK	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0
PA	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/3/3	1/1/1
RI	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/0/0	5/6/6	2/2/2
SC	0/0/0	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	1/4/4	1/1/1
TN	0/0/0	0/1/0	0/0/0	0/0/0	0/0/0	0/1/0	1/1/3	1/1/2
TX	0/0/0	1/2/0	0/0/0	0/0/0	0/0/0	1/3/0	7/33/37	5/4/6
VT	0/0/0	1/0/1	0/0/0	0/0/0	0/0/0	1/0/1	0/1/0	0/1/0
VA	0/0/0	0/0/1	0/0/0	0/0/0	0/0/0	0/0/1	4/1/0	3/1/0
WI	0/0/0	1/0/0	0/0/0	0/0/0	0/0/0	0/0/0	0/6/6	0/2/2
CAN	0/0/0	0/1/0	0/0/0	0/0/0	0/0/0	0/1/0	0/0/7	0/0/1
TOTALS⁴	2/3/3	19/16/8	0/0/0	0/0/0	2/0/0	23/19/11	174/330/407	70/74/86

Footnotes to Item 20:

1 All numbers are as of fiscal year end [2002,] 2001 ~~(*)~~ [and] 2000 ~~(and 1999)~~.

2 This column depicts the number of individual franchises or franchise territories in operation at the end of each fiscal year.

3 Franchisees may own more than one franchise or one territory. The numbers reflected in this column were of entities (franchisees) owning franchises.

4 The numbers in the "Total" column may exceed the number of franchises affected because several events may have affected the same franchise. For example, one franchise may have had multiple owners.

**PROJECTED OPENINGS
AS OF SEPTEMBER 30, ~~{2001}~~ [2002]**

<u>STATE</u>	<u>FRANCHISE AGREEMENT SIGNED, BUT FRANCHISE NOT OPERATIONAL</u>	<u>PROJECTED NEW FRANCHISES IN THE NEXT FISCAL YEAR</u>
CA	{0.3 FL 0.2 NY 0.2 PA 1.2 TX 0.2	3
	TOTALS 1.11 } [
CO		3
FL		3
GA		1
NJ		1
NY		1
OH		2
VA		3
TOTALS		17

Exhibit C is a list of the names, last-known addresses and phone numbers of MailCoups' franchisees as of September 30, ~~{2001}~~ [2002]. This list includes the franchisees whose ~~{Franchised Businesses}~~ [franchised businesses] were terminated, canceled or not renewed, or who voluntarily or involuntarily ceased to do business in ~~{2001}~~ [2002], as well as one franchisee who did not communicate with MailCoups within 10 weeks of September 30, ~~{2001}~~ [2002]. Those franchisees listed in Exhibit C with an asterisk are franchisees whose ~~{Franchised Businesses}~~ [franchised businesses] were terminated, canceled or not renewed, or who have voluntarily or involuntarily ceased to do business from September 30, ~~{2001}~~ [2002] to the date of this Offering Circular.

ITEM 21

FINANCIAL STATEMENTS

Exhibit D contains the audited financial statements of ADVO, Inc., our parent company, as of September [28, 2002, September] 29, 2001 ~~{,}~~ [and] September 30, 2000 ~~{and September 25, 1999}~~, and the unaudited financial statements of ADVO, Inc. ~~{for the 3 and 6 months ended March}~~ [as of December] 30, 2002.

ADVO, Inc. has executed an absolute and unconditional guarantee of our duties and obligations under the Franchise Agreement.

ITEM 22

CONTRACTS

Exhibit E is a copy of the Franchise Agreement and related agreements.

ITEM 23

RECEIPTS

Exhibit ~~(H)~~ [G] includes detachable documents acknowledging your receipt of this Offering Circular.