

ATTACHMENT B
FRANCHISE AGREEMENT



Franchise Number: _____ - _____

MONEY MAILER® FRANCHISE AGREEMENT

THE PARTIES SET FORTH IN 1.0 BELOW AGREE THAT THIS FRANCHISE AGREEMENT ("AGREEMENT") WILL GOVERN THEIR RELATIONSHIP IN CONNECTION WITH FRANCHISEE'S OPERATION OF ITS INDEPENDENT DIRECT MAIL ADVERTISING BUSINESS.

1.0 Parties & Term.

1.0 Region. The word "Region" means:
MONEY MAILER S.G.V. FRANCHISE CORP.

By: _____
John C. Salter, President

1.2 Franchisee: The word "Franchisee" means the sole proprietor or corporation, partnership, limited liability company or other legal entity identified and agreeing to be bound below:

a. IF Franchisee is a sole proprietorship:

Signature: _____ Date: _____
Print Name: _____

b. IF Franchisee is a corporation, partnership, limited liability company or other legal entity:

Legal Name: _____
Entity Type: _____

By: _____ Date: _____
Print Name: _____
Print Title: _____

Signature: _____, individually
Print Name: _____
Ownership %: _____

By: _____ Date: _____
Print Name: _____
Print Title: _____

Signature: _____, individually
Print Name: _____
Ownership %: _____

If additional signature blocks are required, check the box and attach additional signature pages to this page.

THE SUBMISSION OF THIS AGREEMENT DOES NOT CONSTITUTE AN OFFER. THIS AGREEMENT WILL NOT BE BINDING UPON REGION UNTIL IT IS ACCEPTED BY REGION, THAT IS, SIGNED BELOW BY REGION'S AUTHORIZED OFFICERS AND RETURNED TO FRANCHISEE.

1.3 Initial Term. Unless sooner terminated in accordance with the provisions of this Agreement, the Initial Term of this Agreement will become effective as of _____ the "Effective Date"). This Agreement will expire ten (10) years after the Effective Date on _____(the "Expiration Date"). The period starting on the Effective Date and ending on the Expiration Date is the "Initial Term" of this Agreement.

1.4 Fee. Concurrently with signing this Agreement, Franchisee will pay Region an:

Initial Franchise Fee Renewal Fee Training & Transfer Fee Conversion Fee Of \$ _____
 (Applicable fee must be marked in box above). Upon Region's acceptance of this Agreement, this fee becomes non-refundable.

2.0 Franchisee Information.

2.1 Business Name. Franchisee will operate the Business only under the name "Money Mailer of _____." Franchisee will file and keep current a fictitious name certificate or similar document in each jurisdiction that requires such a filing.

2.2 Legal Entity. If Franchisee is a corporation, partnership or other legal entity, Franchisee represents and warrants that it was formed under the laws of the territory, state or commonwealth listed below, it is validly existing and in good standing under such laws, and it has full power and authority to enter into and perform its obligations under this Agreement. If Franchisee is an individual, Franchisee represents and warrants that he or she is a resident of the territory, state or commonwealth listed below:
 Jurisdiction: California

2.3 Office and Notice Address. Franchisee will only operate the Business from the address listed below. In addition, Region and Money Mailer will send all notices and communications to Franchisee at the following street address, fax number or any corresponding e-mail address Region assigns to Franchisee. The Franchisee may change the information below upon written notice to Region as required in Section 14.0:

Street Address: _____
 City/State/Zip Code: _____
 Phone Number: _____
 Fax Number: _____
 E-Mail Address: _____@moneymailer.com

2.4 Co-op Mailing Territory. Franchisee's Co-op Mailing "Territory" is as set forth below:

County	Cities	Zip Codes (If not entire Zip Code, add detailed geography)

This Territory is not subject to changes as a result of any future changes and/or modifications by the U.S. Postal Service (including additions or deletions of Zip Codes). References to "County" and "City" above are for ease of reference only and are also subject to change. The outer geographic limits of the Territory are set by the outer boundaries of all the Zip Codes (and any necessary specific geographic description ^such as roads, highways, etc. within a Zip Code if the Territory does not include the entire Zip Code^ above only). Region may substitute a geographic map of the territory (showing the outer boundary made up from the zip codes above) at any time during the Initial Term. Region and Franchisee must sign an amendment to this Agreement to change the Territory. Region reserves the right not to change the Territory^.

2.5 Co-op Mailing Schedule.

- a. As set out in Paragraph 7.1, Franchisee's initial Co-op Mailing Schedule^ will be as follows:

Date	Number of Zones (Zone=10,000 households)
1st Mailing	2
2nd Mailing	2
3rd Mailing	3
4th Mailing	3
5th Mailing	4
6th Mailing	4
7th Mailing	5
8th Mailing	5

Franchisee will continue to mail the total licensed Territory set forth in the last row of the chart above in every Co-op Mailing during the Initial Term once the Franchisee begins mailing this total licensed territory. The number of zones to be mailed in each mailing shown in the schedule (or subsequent schedules) constitute the "Minimum Distribution Requirement" as such term is used elsewhere in this Agreement. Franchisee further acknowledges that should it acquire additional licensed zones (from Money Mailer, another regional, direct or local franchisee) or reduce the amount of total licensed zones, then at such time, this schedule will be amended to reflect such new total licensed zone amount. Region may also amend this schedule from time to time to reflect internal zone increase in the Territory from market growth (increase in the number of households within the Territory). Franchisee will be required to mail any additional zones resulting from this internal growth according to the revised Mailing Schedule set forth by the Region.

- b. Region may set the Mailing Schedule each year in its reasonable discretion, including but not limited to, the setting of Co-op Mailing dates and the number of Co-op Mailings to be completed each year (referred to herein as "Co-op Mailing Frequency")^; provided, however after the initial ramp up shown above or 15 months after the Effective Date (whichever is earlier) the Co-op Mailing Frequency will not be less than 8 Co-op Mailings per 12 month mailing period, which mailing period is usually from December 15th to December 15th each year. Accordingly, Franchisee acknowledges that Franchisee's Co-op Frequency will likely be greater than Franchisee's Co-Op Mailing Frequency during the ramp-up of its zones ^shown in the Mailing Schedule.

above. Franchisee may not change Co-op Mailing Frequency from a previous year without the Region's prior written consent^.

2.6 Designee. Subject to Paragraph 10.2.d., Franchisee appoints the individual listed below as the Franchisee's Designee in the event of death or legal incapacity:

Name: _____
Address: _____
City/State/Zip Code: _____
Phone Number: _____
Relationship: _____

The above applies only to a sole proprietor Franchisee. In the event of the death or legal incapacity of any partner or shareholder, the surviving partners or shareholders will succeed to the ownership of the Franchise as set forth in their bylaws, partnership agreements, operating agreement, other agreement or as required by law.

2.7 Spousal Consent. If Franchisee is a sole proprietor and married, but Region has approved Franchisee's request that Franchisee's spouse not be a party to this Agreement, then spouse must sign below only to acknowledge that: 1) that spouse has read and understood this Agreement; 2) Franchisee is authorized to enter into this Agreement bind their community property estate and rights related thereto to the extent provided by law; and 3) that spouse covenants not to lodge a dispute or sue Region or Money Mailer, LLC or their affiliates related to Franchisee's signing of this Agreement.

Spouse Signature: _____ Date: _____
Spouse Print Name: _____

3.0 AWARD

3.1 Acknowledgments.

- a. Money Mailer, LLC ("Money Mailer") has developed and adopted various systems, trade secrets and methods of operation (the "Operating System") for Franchisee (and parties like Franchisee) to provide direct mail advertising and related services to multiple business clients whose advertisements are combined and mailed within the same envelope, magazine or any other bound package or grouped format to domiciles within a specified territory ("Co-op Mailings") as well as services for individual business clients whose advertisements are mailed on an individual (or "Solo") basis to domiciles within a designated territory or to selected customers of such business clients ("Solo Mailings") (the Co-op Mailings and Solo Mailings, are collectively referred to and included in the "Business" or the "Direct Mail Advertising Business"). The "Segmented Co-Op Mailings" are a subset of the Co-op Mailings, but are separately defined and referred to in this Agreement.
- b. Money Mailer is the owner of certain Marks, service marks and logotypes, including the mark, "Money Mailer", which Money Mailer expressly authorizes for use in connection with the operation of Direct Mail Advertising Businesses (all of which are collectively referred to as the "Marks").
- c. Region and Money Mailer have entered into a regional franchise agreement whereby Money Mailer has granted the Region the right to subfranchise others to conduct the Business and sublicense others to use Money Mailer's Marks within a defined geographic area referred to herein as a "territory."

- 3.2 Grant of Franchise.** Subject to the terms and conditions of this Agreement and Franchisee's continuing good faith performance of this Agreement by Franchisee, Region hereby grants to Franchisee, and Franchisee hereby accepts, a franchise during the term of this Agreement to use the Operating System in connection with the operation of one "Money Mailer" Direct Mail Advertising Business during the Initial Term, in accordance with the terms and provisions of this Agreement and all related documents. Franchisee will conduct Co-op Mailings within the Territory only, but may sell advertising under the Business in the Co-op Mailings of other Money Mailer franchisees as ^described in Paragraph 6.6 and in the Manuals. Franchisee may participate in Segmented Co-op Mailings and Solo Mailings as permitted in this Agreement and in the Manuals.
- 3.3 Grant of License.** Subject to the terms and conditions of this Agreement, including, without limitation, those restrictions set forth in Paragraphs 3.4 and 6.11 of this Agreement, and the continuing good faith performance of the terms and conditions by Franchisee, Region grants to Franchisee, and Franchisee accepts, a non-exclusive license to use and display the Marks only in connection with the operation of the Business during the Initial Term. Franchisee's non-exclusive license to use and display the Marks in connection with the operation of Franchisee's Co-op Mailings is within the Territory only, but Franchisee may display the Marks in the territories of other Money Mailer franchisees as set forth in Paragraph 6.6 and in the Manuals. Franchisee may use the Marks in Segmented Co-op Mailings and Solo Mailings as permitted in this Agreement and in the Manuals.
- 3.4 Limitations.** Franchisee may ^only conduct Co-op Mailings within Franchisee's Territory. Franchisee acknowledges that Franchisee, Money Mailer, Region, and other franchisees of Money Mailer and Region, may solicit clients wherever located, whether within or outside the Territory, in conducting their Co-op Mailings, Solo Mailings and Segmented Co-op Mailings, subject to policies and procedures ^for such solicitation that Money Mailer sets periodically. In order to promote more effective and orderly distribution system and to foster reasonable and effective intrabrand competition, Franchisee may not solicit the "^Existing Business ^Clients" (as defined below and further defined from ^periodically in the Manuals) of other Money Mailer franchisees, wherever those clients or franchisees are located, without the express written consent of the other Money Mailer franchisee. For purposes of this Agreement, the terms "^Existing Business ^Clients" means a party conducting Co-op Mailing, Segmented Co-op Mailing or Solo Mailing with a franchisee under a valid advertising purchase agreement or a party who has conducted a Co-op Mailing, Segmented Co-op Mailing or Solo Mailing with that franchisee in the 12 months prior to the other franchisee's solicitation of that ^Existing Business ^Client.
- a. Franchisee will coordinate its Co-op Mailings to coincide with the mailings of other franchisees in the regional territory as directed by the Region. ^
 - b. Franchisee acknowledges that ^it may not conduct Co-op Mailings to businesses without Region's prior written consent as Region reserves the right to conduct Co-op Mailings to businesses.
 - c. Franchisee acknowledges that Money Mailer reserves the right to set standards and specifications as well as approve sources for products and services offered under the Marks.

- d. Franchisee acknowledges that Region and Money Mailer reserve the right to charge royalties on products and services Franchisee offers under the Marks.
- e. e. Franchisee acknowledges that Region may convert existing direct mail businesses to the Money Mailer System and may reduce or eliminate the franchise fees for these converting parties.

3.5 Construction and Interpretation

- a. This Agreement is to be construed governed, enforced and interpreted in accordance with the laws of the State of California without regard to its conflict of laws or choice of law provisions.
- b. The titles and subtitles of the various sections and paragraphs of this Agreement are inserted for convenience and will not be deemed to affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement.
- c. The language in all parts of this Agreement will in all cases be construed simply according to its fair meaning and not strictly for or against Region or Franchisee.
- d. If any provision of this Agreement is capable of two constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning that renders it valid.
- e. The word "Franchisee" may be applicable to one or more parties, the singular includes the plural, and the masculine includes the feminine and neuter. If there is more than one party or person referred to as the Franchisee under this Agreement, then their obligations and liabilities are joint and several.
- f. The word "will" as used in this Agreement is used as a command. The wording "including" as used in this Agreement is used in a nonexclusive sense.

4.0 CONTINUING PAYMENTS TO REGION

4.1 National Royalty.

- a. Subject to Paragraph 4.1(b) and 4.3, for each Co-op Mailings actually conducted, or required to be conducted, by Franchisee pursuant to this Agreement, Franchisee will pay Region a national royalty fee (the "National Royalty") equal to \$217.00 for each mailing zone (a 10,000 domicile area) (a "Zone" or "Mailing Zone") actually mailed, or the minimum number of Zones required to be mailed, whichever is greater, during the National Royalty Payment Period (as defined in 4.1(c) below) pursuant to the Mailing Schedule at Section 2.5 and herein incorporated by this reference.
- b. Franchisee will receive a credit to be applied to the National Royalty obligations under Paragraph 4.1(a) above, determined on a Zone-by-Zone basis, equal to \$217.00 (subject to annual adjustment pursuant to Paragraph 4.3) multiplied by the number Zones actually mailed during the National Royalty Payment Period with respect to which at least 75% of all materials, printing, mailing, and related services, are purchased from Money Mailer (the "Production Credit").
- c. Franchisee will pay the National Royalty, less any Production Credit, to Region within 30 days of Franchisee's receipt of Region's National Royalty invoice, which National

Royalty invoice will be based on the calculation of the National Royalty and related Production Credit as of February 28th, April 30th, June 30th, August 31st, October 31st and December 31st of each year. Each National Royalty invoice will cover the period since the last National Royalty calculation date (the "National Royalty Payment Period") and reflect: (1) the actual mailed Zones; (2) the Zones required to be mailed; (3) the corresponding National Royalty due (based on the greater of the actual mailed Zones or the Zones required to be mailed); (4) any applicable Production Credit, and the balance left after subtracting the Production Credit from the National Royalty. Franchisee will pay Region the amount of this balance.

- d. Franchisee agrees that if Franchisee mails or is required to mail a "non-standard" zone (zone with 5,000 or 15,000 households instead of 10,000), then Franchisee will pay Region a prorated National Royalty for that Zone. Any Production Credit due for this Zone will also be prorated accordingly.

Franchisee will pay the National Royalty via bank check, certified funds or autodraft as required by Region.

4.2 Regional Royalty.

- a. In addition to the National Royalty, for each Mailing Zone in which any Co-op Mailing will be conducted by Franchisee or required to be conducted by Franchisee, Franchisee will pay to Region a regional royalty ("Regional Royalty") as follows:

<u>Mailing Frequency/Year*</u>	<u>Royalty/Zone</u>
6	\$525
7	\$475
8	\$446

* "Year" will mean a calendar year.

Franchisee acknowledges that he or she will pay Region the above Regional Royalty and any applicable National Royalty on any Zones actually mailed or scheduled to be mailed, whichever is greater, in Franchisee's Co-op Mailing Schedule each year. Franchisee further acknowledges that should Franchisee mail a "non-standard" zone (zone with 5,000 or 15,000 households instead of 10,000) then Franchisee will pay Region a prorated Regional Royalty for such zone. For example, if a franchisee mailing eight times per year mails a 15,000 household zone the Regional Royalty due for that zone would be **$\$446/2 = \$223.00 + \$446.00 = \669.00** .

- b. The Regional Royalty for each Co-op Mailing conducted or required to be conducted by Franchisee is payable on or before the first to occur of (i) the date on which the Final Order Form is due to Region (for mailings conducted by Money Mailer on Franchisee's behalf) or (ii) the actual date on which such mailing occurs (for mailings conducted by an entity other than Money Mailer).
- c. Franchisee will pay the Regional Royalty via bank check, certified funds or autodraft as required by Region.
- d. Notwithstanding the charging of National Royalties and Regional Royalties on scheduled but un-mailed zones referenced above, Franchisee acknowledges and agrees that repeated failure to mail within the same 12-month period scheduled zones in a particular mailing or failure to mail scheduled mailings is grounds for default under Paragraph 11.1 of this Agreement.

4.3 CPI Adjustment.

Effective as of June 1st of each year, the Royalty Per Zone for both the Regional Royalty and the National Royalty, will be adjusted (the "CPI Adjustment") to reflect the increase or decrease in the National Consumer Price Index - All Urban Consumers - All Items (1982-4 =100) as published by the United States Department of Labor, Bureau of Labor Statistics (the "Index"), comparing the Index as of April 1st to the Index on April 1st of the previous year; provided, however, that the percentage adjustment whether positive or negative will not exceed three percent (3.0%) per year for each of the Regional Royalty and the National Royalty.

4.4 Late Charges and Interest

- a. Upon demand by Region, Franchisee will reimburse Region for the full amount of any late charge imposed by Money Mailer upon Region due to Region's failure to submit Final Order Forms and any production charges if Region's failure was caused in whole or in part by Franchisee's failure to submit its Final Order Forms or payments for production charges to Region in a timely fashion.
- b. If Franchisee fails to pay to Region or Money Mailer monies due under this Agreement in a timely manner, Franchisee will pay interest on the delinquent amount, calculated daily commencing on the first day that the payment is delinquent and terminating on the day the delinquent amount is paid, at a rate equal to one and one-half percent (1.5%) per month provided that the Region will have the right to increase such interest rate from time to time with respect to subsequent delinquent payments upon 15 days prior notice to the Franchisee.
- c. Notwithstanding the foregoing, if the amount of the late charge or interest charge is greater than the amount permitted by applicable law, then such charge, as applicable, will be reduced to an amount equal to the maximum lawful amount, it being the intention of the parties that such late charge and interest charge will in no event be greater than that permitted by law.

4.5 Local Advertising Fund.

- a. Franchisee, one or more of the other following parties: Region itself, other franchisees of Region, other participating Money Mailer regions and their franchisees, and "direct" franchisees (having received franchise rights directly from Money Mailer), will establish and participate in a local advertising cooperative (the "Local Co-op") within Franchisee's contiguous advertising market as hereinafter set forth. Franchisee, and to the extent applicable, Region, Region's other franchisees, other participating Money Mailer regions and their franchisees, and "direct" franchisees who will participate in the Local Co-op are hereinafter collectively referred to as the "Local Co-op Participants". The Local Co-op will operate only in the Designated Market Area as defined by current Nielsen Media Research county groupings, unless otherwise agreed by Region and Money Mailer.
- b. The Local Co-op Participants make contributions to an advertising fund (the "Ad Fund") which in turn funds national, regional and local advertising programs with assistance from the Local Advertising Board (which consists of five Local Co-op representatives, two Region representatives and two Money Mailer representatives each who have one vote) (the "LAB"). The LAB is described further below.

- c. Franchisee will contribute to the Ad Fund as follows:
1. On or before January 31st of each year, Franchisee will make a Three Hundred and No/100 Dollar (\$300) contribution to the Ad Fund.
 2. In addition to the foregoing annual contribution, Franchisee will also contribute an amount equal to Twenty-One Dollars (\$21) for each of Franchisee's Zones actually mailed in each Co-op Mailing (not to exceed six (6) contributions per year even if Franchisee mails more frequently than six (6) times). The Region will then contribute \$21 to match Franchisee's \$21 contribution and Money Mailer will contribute \$21 to match the Region's \$21 contribution, for a total contribution of \$63 for each zone Franchisee actually mails in a Co-op Mailing.
 3. Franchisee will pay a late fee for any delinquent contributions in an amount equal to Fifty and No/100 Dollars (\$50) or five percent (5%) of the delinquent contribution, whichever is greater.
- d. Franchisee will participate in the activities of the Local Co-op and, if elected as President of the Local Co-op, will participate in the LAB. The LAB will provide guidelines to the various Local Co-ops setting forth various uses of the Ad Fund contributions. The LAB will be comprised of nine (9) persons who will be appointed in accordance with the LAB Bylaws.
- e. Franchisee acknowledges and agrees that the Local Co-op and its agents (including, but not limited to AdCorp, which is defined below) may collect Ad Fund Contributions directly from Franchisee. Money Mailer will have the right to withhold production and distribution of any mailing for which Franchisee has not made his/her/its Ad Fund contribution.
- f. With the cooperation and consent of Money Mailer, such consent not to be unreasonably withheld or delayed, and in consultation with the an advertising consulting firm that may be retained by the LAB, the LAB will establish advertising and promotional guidelines and aids that will be forwarded to each Local Co-op to assist it in planning its local advertising activities. The LAB will have the right and authority to conduct all relevant and appropriate activities to produce such guidelines and aids, including advertising and marketing research, test marketing, surveys, public relations and similar activities. The LAB may update the guidelines each year to reflect any changes in advertising plans. Each Local Co-op will reimburse the LAB pro rata according to the ratio of their Ad Fund Contributions to the total Ad Fund Contributions received from all Local Co-ops for the production of the guidelines and aids referenced above.
- g. Money Mailer will establish a separate legal entity for the purpose of managing contributions of all the Local Co-ops (the "AdCorp"), which will act as the administrative agent of the LAB for this purpose. Except for the reimbursement of its administrative expenses and any tax payments, AdCorp receives and distributes monies exclusively for advertising purposes under Money Mailer's Local Ad Fund Program. The direct expenses of the AdCorp will be defrayed by each Local Co-op (on a pro rata basis based on the ratio of that Ad Fund's contributions to the total contributions from all Ad Funds; provided, however, no indirect or overhead expenses of Money Mailer, the Region or any other participating Money Mailer company will be paid by any Ad Fund).

The Local Co-op must submit the invoice for any advertising approved by the Local Co-op, the Region and the LAB to AdCorp, before AdCorp will distribute any funds from the Local Co-op's Ad Fund for payment of the invoice. AdCorp will not be required to pay any invoice that requires payment of an amount in excess of the amount in the Local Co-op's Ad Fund account.

- h. The operating structure and procedures for each Local Co-op will be governed by democratic principles with each contributing entity having one vote. Money Mailer will establish reasonable policies and guidelines for the establishment and operation of such Local Co-ops. The Franchisee will actively participate in and contribute to the Local Co-ops.
- i. Money Mailer has the authority in its reasonable discretion to require the establishment, modification, merger or dissolution of the LAB and any Local Co-op, as may be necessary or appropriate to protect the "Money Mailer" brand image and associated goodwill.

5.0 OBLIGATIONS OF REGION

5.1 Initial Training.

- a. Region will provide initial training to Franchisee regarding the day-to-day conduct and operation of the Business. If Franchisee is a partnership, both partners (including both spouses) must complete initial training, unless otherwise agreed by Region and Money Mailer. For a corporate Franchisee, the majority shareholder must complete initial training. Region may require others to attend and complete training depending on their projected role in the Business.
- b. Region will arrange for Franchisee to receive Money Mailer's Business Management, Sales and Marketing training (Phase I), which includes training on Money Mailer's proprietary selling process and Operating System. Franchisee will attend the first session available after signing this Agreement, unless otherwise agreed by Money Mailer. Phase I training will be held at Money Mailer's offices in Southern California, or at such other location(s) as Money Mailer may designate. Money Mailer may postpone and reschedule a class if less than 3 franchisees are scheduled to attend that class. This training will usually be held over 6 consecutive days (usually Monday through Saturday). Franchisee is responsible for all costs of transportation, meals and lodging and other costs and other expenses Franchisee will incur in attending Phase I training. Franchisee will not receive any compensation for any services performed by Franchisee during this training.
- c. Region will provide Business Orientation training (Phase II) primarily in Franchisee's office, but the Region may also conduct Phase II at the Region's headquarters or other location in the regional territory designated by Region. Phase II training consists primarily of training on Money Mailer's proprietary methodology for business planning, office organization, mapping, pricing and lead generation. Region will usually conduct this over 2 days the week after Franchisee attends Phase I training (see Section 5.1.b above). In rare instances, and only if agreed by Franchisee, Region may conduct Phase II training before Phase I training. Region will supplement this training with self-study training through Money Mailer's Intranet website. Franchisee is responsible for Franchisee's transportation, meals and lodging and other expenses Franchisee will

incur in attending Phase II training. Franchisee will not receive any compensation for any services performed by Franchisee during this training.

- d. Region will provide Field Sales training (Phase III) usually in 3 training visits, each visit lasting 3 days during Franchisee's first mailing cycle. Phase III emphasizes Money Mailer's proprietary methodologies for business plan management, ongoing lead generation strategies and client presentation skills. A majority of Phase III is usually spent in the field on actual appointments and sales calls. Region will provide Business Evaluation and Planning training (Phase IV), which consist of approximately 2 days of training at Franchisee's office or in the Territory, primarily focused on reviewing actual Co-op Mailing results compared to the business plan and planning for the next mailing. Franchisee is responsible for all costs of transportation, meals and lodging and other costs and expenses Franchisee will incur in attending Phase III and IV training. Franchisee will not receive any compensation for any services performed by Franchisee during this training. Phases III and IV of initial training will usually take place at Franchisee's office and in the Territory or other location as determined by Region.
- e. Franchisee acknowledges that the above training time references are estimates only and may be altered, along with certain subject matter, by Region and/or Money Mailer to account for Franchisee's individual skill needs, prior experience and other factors, including training schedules and holidays.
- f. Region will have the right to terminate this Agreement (and Money Mailer will have the right to cause Region to terminate this Agreement) as set forth in Paragraph 11 of this Agreement if Franchisee fails to timely attend or satisfactorily complete any of the above initial training.

5.2 Initial Materials. , Within 60 days after Franchisee signs this Agreement, Region will provide to Franchisee the initial materials described in Exhibit A; provided, however, that if Franchisee is already a Money Mailer Franchisee under another Money Mailer Franchise Agreement, at the time that this Agreement is signed, Region will not be required to provide the initial materials. Region provides the initial materials at no cost over the Initial Franchise Fee or Training and Transfer Fee if Franchisee is obtaining the Business through a transfer from an existing Money Mailer franchisee. The initial materials to be provided by Region pursuant to this paragraph do not constitute all of the materials, supplies, artwork and printing services that will be necessary in order to conduct the Business (see Section 5.4).

5.3 Manuals.

- a. Before Franchisee starts the Business, Region will loan to Franchisee one (1) copy of each of our Local Operations Manual, Sales and Marketing Manual and Local Advertising Cooperative Manual[^] and all supplemental bulletins, amendments, sub-manuals on specific operational topics, notices and memoranda which describe, clarify or update the Money Mailer policies and procedures related to the operation of the Business (collectively the "Manuals"). The provisions and requirements set forth in the Manuals, and any additions, deletions or revisions thereto, will not alter Franchisee's fundamental material rights and obligations under this Agreement. In addition to the printed Manuals, Money Mailer will provide Franchisee with an online electronic copy of the AdBooks, FME User's Guide[^]. Franchisee will be required to electronically accept the terms of a software license agreement before Franchisee's first use of the software (see Exhibit E).

- b. Region and Money Mailer will have the right to modify or supplement the Manuals. Such modifications and supplements may include, requirements to upgrade computer equipment. Any such modifications and supplements will become effective 30 days after Region sends written notice of such modification or supplement to Franchisee, as required in Paragraph 14.1.
- c. The Manuals are the property of Money Mailer and may not be duplicated, copied, disclosed or disseminated in whole or in part in any manner except with Money Mailer's express prior written consent. Franchisee will maintain the confidentiality and contents of the Manuals. Upon the termination of this Agreement, Franchisee will return the Manuals to Region.

5.4 Printing and Mailing Services and Materials.

- a. Provided that Franchisee is in full compliance with all of its obligations under this Agreement and any other agreement with Region, Region will make available for purchase by Franchisee Money Mailer's printing and mailing services, including printing, collating, folding, cutting and perforating, insertion into envelopes, mapping, mail list creation, addressing of envelopes and delivery to the U.S. Post Office. Region will also make available, Money Mailer's materials required for these services, including coupons, envelopes, post cards and fliers. Such services will be made available to Franchisee at Money Mailer's customary prices, rates, terms and conditions for similarly situated purchasers, which will be subject to change from time to time upon at least 30 days notice. In order to continue using Money Mailer's services, Franchisee acknowledges that Franchisee may be required to change submission procedures as Money Mailer changes its printing and related procedures in response to technological advances, improvements or due to other internal or external factors. Money Mailer may outsource its production services to its affiliates or agents in its sole discretion.
- b. If Franchisee uses any of Money Mailer's printing or mailing materials or services as described in paragraph 5.4.a., Franchisee will submit to the Region a Final Order Form and artwork in the approved Money Mailer format on or before the deadline established by the Region for each such mailing. Franchisee will pay Money Mailer for all such materials and services in full (or in accordance with any then-current Money Mailer financing program under which Franchisee may be eligible) upon submission of Franchisee's order for services (known as a "Final Order Form" or "FOF"). At Money Mailer's option, payments to Money Mailer for printing and mailing materials and services will be paid by bank or certified check or autodraft. All mailings by Money Mailer on behalf of Franchisee will be subject to Region's and Money Mailer's scheduling requirements Franchisee agrees to prepare and submit. Final Order Forms and artwork in the manner prescribed by Money Mailer from time to time in the Manuals.
- c. If Franchisee wishes to use the printing, mailing and related services and materials of an entity other than Money Mailer (an "Alternative Production Facility" or "APF") for any and all products or services offered under the Marks, Franchisee agrees to comply with such procedures and standards as Region and Money Mailer may reasonably establish from time to time for the use of APFs. All advertising materials created and distributed by Franchisee in operation of the Business must meet Region's and Money Mailer's brand identity standards and standards for quality and customer service and to enable

Money Mailer and Region to exercise their Reserved Advertising Rights and other rights granted pursuant to Section 6.

- d. The Region presently makes available to its Franchisees services for creating advertisements, including artwork, design and layout, however, Region is not obligated to make such services available to Franchisee and may discontinue these Services upon 30 days notice. All charges invoiced by the Region for these services will be paid by the Franchisee on or before the date scheduled for submission of the Final Order Form for the applicable mailing. Should Franchisee use an independent artist for these services (one not employed by the Region or Money Mailer) such independent artist must be registered with Money Mailer and comply with Money Mailer's art preparation and submission policies and procedures.

5.5 Accelerated Development Program.

If Franchisee meets the conditions set forth below, Region will provide the Accelerated Development Program ("ADP") to Franchisee. Under the ADP, Region and Money Mailer will provide the following services and financial credits:

- a. Region will waive payment by Franchisee of the costs in a.1 and a.2 below and Money Mailer will waive payment by Franchisee of the costs set forth in a.3 below for one (1) standard mailing zone (i.e., mailings to 10,000 households) in each of the first (1st), third (3rd), fifth (5th) and seventh (7th) Co-op Mailings Franchisee mails.

1. Charges for art work, but only to the extent that any such artwork will be performed by Region or Money Mailer (there being no waiver for charges incurred for art work that is performed by any other party);

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2. Sixty percent (60%) of all Money Mailer production charges for the first and third mailings (which include printing, inserting, addressing and mailing with the United States Postal Service ("USPS")); subject to Paragraph 5.5 a.4. below.

3. Money Mailer will waive the other forty (40%) of the production charges for the one free zone in your first (1st) and third (3rd) mailing. Money Mailer will waive 100% of the production costs above for the one free zone in your fifth (5th) and seventh mailing (7th); subject to Paragraph 5.5 a.4. below.

4. Region or Money Mailer will only waive costs related to the free zones referred above equal to the production of one "D1" Display ad charged by Money Mailer for a maximum of twenty-five (25) "D1" Display ads per mailing zone. "D1" Display ads are advertisements measuring 5-1/2 inches by 8-1/2 inches, printed in full color on one side of standard bond paper. Franchisee must pay all production charges with respect to any advertisements in excess of the above-described 25 display ad limit per mailing zone and any difference in amount between a "D1" Display ad and any other type of ad.

- b. Region will also credit Franchisee an amount equal to the Regional Royalties that Franchisee is otherwise obligated to pay for the first twelve (12) cumulative mailing zones that Franchisee mails in Franchisee's Territory (which will be all ten (10) zones in

Franchisee's first four (4) mailings and two (2) zones in Franchisee's fifth mailing). Region will also waive the "Regional Royalty" for one (1) zone in Franchisee's seventh (7th) mailing.

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c. Money Mailer will credit you (against future charges owing to Money Mailer under the Franchise Agreement) a maximum of \$400 per mailing zone in each of your first three mailings to the extent your revenues from "cross-sales" from other Money Mailer franchisees into your territory are less than \$400 per mailing per mailing zone. Money Mailer will deduct \$100 per zone from the aggregate credit due per mailing for each cross sale ad in each zone that you actually receive from any other Money Mailer franchisee. For example, if you have mailed 2 zones and you received 5 cross sale ads in one zone and none in the other zone, we will deduct \$500 from the \$800 credit. The total maximum credit you may receive over your first three mailings is \$2,800. Money Mailer will calculate these credits on a mailing-by-mailing basis.

d. Franchisee will be eligible for the ADP benefits above only if Franchisee meets all the conditions below:

1. Franchisee agrees to use and pay for a Money Mailer-approved telemarketer to help Franchisee acquire sales leads during Franchisee's first three mailings (no less than 24 hours for each mailing). The cost of these services is estimated to range from \$480 to \$720 in each of Franchisee's first three mailings.

^2. Unless both Region and Money Mailer waive this requirement^ in writing, ADP is only available if no other party (including Region) ^has conducted a Co-op Mailing in any portion of ^Franchisee's Territory within one (1) year of the date that such Territory will have been acquired by ^Franchisee^.

^

3. ^All "free zones" benefits are limited to ^Franchisee's first^, third, fifth and seventh Co-op Mailings, all of which must be printed and produced solely by Money Mailer^.

4. Franchisee must be in compliance with all provisions under any other agreement with Region or Money Mailer and under this Agreement including, without limitation, Franchisee's timely compliance with Franchisee's Mailing Schedule ^as referenced in Paragraphs 2.5 and 7.1 of this Agreement) and with the Manuals.

5. The waiver of ^Regional Royalties and production costs (in the free zones) applies to 10,000 households mailing zones only.

^

6. Franchisee may not transfer, sell or assign any rights related to the ADP.

7. ^^No credits under the ADP may be applied to any other obligation of ^Franchisee.^ Franchisee will not be ^entitled to any refund or other credit if ^Franchisee does not use all available credits.

^8. The waiver of costs will only apply to costs incurred for products or services performed or provided by ^Region and/or Money Mailer^.

9. Franchisee must comply with all obligations under this Agreement and with all other ADP program requirements as they may be set out from time to time in the Manuals (including, but not limited to, written bulletins or notices that serve to update the Manuals).
10. Franchisee agrees to use Money Mailer's "Marathon Maker" training tool and agrees to perform all sales activities, provide all reports to Region and Money Mailer in a timely fashion as requested by Money Mailer, which activities and reports include, but are not limited to: a "check up" report, current mailing log and new business calculator report that Franchisee must complete weekly and a revised business plan, mailing log and "Mail Mail 33" report that Franchisee must complete at the end of each mailing.
11. Franchisee must remain in "good standing," where "good standing" means in compliance with all terms and conditions of all agreements with Money Mailer or Region, including, without limitation, all mailing or development schedules, as well as in compliance with all Money Mailer or Regional policies and procedures.
12. In addition to all other requirements in the Franchise Agreement and the Manuals, Franchisee agrees to attend all required franchisee training and cooperate with all Region or Money Mailer Field Trainers and other Region or Money Mailer staff as directed and required by such staff.
13. Region or Money Mailer may suspend or cancel any of the benefits or financial credits made available under the ADP without notice and at any time if Franchisee is in default under any provision of this Agreement (including, without limitation, Franchisee's failure to comply with any of the ADP requirements), as well as any other agreement between Region and Franchisee or Franchisee and Money Mailer.
14. Franchisee must use Money Mailer's proprietary software program, AdBooks, in managing Franchisee's mailings and business. Franchisee also agrees to use the Quickbooks software integration feature of AdBooks whereby certain AdBooks information is downloaded into Quickbooks to handle billing, collections and report generation as well as manage all other accounting related to Franchisee's business. Franchisee agrees to input accurate information into the AdBooks program and acknowledges that Region or Money Mailer may examine and audit Franchisee's books and records at Franchisee's home office or business office upon at least twenty-four (24) hours' prior written notice to Franchisee, which notice may be sent via e-mail transmission to Franchisee. Notwithstanding the above, Franchisee acknowledges that Region or Money Mailer may at any time log onto and view to Franchisee's AdBooks account housed on Money Mailer's database servers without notice to Franchisee.
15. Franchisee acknowledges that Franchisee is not eligible for any other incentives, credits or promotions that may be offered to new franchisees currently or in the future other than the ADP benefits offered under the Agreement.

5.6 Other Duties. Except as is expressly stated herein, Region has and owes no duties to Franchisee. Region however retains the right from time to time to furnish services to Franchisee not specifically stated herein without undertaking a continuing duty to furnish

such services. Without limiting the generality of the foregoing, Region will have no obligation to lend funds to Franchisee or otherwise furnish or assist Franchisee with financing or guarantees thereof in connection with the purchase or the establishment or operation of the Business, although Region may elect in its sole and absolute discretion, and from time to time, to do so. Money Mailer has and owes no duties to Franchisee, but is a third party beneficiary of your obligations under this Agreement and may provide services to Franchisee, also without undertaking a continuing duty to furnish such services.

6.0 RESERVED ADVERTISING RIGHTS OF MONEY MAILER AND REGION

6.1 Franchisor's National Insert Rights

- a. For each and every Co-op Mailing conducted by Franchisee throughout the Initial and each Renewal Term of this Agreement, Money Mailer will have the right ("National Insert Right") to cause to be inserted in each and all Co-op Mailing envelopes mailed by Franchisee up to fifteen (15) advertising inserts ("National Inserts"). For the purposes of this Section 6, a single "Insert" will consist of a single article, without regard to size, configuration, numbers of advertisers, number of offers by such advertisers or the manner in which such article is folded, and will also be deemed to include any product sample inserted in an envelope which relates or is referred to in any advertisement (s) described or contained in the "Insert".
- b. Notwithstanding Section 6.1(a), Money Mailer will use its best efforts to exclude all National Inserts that would be competitive with any advertisement for any client of Franchisee included in the same envelope mailed by or at the direction of Franchisee determined on an envelope-by-envelope basis; provided, however that a National Insert and advertisement will be deemed to be competitive only if the National Insert to be utilized by Money Mailer offers a specific product or service directly and substantially competitive with the specific product or service actually offered in the advertisement of Franchisee's client contained in such envelope, without regard to the general type, kind, or nature of business conducted by the advertiser. For example, if two home improvement businesses generally offer garage door replacement, but in one advertisement the business offers garage door replacement and in the other advertisement the other business offers window replacement, then Franchisee must allow both advertisements to appear in the same mailing.
- c. If a competitive advertisement is inserted by Money Mailer despite using its best efforts to avoid doing so, Franchisee's sole and exclusive remedy, will be to receive from Money Mailer a credit towards Franchisee's production charges invoiced by Money Mailer, equal to the amount that Franchisee is required to reimburse the affected advertiser, but in no event in excess of the full price charged by Franchisee to that advertiser for the affected Zone(s); provided that Franchisee will not be entitled to recover any incidental or consequential damages on account thereof, and no remedy will be afforded Franchisee unless Franchisee will have complied with Region and Money Mailer's advertising submission procedures, as set forth in the Manuals, including failing to review and verify the accuracy of the category list or keying in an incorrect category before sending the Final Order Form.

6.2 Region's Category Insert Rights. Without compensation to the Franchisee, Region will have the exclusive right ("Category Insert Right") to insert no more than 1 Insert in each Co-op Mailing envelope mailed by or that are mailed on behalf of the Franchisee, limited to the reserved or exclusive category selected by Region as identified in the Manuals,

("Category Insert"), subject to change upon consent of a majority of the Franchisees in the Region.

6.3 Region's Royalty Insert Rights.

- a. In addition to the Category Insert Right described above and without compensation to the Franchisee, the Region will have the right ("Royalty Insert Rights") to insert up to six (6) additional inserts (on average per zone) into each Co-op Mailing envelope mailed by or that are mailed on behalf of the Franchisee ("Royalty Inserts"). The parties acknowledge that the Region may place a maximum of eight (8) Royalty Inserts into any Co-op Mailing envelope mailed by the Franchisee in a particular Zone, provided that the average number of Royalty Inserts placed by the Region into the Franchisee's applicable Co-op Mailing does not exceed six (6) Royalty Inserts per Zone.
- b. Except for the categories identified on Exhibit C (which will not exceed twenty (20) Money Mailer categories) ("Categories Not to be Solicited By Region for Royalty Inserts") (which list will not include categories reserved by Region pursuant to Section 6.2, in which Region has the right to sell a maximum of 2 Inserts each in such categories), the Region will not have any restriction as to the category of product or service to be sold by the Region under Section 6.3; provided, however, that sales by Region must be: (i) for at least ten (10) zones or more or (ii) in the case of an isolated franchisee (or isolated franchisees) operating a territory (or territories) with less than ten (10) total zones, for the maximum number of zones being mailed by that franchisee (or those franchisees). An isolated or "island" franchisee is a franchisee whose territory is not directly adjacent to the territory of any other franchisee and usually comprised of a single Designated Market Area or Metropolitan Statistical Area. Additional details regarding "island franchisees" are set forth in the Manuals. Should Region sell any Royalty Inserts in the categories listed in Exhibit C, Region will pay the applicable Cross Sale fee. Other criteria and details regarding the Royalty Inserts are set forth in the Manuals.
- c. Region will pay overweight postage incurred in relation to the Category Inserts and Royalty Inserts referenced above (collectively, the "Regional Inserts") as follows:
 1. The amount equal to the number of Regional Inserts in the envelope multiplied by the result of dividing the total overweight postage dollar amount of the envelope by the total number of pieces in the envelope. Money Mailer will set forth in the Manuals how many "pieces" each Money Mailer product constitutes. For example an 8" x 11½" flyer will count for 2 pieces for this calculation.
 2. The Region will be responsible for and pay the cost of printing the Regional Inserts. Franchisee acknowledges that Money Mailer provides a discount to the Region for the cost of the Royalty Inserts and the back of envelope advertising, which allows Region to provide the flat fee Regional Royalty under this Agreement.

- 6.4 Region's Envelope Space Right.** During the term of this Agreement and subject to Paragraph 6.6 below, the Region has the right ("Envelope Space Right") to sell advertisements which may be printed on the inside and/or back of the Co-op Mailing envelopes (including the back flap) mailed by or on behalf of Franchisee ("Envelope Advertisement"). Franchisee acknowledges that the Envelope Advertisement may be competitive with any advertisement proposed to be inserted by Franchisee in the same envelope. Notwithstanding the Envelope Space Rights, Franchisee acknowledges that

Region may allow Money Mailer from time to time to place certain national promotions (sweepstakes, etc.) on the back flap or inside the envelope without charging Money Mailer any placement or Cross Sale fee for such use of the Envelope Space Rights.

6.5 Promotional Advertising. Money Mailer and Region each will have the right to insert any number or type of advertisements of a promotional nature, which in any way promote the "Money Mailer" name, System or Business, including promotional advertising the purposes or effect of which is to solicit advertisers who may be interested in using Money Mailer's or Region's Reserved Advertising Rights as defined in this Section 6 or which solicit prospective franchisees.

6.6 Cross Sales; Category Inclusivity; Mailing Coordination.

- a. The parties acknowledge and agree that the Franchisee is permitted to supplement Franchisee's revenues by selling advertising for Co-op Mailings within the territories of other Money Mailer franchisees ("Cross Sales"). The Region will be and is empowered to enforce required Cross Sale policies set by the Region or Money Mailer, including, but not limited to, the recommendation of actual Cross Sale fees and the setting of limits on such fees (as allowed by law) as well as the establishment of category inclusivity guidelines. All such Cross Sale and category inclusivity policies will be set forth in the Manuals.
- b. The Region, in good faith, will establish, from time to time, one or more "all-inclusive" categories or products or services for which Money Mailer, the Region and other Money Mailer franchisees may sell advertising to be included in the Franchisee's Co-op Mailings within the Franchisee's territory. All food and automotive categories will be nationally all-inclusive at all times (subject to certain limitations for the Royalty Inserts). The Region will from time to time establish and modify policies and procedures concerning the manner in which such advertising will be conducted. If Region is not all-inclusive for all categories, then Region and the Franchisees in the Region will from time to time designate the maximum number of ads of a certain category (those categories not identified as all-inclusive) to be allowed in the franchisee's envelope (a "managed-inclusive" category). As with any other Cross Sales, if the franchisee is the receiving franchisee of any advertisements in "all-inclusive" or "managed-inclusive" categories described above, the franchisee will receive Cross Sales fees according to the then-current Cross Sale policies set forth in the Manuals.
- c. The Franchisee will coordinate its Co-op Mailings to coincide with the Co-op Mailings of other franchisees in the regional territory as directed by the Region from time to time.

6.7 Solo Mailings.

- a. Money Mailer and the Region have reserved the right to conduct Solo Mailings (in conjunction with Franchisee's limited, non-exclusive right to conduct the same as permitted under this Agreement and described in the Manuals), regardless of the nature of the advertisement, the advertiser, or the product or service which is the subject of such advertisement, the location of the advertiser and whether or not such advertiser is a shareholder, director, officer, employee, assignee, successor or other representative of Money Mailer or Region or which has any other ownership or other economic interest in common with Money Mailer or Region.
- b. Region is authorized to conduct Solo Mailings and to authorize you to conduct Solo Mailings, provided Franchisee is in good standing and in compliance with the

Agreement. Franchisee may solicit advertisers for Solo Mailings in accordance with the policies and procedures published by Money Mailer and the Region from time to time in the Manuals. Franchisee will pay for the applicable printing and any other production costs for each client Franchisee secures and must purchase Solo Mailing products from sources approved by Region and Money Mailer. Franchisee must pay the Region and/or Money Mailer its then-current fee when Franchisee conducts Solo Mailings. Franchisee will only offer and sell Solo Mailings under the Marks.

- c. Franchisee's right to conduct Solo Mailings is non-exclusive and Franchisee acknowledges it has no protected territorial rights, either as to the customers who Franchisee may solicit or as to any categories of business, or otherwise. Money Mailer, Region and other Money Mailer regions and franchisees have the unrestricted right to market and sell and to appoint others to market and sell Solo Mailings to be mailed within the United States to any customer or account wherever located, and without regard to the effect it may have on Franchisee's sales efforts or the Business. However, as set forth in Paragraph 3.4, Franchisee may not solicit the "existing Business clients" (as defined previously in this Agreement) of other Money Mailer franchisees, without the express, written consent from the other Money Mailer franchisee.

6.8 Segmented Co-Op Mailings.

- a. Money Mailer has reserved the exclusive right to conduct co-operative mailings to domiciles in the Territory to an audience selected by the following demographic characteristics ("Segmented Co-Op Mailings") (1) Newly Moved Households also known as "New Movers", (2) Senior Citizens, (3) Households with Minor Children (0-17) also known as "Young Families", (4) Households with Affluent Adults and (5) Households based on Ethnic Origin. The Segmented Co-Op Mailings may be performed by Money Mailer for any advertiser(s), regardless of the nature of the advertisement, the advertiser, the location of the advertiser or the product or service which is the subject of such advertisement, and whether or not such advertiser is a shareholder, director, officer, employee, assignee, successor or other representative of Money Mailer or which has any other ownership or other economic interest in common with Money Mailer. The Segmented Co-Op Mailings may be conducted by Money Mailer under a mark similar to or different from the Marks and may be mailed anywhere in the United States. The Region (and other regions) are authorized to participate the Segmented Co-op Mailings and Region is authorized to allow Franchisee to participate in the Segmented Co-op Mailings under this Agreement. Franchisee acknowledges however, that at the time of signing this Agreement neither Money Mailer, nor Region may be conducting any Segmented Co-op Mailings, and neither Region nor Money Mailer is under any obligation to conduct such Segmented Co-op Mailings in the future.
- b. The Region and Money Mailer will exercise reasonable care to avoid the Segmented Co-Op Mailings from resulting in a total saturation of the Territory without the Franchisee's written consent.
- c. Provided the Franchisee is in good standing and in compliance with the Agreement, the Franchisee may solicit advertisers who wish to participate in Segmented Co-Op Mailings in accordance with the policies and procedures published by Money Mailer and the Region from time to time in the Manuals. The Franchisee will pay for the applicable printing and inserting costs for each client Franchisee secures and must

purchase Segmented Co-op Mailing products from sources approved by Money Mailer. Should Franchisee elect to participate in any Segmented Co-op Mailings, Franchisee must also pay the Region and/or Money Mailer the then-current fee when Franchisee conducts Segmented Co-op Mailings. Franchisee may only offer and sell Segmented Co-op Mailing under the Marks.

- d. Franchisee's right to conduct Segmented Co-op Mailings is non-exclusive and Franchisee acknowledges it has no protected territorial rights, either as to the customers who Franchisee may solicit or as to any categories of business, or otherwise. Money Mailer, Region and other Money Mailer Regions and Franchisees have the unrestricted right to market and sell and to appoint others to market and sell Segmented Co-op Mailings to be mailed within the United States to any customer or account wherever located, and without regard to the effect it may have on Franchisee's sales efforts or the Business. However, as set forth in Paragraph 3.4, Franchisee may not solicit the "existing Business clients" (as previously defined in this Agreement) of other Money Mailer franchisees, without the express, written consent from the other Money Mailer franchisee.

6.9 Affiliate Internet Advertising. Money Mailer makes available Internet advertising on its moneymailer.com, hotcoupons.com and other "co-branded" websites (websites hosted on Money Mailer servers and containing the same content on moneymailer.com (but branded with third party trademarks and logos ("Web Sites")). As the Region may make available as well, Franchisee may make available Money Mailer's Internet advertising to its Money Mailer customers. Money Mailer has authorized Money Mailer to place electronic versions of the coupons advertised by Money Mailer customers on the Web Sites, if Franchisee's customers wish to do so. Should Franchisee elect to make Money Mailer's Internet advertising available to its customers, Franchisee must sign the "Authorization to Offer Electronic Advertising" (attached as Exhibit D to this Agreement) and comply with the practices and procedures prescribed by Money Mailer for placement of Internet advertising on the Web Sites.

- a. While Money Mailer currently does not charge for this service, Franchisee acknowledges it may be required to pay a fee to Money Mailer's for advertising on the Web Sites in the future. Region may also charge a fee for processing this Internet advertising in the future upon 30 days prior written notice to you. Franchisee is not obligated to offer Money Mailer's Internet advertising. Region may discontinue this Internet advertising at any time. Franchisee may elect to purchase other advertising for Franchisee's customers in accordance with Money Mailer's then-current published price list.
- b. Franchisee's right to make available Money Mailer's Internet advertising on the Web Sites is non-exclusive and Franchisee acknowledges it has no protected territorial rights whatsoever, either as to the customers or categories of business who Franchisee may solicit. Money Mailer has the unrestricted right to market and sell Internet advertising and to appoint others (including Money Mailer, any regional subfranchisor, including Region and other franchisees) to market and sell Internet advertising to any customer or account wherever located without regard to the effect it may have on Franchisee's sales efforts or the Business. However, as set forth in Paragraph 3.4, Franchisee may not solicit the "existing Business clients" (as previously defined in this Agreement) of other Money Mailer franchisees, without the express, written consent from the other Money Mailer franchisee.

6.10 Additional Money Mailer Approved Products. Money Mailer may from time to time introduce other related advertising products that Franchisee (along with Region) may offer in its operation of the Business. Region, in its reasonable discretion may provide Franchisee the opportunity to offer additional approved products, related to the Business, such as magnet advertising ("Additional Products"). Money Mailer may at any time add and delete such Additional Products. Franchisee may only offer such Additional Products according to the policies and procedures set forth in the Manuals and must obtain such products from sources approved by Money Mailer. Money Mailer may charge a royalty on Additional Products (or assigns the rights to charge such royalties to its regional subfranchisors in its discretion).

6.11 Additional Provisions Regarding Reserved Advertising Rights.

- a. Except as expressly provided in Sections 6.1 through 6.9, Money Mailer's and Region's right to exercise the National and Regional Insert Rights, Envelope Space Rights and Promotional Advertising in the Co-op Mailings, The Solo Mailings, Segmented Co-Op Mailings and Affiliate Internet Advertising through Money Mailer, (collectively known as "Reserved Advertising Rights") will not be limited in any way, whether as to type, style or other characteristic of the advertisement or identity of the printer thereof, the location or other characteristic of the advertiser, the number of regions or franchisees into or onto whose envelopes such Reserved Advertising Rights are exercised, the number or location of addresses mailed, or actual ad type, size or quantity of advertisers or offers (per insert or envelope) and/or advertisements (per insert or envelope). Without limiting the generality of the foregoing, any such Reserved Advertising Rights may provide advertising to local, regional, and/or national companies wherever located.
- b. It is expressly understood and agreed that Money Mailer and Region will have the right from time to time to assign, in whole or in part, any or all of their respective Reserved Advertising Rights to any other party, which may be, but will not be required to be, wholly or partially owned by, or have other economic relationships with, Money Mailer, Region, and/or one or more of Money Mailer's or Region's franchisees, shareholders, directors, officers or employees.
- c. Franchisee will not charge any fee to Money Mailer or Region for the exercise of the Reserved Advertising Rights. In addition, any and all costs or fees charged by or on behalf of any APF used by Franchisee, and any transportation costs required to transport Money Mailer's National Inserts and Region's Regional Inserts to such APF, will be paid by Franchisee. Money Mailer, Region and their advertisers will pay their own costs for printing and/or inserting services performed by Money Mailer in connection therewith.

7.0 ADDITIONAL OBLIGATIONS OF FRANCHISEE

7.1 Minimum Distributions. Franchisee will always strictly conform to, and promptly meet, the Co-op Mailing Schedule established by the Region, (the "Minimum Distribution Requirements") including Co-op Mailing dates and Co-op Mailing Frequency, which the initial Co-op Mailing Schedule is set forth in Paragraph 2.5. After the mailings described in this initial Mailing Schedule, Region ^reserves the right to set Franchisee's Co-op Mailing Schedule[^], including the setting of Co-op Mailing dates and Co-op Mailing Frequency, which ^will likely be greater than the Co-op Mailing Frequency ^set out in the initial

schedule set forth in Paragraph 2.5. Franchisee acknowledges at no time after Franchisee completes the initial ramp up schedule set forth in Paragraph 2.5 or 15 months after the Effective Date (whichever is earlier) Franchisee's Co-op Mailing Frequency will not be less than 8 mailings per twelve month mailing period, which mailing period is usually from December 15th to December 15th each year. Region may change Franchisee's Co-op Mailing Schedule periodically to reflect internal zone increases in Franchisee's Territory from internal market growth (increase in the number of households within the Territory). Franchisee must mail any additional zones resulting from this internal growth according to Franchisee's revised Co-op Mailing Schedule Region may set. Franchisee acknowledges the critical importance of meeting the Co-op Mailing Schedule (and all future schedules set forth by the Region) and conforming to the foregoing requirements to allow the Region and Money Mailer to use their Reserved Advertising Rights; maintain and improve the reputation and goodwill associated with the "Money Mailer" name; achieve marketing uniformity; render the highest possible level of service to all Money Mailer advertisers, among other reasons. All Co-op Mailings by the Franchisee will meet Money Mailer's quality standards set forth in the Manuals. If Franchisee's acquires additional licensed zones, then at that time, Franchisee's Co-op Mailing Schedule will be changed to reflect the new total licensed zone amount.

7.2 Computer and Other Electronic Equipment.

- ^a Franchisee will lease or purchase the computer equipment, related software and other electronic equipment described in Exhibit B before starting the Business. This equipment is necessary to allow Franchisee to order Money Mailer products and services as well as conduct the Business.
- ^b Franchisee agrees to use, maintain, repair, update and replace all such equipment and software as required by Region or Money Mailer, from time to time, in the Manuals or otherwise.

7.3 Office and Staff

- a. On or before the date on which Franchisee starts the Business, if Franchisee's Territory contains fewer than 80,000 mailable domiciles, Franchisee may conduct the Business from Franchisee's home, but must set up a home office that meets the specifications set by Region and Money Mailer. Should Franchisee's Territory contain 80,000 or more mailable domiciles, Franchisee must lease or purchase, and thereafter continue to occupy and maintain, outside office space (not in Franchisee's home) with at least 500 square feet of space among other criteria described in the Manuals. Whether a home office or an outside office, Franchisee must have a dedicated business telephone number and listing, an adequate answering service or machine or voice mail service, mobile telephone, fax machine, Internet service provider and all other equipment and materials required in the Manuals. Region may require Franchisee to obtain additional office space if Region deems that additional office space is necessary to properly conduct the Business.
- b. Franchisee will always employ such personnel and staff as is necessary to conduct the Business in accordance with Money Mailer standards and specifications set forth from time to time in the Manuals.

7.4 Funds. Franchisee will be responsible for the paying of all costs and expenses incurred in connection with the operation of the Business and fulfillment of all other obligations

including expenses of obtaining appropriate business licenses, telephone service, Internet service, office space and equipment, advertising, business liability insurance, legal fees, accounting fees, and all other necessary materials, supplies and services.

- 7.5 Statements and Records.** Franchisee will retain for a period of not less than 48 months after the end of each of its fiscal years, separate, complete, and accurate books and records for all business activities, prepared in the form and manner set forth in the Manuals and in accordance with generally accepted accounting principals.
- 7.6 Reporting.** From time to time as prescribed by Region or Money Mailer as set forth in the Manuals, Franchisee will be required to submit (electronically and/or hard copy) to Region or Money Mailer certain reports and data related to Franchisee's operation of the Business. Franchisee, in compliance with this paragraph, may be required to submit reports, including, without limitation, profit and loss statements, mailing reports and an annual business plan all in a form as set forth by Region or Money Mailer. As required elsewhere in this Agreement, Franchisee must maintain the computer equipment and software necessary to process and forward the reports and data required under this paragraph.
- 7.7 Inspection.** Region, or any of its authorized agents or representatives, may, at any time during normal business hours, enter upon and examine and inspect the Franchisee's offices, its furnishings, equipment, automobile used in the Business, products and supplies, confer with the employees, and/or inspect the operation and records of Franchisee in all respects to determine compliance with this Agreement and with the Manuals. Should the office be in Franchisee's primary residence, Region will provide Franchisee with at least 24 hours written notice of this inspection.
- 7.8 Insurance.** Franchisee must obtain suitable automobile insurance coverage where the automobile is used in the Business (with at least "100/300" property/casualty coverage) and name the Region and Money Mailer as additional insureds on such policies. Region or Money Mailer may change these minimum requirements and set out more detailed requirements in the Manuals from time to time. If Franchisee fails or refuses to purchase insurance conforming to the standards, coverage and limits prescribed by Region, Region, through agents and insurance companies of its own choosing, may, but will not be obligated to, purchase such insurance as is necessary to meet such standards. The cost of such insurance so purchased by Region will be paid by Franchisee. Franchisee is free to obtain additional insurance coverage, including general business liability insurance, as is necessary. Franchisee may purchase insurance from any licensed supplier Franchisee chooses.
- 7.9 Pricing.** Money Mailer or Region may from time to time suggest retail prices for the goods and services offered by Franchisee including prices related to Cross-Sales with other franchisees. Franchisee acknowledges and agrees that the prices suggested by Money Mailer or Region is a recommendation only and are not mandatory. However, Region or Money Mailer from time to time may set maximum resale prices or maximum Cross-Sales fees as allowed by law. Nothing contained in this Agreement will be deemed to be a representation or warranty by Region or Money Mailer that the use of Region's or Money Mailer's suggested prices will produce, increase, or optimize profits.
- 7.10 Best Efforts.** The Franchisee understands that the Franchise granted hereunder is not a passive investment, but rather is a business that is dependent upon the Franchisee's

independent efforts, business judgment, initiative, administrative, leadership and other skills, among other market factors. The Franchisee may not begin the Business before successful completion of Phase I and Phase II training with limited exceptions for franchisees that obtain the franchise as part of a transfer of the franchised business from an existing Money Mailer franchisee or unless agreed to in writing by Region and Money Mailer. Franchisee will render assistance to and cooperate with Region's franchisees and other Money Mailer franchisees and will use its best efforts to carry out the intents and purposes of this Agreement. Unless Region in its sole discretion provides Franchisee with its written consent, Franchisee, or at least one partner if Franchisee is a partnership, a principal shareholder if Franchisee is a corporation or member/unit holder if Franchisee is a limited liability company or similar entity, must personally devote his or her full time, attention and best efforts to the active management and operation of the Business on a daily basis and be responsible and exercise ultimate authority with respect to all aspects of the Business. Neither Money Mailer nor Region makes any representations, express or implied, regarding potential earnings of the Franchisee's Business. Region or Money Mailer make no representations regarding any activities or services to be engaged in or provided by Region or Money Mailer, except as expressly provided herein.

7.11 Compliance with Manuals. Franchisee will conduct the Business in strict accordance with the Manuals. Franchisee will act in a manner that reflects favorably on the Marks, goodwill and reputation of Money Mailer, Region and on all other Money Mailer franchisees. In operating the Business, Franchisee will purchase and use, at its own cost, all Money Mailer sales collateral and other forms as Region or Money Mailer may from time to time require. Franchisee will offer and sell only those goods and services that have been approved by Region and Money Mailer.

7.12 Compliance with Law. Franchisee will comply with all applicable federal, state or local laws, rules and regulations.

7.13 Non-Competition.

- a. During the Initial Term, neither Franchisee, nor any officer, director, or shareholder of Franchisee, nor Franchisee's immediate family, including, but not limited to Franchisee's spouse, children, siblings and parents ("Immediate Family"), will engage in any Competitive Activities. For purposes of this Agreement, the term "Competitive Activities" will mean and refer to any act or activity which, either directly or indirectly, aids, or assists the conduct of any business which is similar or related to the Direct Mail Advertising Business (including the Co-op Mailings, Segmented Co-op Mailings and Solo Mailings), whether as a proprietor, partner, investor, shareholder, director, officer, employee, principal, agent, independent contractor, advisor, or consultant. The determination of whether an act is a "Competitive Activity" will in no way be affected by the fact that there are no other Money Mailer franchisees in the relative market in which Franchisee operates.
- b. For a period of two (2) years immediately following the termination of this Agreement, neither Franchisee, nor any officer, director or shareholder of Franchisee, nor any other person with a financial interest in the Franchise, nor any Immediate Family will engage in any Competitive Activities within a 50-mile radius of the Territory or within the Territory of any other Money Mailer franchisee then in operation.
- c. The parties have attempted in this paragraph to limit the Franchisee's right to compete only to the extent necessary to protect Region from unfair competition and protect

Money Mailer's goodwill, trade secrets and proprietary information. The parties hereby expressly agree that if the scope or enforceability of this paragraph is disputed at any time by Franchisee, the arbitrator, may modify either or both of such provisions to the extent that he or she deems necessary to make such provision enforceable under applicable law. In addition, the Region reserves the right to reduce the scope of this non-competition provision without the Franchisee's consent, at any time, effective immediately upon notice to Franchisee.

- d. Franchisee acknowledges and warrants that no such violation of the terms of this Section 7.13 exists as of the date of this Agreement.

7.14 Indemnification. Franchisee will protect, defend and indemnify Region, Money Mailer, and their respective parents, subsidiaries, affiliates, heirs, representatives, successors and assigns and hold them harmless from and against any and all costs and expenses (including attorneys' fees and arbitration and court costs) losses, liabilities, damages, claims and demands of every kind or nature, arising in any way out of or relating to the performance or breach by Franchisee of this Agreement or the operation of Franchisee's Direct Mail Advertising Business or any other activities of Franchisee pursuant or relating to this Agreement or any other agreement Franchisee enters in connection with the Money Mailer Franchise granted hereunder.

7.15 Copyrights and Confidentiality Agreement.

- a. The Franchisee and its personnel will not (i) copy, duplicate or disclose the contents of the Manuals or (ii) make known to any other person, firm or corporation, except the Franchisee's (personnel and then only to the extent necessary to conduct the Business), any part of the System or any information concerning the preparation and delivery of advertising, client lists and other methods of operation of Region, Money Mailer or the Franchisee, at any time during the term of this Agreement or at any time after the termination hereof.
- b. Region or Money Mailer may provide certain artwork templates, specimen advertisements, coupons, flyers and other promotional literature and related materials, including text and graphics, which the Franchisee may use in accordance with the Manuals in operating the Business (collectively "Sales Materials"). Region hereby grants to Franchisee a non-exclusive, non-transferable sublicense to use, reproduce and modify the Sales Materials and any part, alteration or derivation thereof, alone or in combination with other matter, including text and graphics, all subject to Money Mailer's specifications and requirements. All Sales Materials and any and all alterations or derivations thereof, whether created or modified by Region or by Franchisee, will be deemed property of Money Mailer and Money Mailer will own and retain all right, title and interest therein, and in all other proprietary intellectual property rights thereto.
- c. Money Mailer and its designees and assignees may use any Sales Materials and alterations or derivations for any and all uses and products, in any and all formats, now known or hereafter to become known including, without limitation, CD-ROMs and online services. Franchisee will make no use of the Sales Materials other than as expressly provided herein and acknowledges that to do otherwise would constitute an infringement of Money Mailer's proprietary rights. Franchisee acknowledges and agrees that any products, formulas, processes, derivative sales materials created from the Sales Materials or any other intellectual property created by Franchisee in conducting the Business shall automatically be assigned to Money Mailer by

Franchisee. Franchisee agrees to take any necessary steps or complete any documents necessary to confirm this assignment.

7.16 Business Website. Franchisee specifically acknowledges and agrees that any business website (as defined below) will be deemed "Sales Materials" under this Franchise Agreement and will be subject to (among other things) Region's approval under this Paragraph 7.16. As used in this Franchise Agreement, the term "Business Website" means an interactive electronic document, contained in a network or computers linked by communications software, that you operate or authorize others to operate and that refers to advertise or otherwise promotes the Business, Marks, us and/or the Operating System. The term Business Website includes, Internet and World Wide Web home pages. In connection to any Business Website, Franchisee agrees as follows:

- a. Region or Money Mailer may require Franchisee's Business Website to reside on Money Mailer's computer server.
- b. Before establishing the Business Website, Franchisee must submit to Region a sample of the Business Website content and layout in the form and manner Region may reasonably require. Franchisee will not establish or use the Business Website without Region's prior written approval
- c. In addition to any other applicable requirements, Franchisee will comply with Money Mailer standards and specifications for Business Websites as prescribed by Money Mailer from time to time in the Manuals or otherwise in writing or as set forth on Montysplace (or other Intranet sites). These specifications will include requirements for the display, layout, design and nature of content on the Business Website.
- d. If Franchisee proposes any material revision to the Business Website or any of the information contained in the Business Website, Franchisee will submit each such revision to Region for Region's prior written approval.

7.17 Restrictions on Employment of Others. The Franchisee will not, during the term of this Agreement, directly or indirectly, employ or seek to employ any person who is employed by Region, Money Mailer or any other Money Mailer region or franchisee.

7.18 Convention Attendance; Regional Meetings. It is understood Money Mailer reserves the right to hold annual conventions for Money Mailer franchisees. Franchisee (or the principal shareholder of Franchisee where Franchisee is a corporation) will attend the Convention at the Franchisee's expense. Franchisee also acknowledges that Region will hold Regional Sales Meetings from time to time (usually quarterly at the Region's office). Franchisee must attend these Regional Sales Meetings.

8.0 MARKS

8.1 Use of Marks.

- a. Franchisee has no right, title or interest in or to any of the Marks, except as granted in this Agreement. Franchisee acknowledges that Franchisee now asserts no claim and later will assert no claim to any goodwill, reputation or ownership of the Marks by virtue of Franchisee's licensed or franchised use of the Marks.

- b. Franchisee understands and acknowledges the importance to the Marks and the Money Mailer Operating System and Franchisee's need to conform with the high and uniform standards of quality, appearance and service that are part of the Business and Operating System.
- c. Franchisee will not derogate or permit the derogation by others of the Marks, either during the term of this Agreement or after. Franchisee will use the Marks only as set forth herein or in the Manuals. Franchisee will not register or use any of the Marks in any Internet domain name or for any similar use without the prior written consent of Money Mailer.
- d. During or after the term of this Agreement, Franchisee will not in any way dispute or impugn the validity of the Marks, or the rights of Money Mailer to them, or the rights of Money Mailer, the Region or other franchisees of Money Mailer to use them.

8.2 Non-Use of Trade Name. If Franchisee is a corporation or similar legal entity (e.g. limited liability company), it will not use any of the Marks or any words or symbols that are confusingly similar to them, in whole or in part, in Franchisee's legal name without the prior written consent of Money Mailer.

8.3 Assumed Name Registration. If Franchisee is required to do so by any statute or ordinance, Franchisee will promptly upon the execution of this Agreement file with applicable government agencies or offices, a notice of Franchisee's intent to conduct the Business under the trade name set forth in Paragraph 2.1 of this Agreement.

8.4 Changes to Marks; Addition or Deletion of Marks. From time to time in the Manuals, Money Mailer may change, modify or delete the Marks or add new Marks authorized for Region and Franchisee use. At Franchisee's expense, Franchisee will accept, use, and display, as may be applicable, such changed, modified or added Marks in accordance with the policies and procedures in the Manuals, as if they were set forth in this Agreement.

8.5 Conflicting and Alternative Names.

- a. Region and Money Mailer cannot guarantee that there is not a business operating somewhere in the Territory or elsewhere using the "Money Mailer" name or a substantially similar name or service marks or logotypes similar to those used by Money Mailer. Franchisee acknowledges that such business may have the right to continue to use such name, service marks or logotypes if it has been using the name, service marks or logotypes for a sufficiently long period of time.
- b. Franchisee agrees that in the event that the Franchisee will be enjoined, restrained, or otherwise prevented from operating under the "Money Mailer" name or other Marks in the Territory as a result of a binding order entered by any court of competent jurisdiction, the Franchisee will thereafter operate under such alternative names, service marks and/or associated logotypes as are specified or approved by Money Mailer. This right will be the sole remedy of the Franchisee in this event and the Franchisee will hold Money Mailer and Region harmless from any claims by the Franchisee with respect thereto.

8.6 Prosecution of Infringers. If Franchisee receives notice or is informed or learns that any third party, which Franchisee believes to be unauthorized to use the Marks, is using the Marks, any variant or any confusingly similar mark of them, Franchisee will promptly notify

Region and Money Mailer of the facts relating to such alleged infringing use. Thereupon, Money Mailer, in its sole discretion, will determine whether or not it wishes to take any action against such third person on account of such alleged infringement. Franchisee will have no right to make any demand against any such alleged infringer or to prosecute any claim of any kind or nature whatsoever against such alleged infringer for or on account of such infringement.

9.0 RELATIONSHIP OF THE PARTIES

9.1 Independent Contractor. Franchisee is and will be an independent contractor. Neither Franchisee nor any employee or agent of Franchisee will be deemed to be an employee or agent of Region or Money Mailer. Franchisee will require each of its employees, as a condition of employment, to execute a written acknowledgment that he or she is an employee of Franchisee and not of Region or Money Mailer, on such form as Region may require. Nothing contained in this Agreement will be construed so as to create a partnership, joint venture or agency; and neither party to this Agreement will be liable for the debts or obligations of the other. Region will not have the power to hire or fire Franchisee's employees, may not control or have access to Franchisee's funds or the expenditures of those funds, or in any other way exercise control over Franchisee's day-to-day business activities.

9.2 Notice to Customers. Franchisee will, at all times during the term hereof, post a notice and otherwise notify its clients that it is a franchisee of Region and is independently owned and operated, in such form and manner as Region or Money Mailer may require.

10.0 ASSIGNMENT

10.1 Assignment by Region.

- a. Region will have the right to assign this Agreement, or any or all of its rights and privileges hereunder, to any person, firm or corporation; provided that, with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Region, the assignee expressly will assume and agree to perform such obligations.
- b. If Region's Regional Franchise Agreement is terminated by Money Mailer for any reason, in addition to any other available remedies, Money Mailer or its nominee will have the right, but not the obligation, to take a full or partial assignment of Region's rights under and pursuant to this Agreement, provided that if Money Mailer or its nominee elects to assume this Agreement in whole or in part, Money Mailer will not be obligated to assume any obligations or liabilities accruing or arising prior to the date of such assumption nor will it be liable on account of any breach of this Agreement by, or act or omission of, Region. Provided Franchisee is in compliance with this Agreement, Money Mailer may continue to provide Franchisee with its printing and mailing services at terms and prices then being offered to similarly situated franchisees. Should Money Mailer elect not to take an assignment of Franchisee's existing Franchise Agreement, as long as Franchisee is in compliance with all Money Mailer's policies and procedures, Franchisee may apply for a new Money Mailer franchise, and if qualified, may enter into the then-current local franchise agreement (or then-current comparable agreement, if any) with Money Mailer's existing regional subfranchisor or appropriate licensing party.

10.2 Assignment by Franchisee.

- a. With respect to Franchisee's obligations, this Agreement is a personal one, being entered into in reliance upon and in consideration of the singular personal skill, character, and qualifications of Franchisee and the trust and confidence reposed in Franchisee by Region or, in the case of a corporate or partnership Franchisee, the principal shareholders and officers, or partners, of Franchisee, respectively. Therefore, Franchisee may not transfer, assign, or hypothecate all or any rights or interest of Franchisee under or pursuant to this Agreement (including pledging this Agreement as security for a debt (except unless otherwise required by law)), voluntarily or involuntarily, by operation of law or otherwise, in any manner, (herein referred to as an "Assignment") without the prior written consent of Region nor without first complying with Section 10.3 below. Region's consent to an Assignment will not be unreasonably withheld. However, it will not be unreasonable for Region to impose, among other things, the following conditions precedent to its consent to an Assignment:
1. that the assignee (the party to whom Franchisee proposes to make the Assignment) (or the principal officers, shareholders or directors of the assignee in the case of a corporate assignee) have the skills, qualifications and economic resources (which evaluation includes a review of any debt service that must be paid by the assignee to the assignor from the sale) necessary in Region's judgment, reasonably exercised, to conduct the business contemplated by this Agreement, and to fulfill the assignee's obligations to the assignor, to other Money Mailer Franchisees, to Region and to Money Mailer;
 2. that as of the date of any such assignment, Franchisee, and if applicable, assignee, have fully complied with all of their obligations to Region and Money Mailer, whether under this Franchise Agreement or any other agreement, arrangement or undertaking with Region or Money Mailer, including but not limited to the payment of all monies then due from Franchisee or the assignee to Region and Money Mailer;
 3. that the assignee assume all of the obligations of Franchisee under any and all agreements with Region and that Franchisee will not be in default with respect to any of its obligations thereunder;
 4. that the assignee will, at Region's election, execute a new franchise agreement in the form and on the terms and conditions then being offered by Region to prospective franchisees similarly situated (except that the assignee will not be obligated to again pay the Initial Franchise Fee). Unless otherwise agreed by Region, the term of the new franchise agreement will expire on the date provided herein for the expiration of this Agreement. The execution of the new franchise agreement and any and all other required documents will terminate this Agreement, except for the post-termination obligations, which the assignor Franchisee will be required to continue to comply;
 5. that assignee pay to Region \$5,000 as a training and transfer fee. Unless, Franchisee negotiates to pay the fee on the assignee's behalf, Franchisee agrees to advise the assignee of his obligation to pay the training and transfer fee under this section during their initial negotiations;
 6. that the assignee agrees to complete the then-current initial training program to the satisfaction of Region and Money Mailer;

7. if the assignee is a corporation, limited liability company or similar entity, that the shareholders or unit holders execute the new franchise agreement personally as well as on behalf of the assignee corporation, limited liability company or similar entity and be joint and severally liable;
- 8 that the Franchisee and assignee execute a consent to assignment of franchise containing a general release in favor of, and in a form required by, Region and Money Mailer; and
9. that the Franchisee agree to perform the following minimum transition obligations for the assignee:
 - i) continue to manage and operate the Franchise on the assignee's behalf (on terms to be agreed between Franchisee and the assignee) while the assignee is completing Phase 1 and Phase 2 training;
 - ii) continue to act as a consultant to the assignee until the assignee completes his, her or its first mailing cycle, which includes personally introducing assignee to all Franchisee customers and vendors (including artists, etc.);
 - iii) continue to assist the assignee by answering questions from time to time during the assignee's second and third mailing cycles; and
 - iv) allow the assignee to holdback no less than 10% of the purchase price until the above obligations (and any additional transition obligations to which the Franchisee has agreed) are performed by Franchisee.
- b. Franchisee may not subdivide or otherwise attempt to assign or transfer a portion (i.e., less than all) of its rights under or pursuant to this Agreement,
- c. The transfer in the aggregate of more than forty-nine percent (49%) of the capital stock or voting power of any corporate, limited liability or similar legal entity Franchisee or of more than forty-nine percent (49%) interest in a general partnership Franchisee, or of more than forty-nine percent (49%) of the interests held by the general partner[s] or the limited partner[s] in the case of a limited partnership Franchisee, as such Franchisees were originally constituted at the time of the execution of this Agreement, will be deemed to be an Assignment of this Agreement within the meaning of this Section. Franchisee agrees that for an assignment of forty-nine percent (49%) or less, Franchisee must still provide Region with notice of such assignment, but the other obligations in this Section will not apply. As provided in Paragraph 7.10, a partner or principal shareholder or unit holder of a corporation, LLC or similar entity must continue to operate the Business on a day-to-day basis. If this party changes due to a transfer of forty-nine percent (49%) or less, then, the new party must complete Initial Training and pay the applicable training and transfer fee.
- d. The transfer of Franchisee's interest to Franchisee's heirs, personal representatives or conservators, as applicable, in the event of the death or legal incapacity of Franchisee will constitute an Assignment requiring Region's consent, as provided above, but will not give rise to Region's right of first refusal as provided in Section 10.3, provided that the heirs, personal representatives or conservators, as applicable, meet Region's standards for new Franchisees, agree to be bound by the terms and conditions of the Agreement then in effect between Franchisee and Region (including, without limitation, the provisions relating to the assignment of Franchisee's interests under this Agreement), and execute in writing a consent to be so bound, and provided further that

within 60 days after the death of Franchisee (or the death of a principal shareholder of Franchisee if Franchisee is a corporation), the person designated by Franchisee under this Section or Franchisee's heirs, personal representative or conservator (as applicable) will have satisfactorily completed Money Mailer's then current initial training program. If at the time of such death Franchisee has employed a manager, or designated a beneficiary, who has satisfactorily completed such a training program, such manager will be deemed to have satisfied such training requirements.

- e. Upon payment of the training and transfer fee required to be paid pursuant to Paragraph 10.2(a)(5), Region and Money Mailer will provide the assignee the training and materials set forth in Section 5.0, except that the assignee will not be eligible for the Accelerated Development Program described in Paragraph 5.5.
- f. Region and Money Mailer have the right to determine whether the transferee has adequate resources to fund the ongoing operation of the business given the structure of the transfer (amount of debt service transferee is expected to carry, etc). Should Region or Money Mailer determine that the potential transferee does not have adequate financial resources and the sale of the franchise places an unreasonable financial burden on the transferee, Region or Money Mailer may withhold consent to the assignment.

10.3 Region's Right of First Refusal. Should Franchisee intend to make an Assignment of this Agreement, Region will have the right of first refusal, upon the terms and conditions set forth herein. Region's right of first refusal will be exercised in the following manner:

- a. Before making any Assignment, Franchisee will deliver to Region a written notice (the "Notice") setting forth all of the terms and conditions of the proposed Assignment and all available information concerning the proposed assignee (as required to qualify assignee according to Region's and Money Mailer's then-current New Franchisee qualification requirements), together with all sums then due from Franchisee to the Region and Money Mailer.
- b. Within 14 days after Region's receipt of the Notice (or if it will reasonably request additional information, within 14 days after receipt of such additional information), Region will have the right, at its option, to elect to receive the Assignment to itself or to its nominee, upon the terms and conditions specified in the Notice, by delivering a written notice to Franchisee stating such election. Failure by Region to make its election within this time period will constitute a waiver of its right of first refusal.
- c. If Region elects not to exercise its right of first refusal, and subject to the terms and conditions of Paragraph 10.2, Franchisee will have the right, for a period of 45 days after Region has granted its consent thereto in accordance with this Section 10, to effect the Assignment to such proposed assignee on the terms and conditions specified in the Notice. However, if such terms are materially changed, such changed terms will be deemed a new proposal, and Region will again have such right of first refusal with respect to them.
- d. If Franchisee fails to effect the Assignment within 45 days after Region has granted its consent thereto, then the offer will be deemed a new proposal, and Region will have the right to exercise its right of first refusal with respect to it.

10.4 No Encumbrance. Franchisee will have no right to pledge, encumber, hypothecate or otherwise give any third party a security interest in its rights under this Agreement in any manner whatsoever.

10.5 Renewal Term.

- a. Provided Franchisee has satisfied the conditions set forth in Paragraph 10.5.b below, Franchisee will have the right, but not the obligation, to enter into a Renewal Agreement (as defined in Paragraph 10.6 below) for a period of 10 years commencing on the date following the last day of the Initial Term (the "Renewal Term"). Franchisee will then have the applicable renewal rights, if any, as described in the Renewal Agreement.
- b. At the time of Franchisee's exercise of the right to enter into a Renewal Agreement and at the time of the commencement of the Renewal Term, Franchisee must have:
 1. fully performed all of Franchisee's obligations under this Agreement and under all other agreements, which may then be in effect between Region and Franchisee, including, without limitation, the payment of all sums due to Region and Money Mailer, and satisfaction of all Minimum Distribution Requirements (as defined in Section 7.1);
 2. received no more than 2 notices of default, which were cured by Franchisee during any 12 month period during the Initial Term;;
 3. executed an acknowledgement of expiration of Initial Term of Franchise Agreement which contains a general release in favor of, and in a form required by, Region and Money Mailer; and
 4. paid Region a non-refundable renewal fee of \$2,000 via bank check, certified funds or autodraft as required by Region ("Renewal Fee").

10.6 Modification of the Then-Current Franchise Agreement. Except as otherwise provided herein, the Renewal Agreement will be the Money Mailer Local Franchise Agreement then generally being offered, or last offered, by Region to prospective franchisees; provided, however, that: (i) Franchisee's Initial Franchise Fee will be equal to the Renewal Fee described in Paragraph 10.5.b.4 above. (ii) the Franchisee will be required to mail no less than the number of Zones currently being mailed by Franchisee in the Territory at the Co-op Mailing Frequency then being required by the Region; and (iii) no obligations, materials or services being offered only to new franchisees will be offered or provided to Franchisee, including, but not limited to any Initial Training, Initial Materials or ^Accelerated Development Program or other credits incentives or promotions related to the initial ramp up of the Territory (the "Renewal Agreement").

10.7 Form and Manner of Renewal. Franchisee will exercise its right to enter into a Renewal Agreement in the following manner:

- a. Not less than 6 months nor more than 9 months before the expiration of the Initial Term, Franchisee will request from Region a copy of its then current franchise disclosure document (which will contain the Renewal Agreement) (the "Disclosure Document").

- b. No sooner than 10 business days nor later than 20 business days after Franchisee receives Region's Disclosure Document and the then-current Renewal Agreement, Franchisee will execute 2 copies of the Renewal Agreement and return both copies to Region.
- c. If Franchisee fails to perform any of the acts, or deliver any of the notices, required pursuant to the provisions of sub-sections (a) or (b) of this Paragraph, in a timely fashion, such failure will be deemed an election by Franchisee not to exercise the right to enter into a Renewal Agreement. Such failure will cause Franchisee's right to renew to lapse and expire, and require Franchisee to comply with the provisions of Section 12 of the Franchise Agreement.
- d. Provided that Franchisee has exercised the right to enter into a Renewal Agreement in the form and manner described above and if on the date of expiration of the Initial Term Franchisee has complied with all of the conditions contained in Paragraph 10.5, Region will execute the Renewal Agreement and, promptly after expiration of the Initial Term, will deliver one (1) fully executed copy of the Renewal Agreement to Franchisee.

11.0 DEFAULT AND TERMINATION

11.1 Termination by Region With Notice. In addition to Region's rights elsewhere provided in this Agreement, Region will have the right to terminate this Agreement for "good cause". "Good Cause" as used in this Paragraph 11.1 means a breach by Franchisee of any material obligation of this Agreement, which remains uncured as provided herein. Region will exercise its right to terminate this Agreement in the following manner:

- a. Except with respect to Franchisee's failure to pay any of the sums due Money Mailer or Region under this Agreement, or except as otherwise expressly provided in this Agreement, Region may terminate this Agreement only upon 30 days prior written notice to Franchisee (or such other time period as required by law), setting forth the material breach of which Region complains ("Cure Period"). If Franchisee cures the breach before the end of the Cure Period, then Region will have no right to terminate this Agreement because of that breach. However, if, because of the nature of the breach, Franchisee is unable to cure the breach within the Cure Period, Franchisee will be given an additional reasonable amount of time to cure the breach; provided, however, that Franchisee, upon receipt of the notice from Region, will have immediately begun to cure the breach and has continued (and will continue) to use diligence and best efforts to do so.
- b. With respect to any breach by Franchisee of Franchisee's obligation to pay any sums due Region or Money Mailer under this Agreement or any related agreement between Franchisee and Region or Money Mailer, Region may terminate this Agreement upon not less than 14 days prior written notice of the breach (or such other time period as required by law). If Franchisee cures the breach before the end of the 14-day period, then Region will have no right to terminate this Agreement because of the breach.
- c. The description of any default in any notice served by Region under this Agreement upon Franchisee will in no way preclude Region from later specifying additional or supplemental defaults.

11.2 Termination by Region Without Notice. Region will have the right to terminate this Agreement immediately without prior notice to Franchisee, upon the occurrence of any or all of the following events, each of which will be deemed to be an incurable breach of this Agreement which Franchisee will have no opportunity to cure:

- a. If Franchisee abandons the Direct Mail Advertising Business. For purposes of this Section, "Abandon" means:
 1. Franchisee's cessation of the Co-op Mailings including, but not limited to, Franchisee's failure to mail a scheduled current Co-op Mailing (where Franchisee did not have Region's prior written consent to not complete the current Co-op Mailing) or Franchisee's written or verbal communication to Region or Money Mailer that Franchisee does not intend to mail the next upcoming scheduled Co-op Mailing and/or any future Co-op Mailings in the Territory. Franchisee's cessation of performing Co-op Mailings constitutes "Abandonment" under this Paragraph and Agreement notwithstanding that Franchisee has continued, or intends to continue to offer and sell Segmented Co-op Mailings, Solo Mailings or Internet Advertising;
 2. Franchisee's failure to actively and continuously maintain and answer Franchisee's telephone or failure to answer any and all telephones used in connection with the Business with the "Money Mailer" name, or such other name(s) as the Region may authorize in writing from time to time; or
 3. Franchisee's failure to keep its office open and operating (if an office outside the home office) (or failure to take reasonable steps to produce the next mailing or failure to assure Region that Franchisee will perform the next mailing) for any period after which it is not unreasonable under the facts or circumstances for the Region to conclude that the Franchisee does not intend to operate the Franchise or conduct the Business, unless such failure to operate is due to a natural disaster or other acts of nature reasonably beyond Franchisee's control.
- b. If Franchisee is adjudicated bankrupt or judicially determined to be insolvent (subject to any contrary provisions of any applicable state or federal laws), admits to Franchisee's inability to meet Franchisee's financial obligations when due, or makes a disposition of all or a substantial part of its assets or for the benefit of Franchisee's creditors, or if the Direct Mail Advertising Business or Franchisee's offices are seized, taken over or foreclosed by a government official in the exercise of such official's duties, or by a creditor, lienholder or lessor, or if a judgment against Franchisee in the amount of more than \$10,000.00 remains unsatisfied (unless an appeal is filed or superseded as bond is secured) for a period of more than 30 days, or if Franchisee allows or permits the franchise or any item of personal or real property used in connection with the Direct Mail Advertising Business to become attached or levied upon in any manner whatsoever, without obtaining the release of such attachment or levy within 5 days, or permits any mechanics lien to attach to the business premises or equipment, or Franchisee or any owner or shareholder of a partnership or corporate Franchisee is convicted of any felony, or any crime involving moral turpitude or otherwise relevant to the Direct Mail Advertising Business of Franchisee.
- c. If Franchisee purports to sell, assign, transfer, pledge, hypothecate, or encumber, in whole or in part, this Agreement in violation of the terms hereof.

- d. If in the Region's reasonable judgment, Franchisee's continued operation of the Franchise will result in an imminent danger to public health or safety or will cause ongoing harm to the goodwill and reputation associated with the "Money Mailer" name or other Marks in the Territory.

11.3 Cross Default. This Agreement may be terminated at the election of Region in the event of any material breach by Franchisee of any other agreement between Region and Franchisee (or between Money Mailer and Franchisee) in the manner and upon the notice, if any, specified in such other agreement. This Agreement may also be terminated in the event of Franchisee's breach of any Promissory Note signed by Franchisee in favor of Region or Money Mailer. Region may terminate this Agreement upon not less than 30 days prior written notice of the breach of the other agreement. If Franchisee cures the breach of the other agreement before the end of the notice period, then the Region will have no right to terminate this Agreement because of the breach of the other agreement.

11.4 Notice Required By Law. If any valid applicable law or regulation of a competent governmental authority having jurisdiction over the parties limits Region's right of rescission or termination under this Agreement or requires longer notice periods than those set forth above, this Agreement will be deemed amended to conform to the minimum notice periods or restrictions upon rescission or termination required by such laws and regulations. Region will not however, be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, arbitration, hearing or dispute relating to this Agreement or the rescission or termination of it.

12.0 EFFECTS OF RESCISSION OR TERMINATION

12.1 Discontinued Use. In the event of the expiration or termination of this Agreement, whether by reason of default, lapse of time or other cause, Franchisee will:

- a. revoke or cancel any assumed name registration obtained pursuant to Paragraph 8.3;
- b. immediately discontinue the use of the Marks in any form whatsoever, including on any Websites, vehicles, signage, letterhead, etc.;
- c. effectuate terminate or revise of its corporate name, if applicable, to make no further reference to the "Money Mailer" name or other Marks;
- d. not thereafter operate or do business under any name or in any manner that might tend to give the general public the impression that Franchisee is operating a (or has operated) a Direct Mail Advertising Business; and
- e. not thereafter use, in any manner, or for any purpose, directly or indirectly, and return to Region, all Money Mailer proprietary materials, information, including materials containing Money Mailer's trade secrets, procedures, techniques or information acquired by Franchisee under this Agreement, including, without limitation to the foregoing: (i) proprietary computer software; (ii) any Manuals, bulletins, instruction sheets and supplements thereto; (iii) any Sales Materials and forms, advertising matter, Marks, devices, insignia, slogans and designs used from time to time in connection with the Business; and (iv) any copyrights, trade names and patents now or hereafter applied for or granted in connection therewith.

12.2 Attorney-in-Fact. If Franchisee fails or refuses to do so, Region may execute, in Franchisee's name and on Franchisee's behalf, any documents necessary to cause the discontinuance of Franchisee's use of the name, "Money Mailer" or any other related name or Marks used under this Agreement, including but not limited to the termination or revision of its legal name or tradename, if applicable, to make no further reference to the "Money Mailer" name. Region may also cause the disconnection of the telephone number listed under the "Money Mailer" name in the then-current phone directory or directories. Franchisee irrevocably appoints Region as Franchisee's attorney-in-fact to take the above remedial actions.

12.3 Payment of Monies Due Money Mailer and Region. Upon termination, expiration or any other cancellation of this Agreement, whether by reason of default, lapse of time or other cause, Franchisee will pay to Money Mailer and Region immediately all monies then due from Franchisee to Region and/or Money Mailer.

12.4 Continuing Obligations. The termination of this Franchise Agreement will be without prejudice to the rights of Region against Franchisee and such termination will not relieve Franchisee of any of Franchisee's obligations to Region existing at the time of termination or terminate those obligations of Franchisee which by their nature survive the termination of this Agreement, including without limitation, payments which became payable during the Initial Term and all covenants of non-competition, confidentiality and indemnity.

12.5 Money Mailer as a Third Party Beneficiary. Money Mailer is a third party beneficiary of Franchisee's obligations under this Agreement. If Region should fail or refuse to enforce or demand compliance by Franchisee with any terms in this Agreement, then Money Mailer will have the right to enforce such obligations directly at its sole option and exercise any or all of Region's rights and remedies hereunder with or without Region's consent or participation.

13.0 REMEDIES

13.1 Negotiation; Mediation. Franchisee agrees to first resolve any controversy or claim arising out of or related to this Agreement through good faith negotiations. Franchisee will use its best efforts to resolve the dispute through these good faith negotiations. If unsuccessful, Franchisee agrees to submit the dispute, if with another franchisee, Region or Money Mailer or their affiliates to the International Franchise Association's ("IFA") Ombudsman Program. Region will coordinate this meeting with the IFA Ombudsman. If after good faith best efforts to resolve the dispute through the IFA Ombudsman, a resolution is not reached, Franchisee agrees to submit the dispute to non-binding mediation, arranged by Region. If both parties to the dispute agree that none of the above measures (except the good faith negotiations, which they are obligated to undertake) will be successful or that the issue is so contentious, then they may immediately submit the dispute to Arbitration as described in Paragraph 13.2.

13.2 Submission to Arbitration. Except as otherwise provided in Paragraph 13.1 or 13.3, any controversy or claim arising out of or relating to this Agreement, or any breach of it, including, without limitation, any claim that this Agreement, or any part of it, is invalid, illegal or otherwise voidable or void, will be submitted to final and binding arbitration before, and in accordance with, the Commercial Rules of the American Arbitration Association, and

judgment upon the award may be entered in any court having jurisdiction of it. The substantive law of the State of California, except its law relating to conflicts of laws, will be applied in such arbitration, and this requirement will be deemed jurisdictional. This arbitration provision will be deemed self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding such failure to appear. Such arbitration will be conducted by the American Arbitration Association, at its offices in Los Angeles County, California closest to the Region's headquarters. In addition to the procedures for arbitration under the Commercial Arbitration Rules of the American Arbitration Association. Region and Franchisee also agree that the AAA Optional Rules for Emergency Measures of Protection will apply to the proceedings.

13.3 Exceptions to Arbitration - Judicial Remedies; Private Foreclosure

- a. Any claim or dispute involving or contesting the validity of any of the Marks will not be submitted to Arbitration.
- b. Paragraph 13.1 will not limit the right of Region to apply to any court of competent jurisdiction for an injunction, attachment, eviction by unlawful detainer or similar proceedings, or similar provisional or equitable relief including, but not limited to, the enforcement of any liens or security interests held by Region in addition to Region's rights under Paragraph 13.1.

14.0 NOTICES

14.1 Manner of Notice. Any notice required or permitted to be given under this Agreement will be in writing and will be served in person, by Express Mail, by certified mail, by private overnight delivery or by electronic transmission (fax) to the Franchisee at the address set forth in Paragraph 2.3 and to the Region at 126 W. Olive Avenue, Monrovia, California 91016, Attention: John C. Salter. Service will be deemed conclusively made:

- a. At the time of service, if personally served;
- b. Twenty-four (24) hours (exclusive of weekends and national holidays) after deposit in the United States mail, properly addressed and postage prepaid, if served by Express Mail;
- c. Upon the earlier of actual receipt or 3 calendar days after deposit in the United States mail, properly addressed and postage prepaid, return receipt requested, if served by certified mail;
- d. Twenty-four (24) hours after delivery by the party giving the notice, statement or demand if by private overnight delivery; or
- e. At the time of electronic (fax) transmission, if such transmission occurs prior to 5:00 p.m. on a business day and a copy of such notice is mailed within 24 hours after the transmission.

Each party agrees to notify the other in writing of any change in its notice address within 15 days of such change taking effect, at which time such new address will become the notice address.

15.0 MISCELLANEOUS

- 15.1 Severability.** Nothing contained in this Agreement will be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law ordinance or regulation contrary to which the parties have no legal right to contract, the latter will prevail, but in such event the provision of this Agreement thus affected will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any part, article, paragraph, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail on account of such holding, and the balance of this Agreement will continue in full force and effect.
- 15.2 Counterparts.** This Agreement may be executed in any number of counterparts, each of which will be deemed to be an original and all of which together will be deemed to be one and the same instrument.
- 15.3 Effect of Waiver.** No failure of Region to exercise any power reserved to it by this Agreement or to insist on strict compliance by Franchisee with any obligation or condition under this Agreement, and no custom or practice of the parties that varies with the terms of this Agreement, will constitute a waiver of Region's right to demand exact compliance with any of the terms in this Agreement. Waiver by Region of any particular default by Franchisee will not affect or impair Region's right with respect to any subsequent default of the same, similar, or different nature. Any delay, forbearance, or omission of Region to exercise any power or right arising out of any breach or default by Franchisee of any of the terms, provisions, or covenants of this Agreement, will not affect or impair Region's rights under this Agreement, or right to declare any subsequent breach or default and to terminate this Agreement. Subsequent acceptance by Region of any payments due to it under this Agreement will not be deemed to be a waiver by Region of any preceding breach by Franchisee of any terms, covenants, or conditions of this Agreement.
- 15.4 Attorney's Fees.** Should any party hereto commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision hereof, whether by arbitration, judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, then the prevailing party will be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees for the services rendered to such prevailing party.
- 15.5 Entire Agreement.** This Agreement and all ancillary agreements executed in connection with it constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersedes all prior negotiations, understandings, representations and agreements, if any. Franchisee acknowledges that Franchisee is entering into this Agreement as a result of Franchisee's own independent investigation and not as a result of any representations of Region, its agents, officers or employees, not contained in any offering circular, prospectus, disclosure document, or other similar document required or permitted to be given to Franchisee pursuant to applicable law. Franchisee further acknowledges that Region is executing this Agreement in reliance upon the promises, representations, and warranties of Franchisee set forth expressly in this Agreement and in the financial statements, balance sheets, and other accounting records or data delivered by Franchisee to Region in connection with Franchisee's application for a Money Mailer franchise. Franchisee covenants and agrees that its financial disclosures

are truthful and accurate when given, and do not fail to state any material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

15.6 Amendment. This Agreement may not be amended orally, but may be amended only by a written document signed by the parties.

15.7 Business Risks. Franchisee understands and assumes the business risks inherent in this enterprise.

EXHIBIT A

NEW LOCAL FRANCHISE OPERATOR'S START UP MATERIALS

FRANCHISE OPERATOR'S NAME _____
 FRANCHISE OFFICE NAME _____
 FRANCHISE NUMBER _____ REQ. # _____

MONEY MAILER, LLC - START-UP KIT QUANTITIES (AS OF ^01/2005)			U/ Quantity M
Operating Manuals			
990701-1	Local Franchise Operations Manual		1ea
990701-7	Sales and Marketing Manual		1ea
Imprinted Stationery (Will be Shipped Separately)			
990908	Letterhead (500 ea)		1pkg
990910	#10 Envelopes (500 ea)		1pkg
990910W-1	#10 Window Envelopes (500 ea)		1pkg
990911	10 x 13 Envelopes (50 ea)		2pkg
990912	Business Cards (500 ea)		2pkg
Forms and Samples			
010390	Various Solo Samples	AA	25ea
010391	Saturation Envelope Samples	AA	50ea
010393	Promotional Items Catalog	AA	1ea
Chain Partners Materials			
010006-9	Big O Tires Brochure (12 Page)		1ea
010006-18	Big O Tires Trifold		1ea
020006-22	Carrier 2005 Brochure (16 pg)	AA	
^040006-^Z	^Curves		1ea
030006-3	Dominos Pizza Brochure		1ea
030006-10	Fantastic Sams 5000 Brochure		1ea
030006-24	Figaro's Pizza Brochure		1ea

MONEY MAILER® FRANCHISE AGREEMENT

MONEY MAILER, LLC - START-UP KIT QUANTITIES (AS OF ^01/2005)		Quantity	U/ M
030006-31	Furniture Medic Brochure	1ea	
A	A	AA	
A	A	AA	
A	A	AA	
A	A	AA	
030006-32	Kitchen Tune-Up Brochure	1ea	
030006-33	Meineke 2005 Brochure	1ea	
^030006-^22	^Molly Maids^	1ea	
A	A	AA	
A	A	AA	
020006-10	Papa Murphy's Brochure	1ea	
A	A	AA	
A	A	AA	
A	A	AA	
A	A	AA	
A	A	AA	
A	A	AA	
A	A	AA	
A	A	AA	
A	A	AA	
Category Guides-pricing includes 20% discount due to bulk purchase			
990917-1	Pizza	^1pkg	
990917-2	Sit Down Restaurants	^1pkg	
990917-3	Fast Food	^1pkg	
990917-4	Dry Cleaning	^1pkg	
990917-5	Dentists	^1pkg	
990917-6	Lube Centers	^1pkg	
990917-7	General Auto Repair	^1pkg	
990917-8	Hair Salons	^1pkg	
990917-9	Nail Salons	^1pkg	
990917-10	Heating & A/C	^1pkg	
990917-11	Car Washes	^1pkg	
990917-12	Frame Stores	^1pkg	
990917-13	Optometrists	^1pkg	
990917-14	Home Improvement	^1pkg	
990917-15	Fitness Centers	^1pkg	
990917-16	House Cleaning	^1pkg	
990917-17	Tanning Salons	^1pkg	
990917-18	Chiropractors	^1pkg	
990917-19	Cell Phones	^1pkg	
990917-20	Veterinarians	^1pkg	
990917-21	Auto Parts/Tires	^1pkg	
990917-22	Carpet Sales	^1pkg	
990917-23	Fast Photo	^1pkg	
990917-24	Bagels / Bakeries	^1pkg	
990917-25	Window Coverings	^1pkg	
990917-26	Jewelry	^1pkg	
990917-27	Mortgages	^1pkg	

MONEY MAILER® FRANCHISE AGREEMENT

MONEY MAILER, LLC - START-UP KIT QUANTITIES (AS OF ^01/2005)		Quantity	U/ M
990917-28	Insurance	^1	pkg
990917-29	Pet Stores	^1	pkg
990917-30	Martial Arts / Self-Defense	^1	pkg
Collateral			
990913	^Note Cards and Envelopes	100	ea
990914-K	Sales Presentation Folder <u>Kit - 100</u>	1	^kit
990915-K	Leave Behind Kit-^5 packs of 50	1	kit
990918-1	Story Flyer-The Consumer	100	ea
990918-2	Story Flyer-NSL Story	100	ea
990918-3	Story Flyer-Co-Op/Money Mailer.com	100	ea
		^^	
990943	Confidential Client Profile	^100	ea
		^^	
		^^	
^040905	^AdBooks Invoice Paper^	1	pkg
000508	Retail Window Clings	^25	ea
^030605	Retail Counter Display	1	pkg
Product Flyers			
990916-1-900	New Movers	^25	ea
990916-2	Solo	^25	ea
990916-3	Saturation	100	ea
990916-4	SmartZones	^25	ea

EXHIBIT B

^EQUIPMENT (1/03)

OFFICE EQUIPMENT

- Fax Machine
- Answering Machine/Voice Mail Service
- Cellular Phone
- Scanner/copier
- Business Card Scanner

COMPUTER EQUIPMENT:

Money Mailer requires at least one computer. Either a laptop or a desktop computer may be purchased. Macintosh computers will be incompatible with Money Mailer's future technologies. The minimum requirements for ^computers are listed below.

LAPTOP -

- IBM (or compatible PC) ^1.8Ghz or faster
- ^512MB of RAM or more
- 12.1" display or larger

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- 20GB hard drive or larger
- 48x CDROM Drive or faster (CDRW / DVD drive preferred)

- HP 900 Series Color Ink Jet Printer
- 100/1000MB Network Interface Adapter

DESKTOP -

- IBM (or compatible PC) Pentium 4, 2Ghz or faster
- 1512MB of RAM or more
- 19" display or larger
- 40GB hard drive or larger
- 48x CDROM Drive or faster (CDRW / DVD drive preferred)

- HP 900 Series Color Ink Jet Printer
- ^100/1000MB Network Interface Adapte

SOFTWARE:

- Microsoft Windows 2000 Professional or Windows XP Professional Operating System. Do not purchase or use Windows XP Home Edition.
- Microsoft Internet Explorer 6.0 w/128 bit encryption
- Microsoft Office ^2003 or higher
- Adobe Acrobat Reader 6.0 or higher (Free)
- Winzip 8.2 or higher (recommended)
- QuickBooks Pro ^2005

- ACT or Goldmine

INTERNET SERVICE PROVIDER:

- ^The following Internet connection technologies are recommended in order of best to worst: DSL, Cable^ and Satellite^. Please contact your local high-speed internet service provider

AOL & MSN are not currently compatible Internet Service Providers. Contact the Money Mailer Information Services Department for more specific recommendations.

The speed that technology is changing dictates that we not advocate specific models of scanners and printers. Feel free to call the ^Money Mailer Help Desk for specific recommendations when it comes time for you to purchase equipment.

EXHIBIT C

CATEGORIES NOT TO BE SOLICITED BY THE REGION

PURSUANT TO SECTION 6.3 (b)

1.	Quick Lube
2.	Pizza
3.	Carpet Cleaning
4.	Car Wash/Detail
5.	House Cleaning
6.	Optometry
7.	Dentistry
8.	Pet Stores
9.	Hair Salons
10.	Health Clubs
11.	Plumbing
12.	Landscaping/Lawn Care
13.	Painting
14.	Drapes/Blinds
15.	Floor Coverings
16.	Framing
17.	Auto Sales
18.	1 Hour Photo
19.	Kitchen/Bath Remodeling
20.	

EXHIBIT D (OPTIONAL)

AUTHORIZATION TO OFFER ELECTRONIC ADVERTISING

This Authorization to Offer Electronic Advertising (the "Authorization") is made as of this ___ day of _____, 200__ by and between Money Mailer S.G.V. Franchise Corp. ("Region") and _____, (the "Franchisee") with respect to the following:

RECITALS

- The Region and the Franchisee are parties to a Money Mailer Local Franchise Agreement dated _____ (the "Local Franchise Agreement"), under which the Franchisee was granted the right to conduct a Direct Mail Advertising Business as defined therein.
- Money Mailer, LLC ("Money Mailer") is the national franchisor of the Money Mailer service mark and operating system. Region is a subfranchisor of the Money Mailer service mark and operating system under a regional franchise agreement with Money Mailer.
- Money Mailer is a Delaware limited liability company and is also in the business of producing and distributing advertising on-line primarily on its World Wide Web Internet sites www.hotcoupons.com and www.moneymailer.com and related "co-branded" web sites ((web sites hosted on Money Mailer servers and contains the same advertising content as moneymailer.com, but branded with third party trademarks and logos) (collectively the "Web Sites") under the "H.O.T! Coupons" service mark or "Money Mailer" service mark (the "On-line Advertising" or "On-Line Ads"). Money Mailer may also have hyperlinks to its Web Sites on other web sites as well as hyperlinks to other web sites on its Web Sites;
- Money Mailer is willing to display On-Line Advertising generated by the "Money Mailer" system on the Internet and is willing to authorize its Regions and their Local Franchisees to offer and sell On-Line Advertising and to use the "H.O.T! Coupons" service mark and "Money Mailer" service mark for these purposes. The Franchisee wishes to offer On-Line Advertising for sale to Money Mailer direct mail advertising customers and others ("Advertisers").

Now, therefore, in consideration of the mutual promises of the parties set forth below and other good and valuable consideration, the parties agree as follows:

1. AUTHORIZATION

- A. In addition to the right granted in the Local Franchise Agreement to operate a Direct Mail Advertising Business, the Region (through a similar authorization between Region and Money Mailer as this Authorization) hereby grants the Franchisee on a non-exclusive basis the right to offer and sell On-Line Advertising to be published by Money Mailer on the Web Sites in accordance with the terms and conditions established by Money Mailer from time to time. Money Mailer may modify such terms and conditions and Money Mailer may change its methods of conducting On-Line Advertising, in its sole discretion. This discretion includes termination of the Franchisee's right to offer and sell On-Line Advertising to be published by Money Mailer.
- B. The Franchisee is free to establish its own retail pricing for On-Line Advertising he or she sells. Money Mailer may publish suggested retail prices for On-Line Advertising, however, any such list or schedule of retail prices furnished to Franchisee by Money Mailer is by way of recommendation only, and is not to be construed as mandatory upon Franchisee.

Notwithstanding the above, Money Mailer may set maximum prices for such On-Line Advertising as allowed by law in its sole discretion.

2. ORDER PLACEMENT

- A. ^Franchisee will submit all orders for On-Line Advertising in accordance with the order procedures published by Money Mailer ^periodically, including the use of an electronic order form ("EOF") prescribed by Money Mailer. Money Mailer will have the right to reject any On-Line Ad that does not meet its advertising creation and submission guidelines.
- ^B. Money Mailer will create Money Mailer direct mail ads submitted for production by Franchisee and place them on the Web Sites unless otherwise indicated by Franchisee. The EOF will state whether the On-Line Advertisement will appear on the Web Sites for a stated number of months ("Term Ad"), or whether, once published, it will remain on-line until subsequently canceled ("Automatically Renewing Ad"). Each EOF for an On-Line Advertisement will remain in effect (an "Active EOF") until such time as it expires under its terms, or until it has been canceled under Section D below. Any Online Ads sold without an EOF will be deemed an Automatically Renewed Ad.
- ^C. Provided Franchisee is not in breach of any of its obligations under its Local Franchise Agreement, including its payment of all sums due under Section 3 hereof (if any) and all payments due under its Local Franchise Agreement, Region will cause Money Mailer to publish the On-Line Advertisements ordered in accordance with this Section 2. Money Mailer will have the right to terminate the Web Sites listings of an On-Line Advertisement in the following circumstances:
1. Upon the Franchisee's failure to pay sums owed for that On-Line Advertisement ^ (if any).
 2. Upon the expiration date for a Term Ad, as provided in the EOF.
 3. Upon Franchisee's receipt of notice from Money Mailer or Region that the On-Line Ad will be removed due to non-compliance with any policies, agreements or other methods of business published by Money Mailer or Franchisee's default or non-compliance with the terms of the Franchisee's Local Franchise Agreement with Region or any other agreement with Region or Money Mailer.
 4. In the case of an Automatically Renewing Ad, upon Money Mailer's receipt of at least thirty (30) days prior written notice from the Franchisee that such Advertiser is not renewing for the upcoming month.
 5. In the case of your free Internet posting (the corresponding electronic ad that is posted when you sell a Co-op Mailing Ad) at Money Mailer's sole discretion, without notice.
 6. Upon receipt of notice from the Franchisee or Region to remove the particular ad.
- E. Franchisee will comply with all applicable laws, rules and regulations of all governmental authorities in conducting the On-Line Advertising.

3. PAYMENT FOR ORDERS

^The Franchisee will pay to Money Mailer, the "Listing Fee" for each On-Line Advertisement ordered by Franchisee for placement on the Web Sites for its Advertisers in accordance with the then current Listing Fee Price Schedule established by Money Mailer^ . Money Mailer's current Listing Fee Price Schedule is subject to change from upon thirty (30) days notice to the Franchisee.^ Franchisee must pay the amount due to Money Mailer under this Section 3 regardless of whether any customers of Franchisee has paid for the On-Line Advertising. ^Franchisee will pay a regional order-processing fee in accordance with the Region's then-current price list. The regional fee price schedule is subject to change periodically upon thirty (30) days notice^

4. DISCLAIMER

The Franchisee hereby represents, acknowledges and agrees that:

- A. Money Mailer and Region have not made any representation or guarantee to Franchisee that Franchisee will or can earn any income whatsoever from the sale of On-Line Advertising and Franchisee acknowledges and understands that: (1) there is no assurance that customers or accounts will be willing to pay for advertising on the Internet; and (2) there is no assurance of any redemption by consumers of ads appearing on the Internet.
- B. The Franchisee acknowledges that its right to sell On-Line Advertising hereunder is non-exclusive. Without limiting the foregoing:
 1. Money Mailer will have the unrestricted right to market and sell and to appoint others to market and sell On-Line Ads to any customer or account wherever located, and without regard to the effect the same may have on the Franchisee's sales efforts hereunder or under the Local Franchise Agreement and through any distribution channel, (including solicitations via the Web Sites) and through employees, agents, licensees, sales or marketing representatives, joint ventures, strategic alliances or by any other means now known or hereafter developed. Notwithstanding the foregoing, during the term of this Agreement, Money Mailer will not accept On-Line Advertising for placement onto its Web Sites from any locally-based co-operative direct mail companies who deliver advertisements to residences in an envelope through the United States Postal Service.
 2. The Franchisee has no business category or territorial rights of any kind to On-Line Advertising, the Web Sites or the Hot Marks (as defined below).
 3. Franchisee's rights with respect to Direct Mail Advertising Business under the Franchisee's Money Mailer Local Franchise Agreement do not accrue or apply in any manner to the Web Sites, the Hot Marks or to the sale of On-Line Advertising. The terms "mail" or "mailing" as used in the Local Franchise Agreement do not include e-mail or any other electronic transmissions of On-Line Advertising or other advertising.
 4. Without any consideration to the Franchisee, Money Mailer may place or cause to be placed On-Line Advertising anywhere on the Web Sites or any other web site in their sole discretion without any limitation as to business category or position, including the placement of a competitive advertisement or message on the same web page as an advertisement secured by the Franchisee and the placement of advertising on behalf of the Region in preferential positions on any page of the Web Sites.

5. INTELLECTUAL PROPERTY RIGHT ISSUES

- A. Money Mailer does and will at all times exclusively own of all applicable copyrights in the On-Line Advertisements and other intellectual property rights in the On-Line Advertisements (“Intellectual Property”). Any creation, development or modification of any On-Line Advertisement by Franchisee will be considered under U.S. Copyright law as a “work made for hire” on behalf of Money Mailer in the case of electronic versions of “Money Mailer” advertisements and all ownership will accrue to Money Mailer. To the extent such On-Line Advertising is not considered a “work made for hire” Franchisee hereby irrevocably assigns to Money Mailer all Intellectual Property rights to any On-Line Advertising created by Franchisee.
- B. The Franchisee expressly acknowledges and agrees that Money Mailer has and retains all rights to use the name “H.O.T.! Coupons” and any other name, logo and mark that it develops for use on its Web Sites (the “Hot Marks”) in any manner whatsoever, including, without limitation, in connection with manufacturing, marketing, promoting, selling and distributing advertising, goods or services of any kind or nature, without any obligation to the Franchisee.
- C. The Franchisee acknowledges that he/she is not the owner of any right, title or interest in and to the Intellectual Property or Hot Marks in any form or embodiment thereof, and is not the owner of any goodwill attached to the Hot Marks.
- D. The Franchisee may only use the Hot Marks in accordance with policies established by Money Mailer from time to time. Except as expressly permitted herein, the Franchisee may not publish the Hot Marks, the Intellectual Property or any Money Mailer logo, trademarks or service marks in or on any other web site, electronic transmission vehicle or otherwise. This obligation will survive the termination of this Authorization.
- E. Notwithstanding the foregoing, on occasion the Franchisee may satisfy the request of its Customers by placing their On-Line Ads onto other web sites in addition to the Web Sites; provided that Money Mailer, ^provided, however that Money Mailer reserves the right to determine whether such On-Line Ads may be placed on the other web site ^or web sites If the Franchisee allows placement or places an On-Line Ad ^on to a third party web site without Money Mailer’s permission, such act will constitute a breach of this Agreement and Money Mailer may exclude or delete any and/or all ads placed by the Franchisee onto the Web Sites without notice, and terminate this Agreement among other remedies available to it at law or equity.

6. GENERAL PROVISIONS

- A. **Initial Term.** This Authorization will be effective as of the date first set forth above and will continue in effect on a month to month basis, unless sooner terminated in accordance with the terms of this Authorization. Either party may terminate this Authorization at any time, with or without cause by providing thirty (30) days prior written notice of termination to the other party.
- B. **Assignment.** This Authorization may not be assigned by the Franchisee except as part of a concurrent assignment to the same assignee of the Local Franchise Agreement in accordance with the Local Franchise Agreement. Further, this Authorization may not be severed from the Local Franchise Agreement and retained by the Franchisee upon the assignment or expiration of the Local Franchise Agreement to a third party.

- C. **Complete Agreement.** The Local Franchise Agreement, as amended by this Authorization, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all previous proposals, both oral and written, negotiations, representations, commitments, writings and all other communications between the parties. This Authorization may not be modified except by a writing signed by a duly authorized representative of each of the parties. If of any inconsistency between the Local Franchise Agreement and this Authorization, the terms of this Authorization will prevail.
- D. **Limitation.** MONEY MAILER AND REGION MAKE AND FRANCHISEE RECEIVES NO WARRANTY EXPRESS OR IMPLIED AND THERE ARE EXPRESSLY EXCLUDED ALL WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE CONCERNING THE ON-LINE ADVERTISEMENT SERVICES OF MONEY MAILER, OR OTHERWISE. REGION AND MONEY MAILER WILL HAVE NO LIABILITY FOR CONSEQUENTIAL, EXEMPLARY OR INCIDENTAL DAMAGES. MONEY MAILER'S AND THE REGION'S ENTIRE LIABILITY AND FRANCHISEE'S EXCLUSIVE REMEDY UNDER THIS AGREEMENT WILL BE LIMITED TO THE PAYMENTS, IF ANY, PAID BY THE FRANCHISEE UNDER SECTION 3 OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties have executed this Authorization on the date first above written.

Region:
Money Mailer S.G.V. Franchise Corp.

Franchisee:

By: _____
John C. Salter, President

By: _____

Address for Notice:
126 W. Olive Avenue
Monrovia, CA 91016

Address for Notice:

EXHIBIT E

MONEY MAILER LIMITED SOFTWARE LICENSE AGREEMENT

This is a legal agreement (the "Agreement") between you, the Licensed User or representative of the Licensed User (the "Licensee") and Money Mailer, LLC, a Delaware limited liability company with its principal headquarters located at 14271 Corporate Drive, Garden Grove, California 92843 (the "Licensor").

RECITALS

A. WHEREAS, Licensor is engaged in the business (among other lines of commerce) of marketing, printing and distributing direct mail advertising for business clients and other advertising related businesses. Licensor has created (or received licenses for re-license of) certain software that is designed to be used by Licensor's Money Mailer regional and local franchisees in connection with their Money Mailer related businesses (the "Software"). Each such Money Mailer franchisee operates under the authority of a Money Mailer Franchise Agreement (the "Franchise Agreement"). The license of the Software is intended for the sole purpose to assist Money Mailer franchisees in connection with the operation of their businesses as Money Mailer franchisees pursuant to their Franchise Agreements;

B. WHEREAS, Licensee is either a duly authorized Money Mailer franchisee in good standing under its Franchise Agreement or a duly authorized franchisee representative (the "Representative") appointed by the franchisee in good standing;

C. WHEREAS, Licensee has been officially authorized and recognized either through the Franchise Agreement or through the Money Mailer Franchise Employee Authorization System (the "Employee Authorization System");

D. WHEREAS, Licensee desires to utilize the Software solely in conjunction with the operation of a Money Mailer franchise business under the Franchise Agreement; and

E. WHEREAS, Licensor and Licensee believe it is in their mutual interest and desire to enter into an agreement whereby Licensee would use the Software solely in the operation of a Money Mailer franchise business under the Franchise Agreement and pursuant to the terms and conditions hereinafter provided.

NOW, THEREFORE, in consideration of the promises and the mutual covenants of this Agreement, the parties hereto agree as follows:

AGREEMENT

1. License.

A. Licensor hereby grants to Licensee, for the term of this Agreement, a nonexclusive, nonassignable, right and license to use the Software solely in connection with the operation of a Money Mailer franchise business under the Franchise Agreement and for no other purpose.

B. This license is expressly limited to the personal computers Licensee uses in its Money Mailer franchised business.

C. No right or license is being conveyed to Licensee to use the Software for any purpose other than in connection with the operation of a Money Mailer franchised business. Licensee is further prohibited from using the Software in any manner other than as described above.

2. Term.

This Agreement shall be effective as of the date of execution by both parties and shall extend for the period that is co-terminous with the term of Licensee's Franchise Agreement or Representative's status as authorized by Money Mailer, LLC through the Employee Authorization System. This Agreement shall automatically terminate upon the termination or expiration of Licensee's related Money Mailer Franchise Agreement or when Representative's authorization status is terminated within the Employee Authorization System. This Agreement may be renewed for additional terms (the "Extended Terms") subject to the following conditions:

A. If the Licensee is a franchisee, the licensee shall be in full compliance under this Agreement and the Franchise Agreement, including, without limitation, payment of all amounts owing to Licensor, the Money Mailer Regional Licensor, if any, or any of their respective affiliates;

B. If the licensee is a Representative, the licensee shall be in full compliance under this agreement when the franchisee authorizing the Representative is in good standing and the Representative is fully authorized by the franchisee through the Employee Authorization System. In addition, the Representative's right to use the Software may be terminated through any reasonable means at any time for any reason by the authorizing franchisee. Authorization to use the software by the Representative is based upon both being authorized by the Employee Authorization System and having permission to use the software by the approving franchisee. This permission may be terminated by the approving franchisee verbally or through written communication at any time for any reason.

C. At the request of Licensor through Licensor's software or through written form, Licensee shall accept Licensor's then current form of Money Mailer Limited Software License Agreement (if different from this Agreement) that Licensor is then customarily offering to other Money Mailer franchisees;

D. Licensee agrees to upgrade (if necessary) its computer hardware, operating systems and software in compliance with Licensor's then current standards and specifications.

3. No Additional Compensation.

If the licensee is a franchisee, in consideration of Licensee signing and remaining in good standing under the Franchise Agreement, Licensor shall charge Licensee no additional license fee under this Agreement.

4. Confidentiality.

A. Licensee recognizes that the Software is the proprietary and confidential property of Licensor. Accordingly, Licensee shall not, without the prior express written consent of Licensor, during the term of this Agreement and for ten (10) years thereafter, disclose or reveal to any third party or utilize for its own benefit other than pursuant to this Agreement, any Software provided by Licensor, provided that such information was not previously known to Licensee or to the general public. Licensee further agrees to take all reasonable precautions to preserve the confidentiality of Licensor's Software and shall assume responsibility that its employees, sublicensees, agents, representatives and assignees will similarly preserve this information against third parties. The provisions of this clause shall survive termination of this Agreement.

B. Licensee shall take no steps in attempting to reverse engineer or decompile the Software.

5. Warranties and Disclaimers.

A. Licensor further represents and warrants that it has no actual knowledge that the Software infringes any valid rights of any third party.

B. Limited Warranty and Disclaimer. Money Mailer warrants that the SOFTWARE will perform substantially in accordance with the product documentation published by Money Mailer. Money Mailer's and its suppliers' entire liability and your exclusive remedy under this warranty will be, at the option of Money Mailer, to replace the Software.

C. EXCEPT AS TO THE ABOVE LIMITED WARRANTY, TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, LICENSOR, THE MONEY MAILER REGIONAL LICENSOR AND THEIR RESPECTIVE AFFILIATES AND THEIR SUPPLIERS DISCLAIM ALL OTHER WARRANTIES AND CONDITIONS, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, TITLE, AND NON-INFRINGEMENT, WITH REGARD TO THE SOFTWARE, AND THE PROVISION OF OR FAILURE TO PROVIDE SUPPORT SERVICES. THIS LIMITED WARRANTY GIVES LICENSEE SPECIFIC LEGAL RIGHTS. LICENSEE MAY HAVE OTHERS, WHICH VARY FROM STATE/JURISDICTION TO STATE/JURISDICTION.

D. To the maximum extent permitted by applicable law, in no event shall Licensor, the Money Mailer Regional Licensor or any of their respective affiliates or their suppliers be liable for any special, incidental, indirect, consequential or punitive damages whatsoever (including, without limitation, damages for loss of business profits, business interruption, loss of business information, or any other pecuniary loss) arising out of the use of or inability to use the Software or the provision of or failure to provide support services, even if Licensor or the Money Mailer Regional Licensor or their respective affiliates or suppliers, or any of them, has been advised of the possibility of such damages. In any case, the entire liability of Licensor or the Money Mailer Regional Licensor or their respective affiliates or suppliers, or any of them, under any provision of this Agreement shall be limited to a maximum of One Hundred Dollars (\$100). Licensor and Licensee agree that the damages, if any, incurred by Licensee would be speculative and difficult to estimate and that a maximum of One Hundred Dollars (\$100) in damages is a fair and reasonable amount.

6. Improvements.

Any improvements or modifications made by Licensor to the Software shall be provided to Licensee at the Licensor's discretion and shall be automatically included in this Agreement.

7. Termination.

A. This Agreement shall expire concurrently with the expiration or termination of the Franchise Agreement.

B. Licensee may terminate this Agreement at any time by removing the Software from all computers and destroying all copies of the software and all documentation related to the software. Unauthorized copying of the Software or the accompanying documentation or otherwise failing to comply with the terms and conditions of this Agreement will result in automatic termination of this license and will make available to Money Mailer other legal remedies.

C. Licensee acknowledges and agrees that this Agreement and the Franchise Agreement are integrally related, and, as such, any breach by Licensee of this Agreement shall also constitute a

breach of the Franchise Agreement and that any breach by Licensee of the Franchise Agreement shall also constitute a breach of this Agreement.

8. Post-Termination Rights.

A. Upon the expiration or termination of this Agreement, all rights granted to Licensee under this Agreement shall forthwith terminate and immediately revert to Licensor, and Licensee shall discontinue all use of the Software and the like. Licensee shall immediately remove all copies of the Software from all servers, computers and other devices, and Licensee shall retain no copies of the Software.

B. Upon expiration or termination of this Agreement, Licensee shall destroy and discard all copies of the Software, all related documentation and all other material relating to the Software.

9. Indemnity.

Subject to the limitations set forth above, Licensor shall defend, indemnify and hold Licensee, and its officers, directors, agents, and employees, harmless against all costs, expenses and losses (including reasonable attorney fees and costs) incurred through claims of third parties against Licensee based on a breach by Licensor of any representation and warranty made in this Agreement as well as for any third-party claim for infringement of its intellectual property rights based on Licensee's use of the Software.

10. Notices.

Any notice required to be given pursuant to this Agreement shall be in writing and mailed by certified or registered mail, return receipt requested, or delivered by a national overnight express service to the addresses known to both franchisee and franchisor at the time of the notice.

11. Jurisdiction; Dispute Resolution; Arbitration.

A. This Agreement shall be governed by the laws of California.

B. Except as otherwise provided below, any controversy or claim arising out of or relating to this Agreement, or any breach of it, shall be submitted to final and binding arbitration before, and in accordance with, the Commercial Rules of the American Arbitration Association, and judgment upon the award may be entered in any court having jurisdiction of it. This arbitration provision shall be deemed self-executing, and if either party fails to appear at any properly noticed arbitration proceeding, an award may be entered against such party notwithstanding such failure to appear. Such arbitration shall be conducted by the American Arbitration Association, at its offices in Orange County, California.

C. In addition to the procedures for arbitration under the Commercial Arbitration Rules of the American Arbitration Association, Licensor and Licensee also agree that the AAA Optional Rules for Emergency Measures of Protection shall apply to the proceedings.

D. Notwithstanding the foregoing, any claim or dispute involving or contesting the validity of any of Licensor's marks shall not be submitted to arbitration.

E. The above arbitration provisions shall not limit Licensor's right to apply to any court of competent jurisdiction for an injunction.

12. Agreement Binding on Successors.

A. None of the rights of Licensee under this Agreement may be assigned, transferred, rented, leased, sublicensed or otherwise shared, except upon the written consent of Licensor and only in conjunction with the assignment or transfer of all of the rights of Licensee under the related Franchise Agreement. Any attempt to assign or transfer, except as expressly permitted herein, shall be void.

B. Subject to the foregoing limitations, this Agreement shall be binding on and shall inure to the benefit of the parties hereto, and their heirs, administrators, successors and assigns.

13. Waiver.

No waiver by either party of any default shall be deemed as a waiver of any prior or subsequent default of the same or other provisions of this Agreement.

14. Severability.

If any provision hereof is held invalid or unenforceable by a court of competent jurisdiction, such invalidity shall not affect the validity or operation of any other provision, and such invalid provision shall be deemed to be severed from this Agreement.

15. Integration.

Except as to those matters specifically referenced herein contained in the related Franchise Agreement, this Agreement constitutes the entire understanding of the parties, and revokes and supersedes all prior agreements between the parties and is intended as a final expression of their agreement. This Agreement shall not be modified or amended except in writing signed by the parties hereto and specifically referring to this Agreement. Except with respect to the Franchise Agreement, this Agreement shall take precedence over any other documents that may be in conflict therewith.

16. Attorney's Fees.

A. If legal action is necessary to enforce the terms and conditions of this Agreement, the prevailing party shall be entitled to recover reasonable compensation for preparation, investigation, court costs and reasonable attorney's fees, as fixed by a court of competent jurisdiction.

B. Separate and distinct from the right of a prevailing party to recover expenses, costs and fees in connection with any legal or arbitration proceeding, the prevailing party shall also be entitled to receive all expenses, costs and reasonable attorney's fees incurred in connection with the enforcement of any judgment entered. Furthermore, the right to recover post-judgment expenses, costs and attorney's fees shall be severable and shall survive any judgment and shall not be deemed merged into such judgment.

[To be agreed and accepted online by Franchisee prior to first use of software. Upon accessing the Software for the first time, Franchisee will be required to read and scroll through this agreement and click, "I accept" or "I do not accept". If they accept, they will be accessed to use the Software. If they do not accept, they will not be given access to the Software and will be prompted to contact their Region.]

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