

**MONEY MAILER S.G.V. FRANCHISE CORP.
FRANCHISE DISCLOSURE**

1.

THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

INTRODUCTION

To simplify the language in this offering circular the words “Money Mailer” refers to Money Mailer, LLC, the franchisor. “Region”, “we”, “our” and “us” refer to Money Mailer S.G.V. Franchise Corp., the subfranchisor. “You” means the person or legal entity that buys the franchise. Although this offering circular contains information concerning both Money Mailer and the Region, your franchise agreement is solely with Region.

MONEY MAILER AND ITS PREDECESSORS

Money Mailer is a Delaware limited liability company organized on November 24, 1997, and maintains its principal place of business at 14271 Corporate Drive, Garden Grove, California 92843. Money Mailer conducts business under the name “Money Mailer”. Money Mailer’s predecessor is Money Mailer, Inc. (“MMI”) a California corporation incorporated on October 11, 1979. Before the incorporation of MMI, Kris O. Friedrich, Money Mailer’s Chairman, operated the Money Mailer business as a sole proprietorship beginning in July 1979.

On December 23, 1997, MMI transferred all its assets and liabilities to Money Mailer in return for all of the membership units of Money Mailer. On that same date, MMI transferred its interest in Money Mailer to MM Holding, LLC (“MMH”) in return for membership units of MMH. Money Mailer assumed the operations of MMI as of this date. Money Mailer was a wholly owned subsidiary of MMH, a Delaware limited liability company organized on November 26, 1997. MMH is more fully described below. In December 1998, MM Direct Marketing, Inc., a California corporation (“MMDM-CA”) (described below) and H.O.T! Coupons, Inc., a California corporation (“HCI”) (also described below) merged with MMI. MMI remained as the surviving entity.

On May 30, 2003, Money Mailer Holding Corporation (“New Holdings”), a Georgia corporation incorporated on May 5, 2003, acquired from MMH all of the limited liability company interest of Money Mailer, and all of the stock of MMDM and Money Mailer Ad Corp (described below). New Holdings was incorporated for the purpose of acquiring Money Mailer, MMDM and Money Mailer Ad Corp. New Holdings is managed by Roark Capital Group, based in Atlanta, Georgia.

MONEY MAILER’S PRIOR BUSINESS EXPERIENCE

MMI maintained a Direct Mail Advertising Business from October 1979 to April 1985. MMI was involved in all facets of direct mail advertising for businesses, including the solicitation of advertising, the design and printing of advertising materials and the mailing of the finished product to homes and other locations. Kris O. Friedrich conducted a Direct Mail Advertising Business from July 1979 through October 1979. Money Mailer does not presently operate a franchise in the Direct Mail Advertising Business, however as described below, MMDM, Money Mailer’s affiliate (which is the successor entity

to MMDM, LLC, a Delaware limited liability company) operates Direct Mail Advertising Businesses in certain geographic areas as a regional subfranchisor of Money Mailer.

MMI offered regional franchises from April 1985 to December 1997. Money Mailer offered regional franchises in selected states from December 1997 to April 2004. Money Mailer no longer offers regional franchises. [^]In April [^]2004, Money Mailer announced its [^]interest to receive offers to sell from existing independent Money Mailer regional franchisees, and confirmed that neither Money Mailer's decision to cease selling regional franchises nor its pursuit of the acquisition of existing, independent regional franchises, will adversely impact the scope or quality of its services to current regional, local or direct franchisees. Money Mailer has advised us that it plans to streamline the Money Mailer franchise system and create greater operational efficiencies and to continue to grow the Money Mailer franchise system through independent, local franchisees who deal directly with Money Mailer and its affiliated companies. We and Money Mailer will continue to provide all services to our Money Mailer local franchisees in our territory.

From 1980 through 1985, MMI offered "direct" franchises, which may be compared to the subfranchises we grant under this offering circular. Money Mailer no longer intends to offer "direct" franchises[^]. Money Mailer has not offered franchises in other lines of business. MMI's predecessor has not sold franchises in this business or in any other line of business. Money Mailer and we may pursue franchise and other business opportunities in the future.

On June 23, 1998, H.O.T! Coupons, LLC ("HC") was formed as a Delaware limited liability company and wholly owned subsidiary of MMH. HC's predecessor was HCI, a California corporation incorporated on March 19, 1996, and owned 100% by Kris O. Friedrich. HC merged with MMH on November 26, 2002, with MMH remaining as the surviving entity. On May 29, 2003, MMH assigned the assets related to HC to Money Mailer. We filed a Certificate of Merger with the Delaware Secretary of State in June 2003 to dissolve HC. Money Mailer provides Internet advertising[^] through its two primary web sites moneymailer.com and hotcoupons.com. Money Mailer, under various co-branding arrangements, also makes its Internet advertising available through a variety of other websites. HCI provided these services before December 23, 1997. MMH provided these services directly from December 23, 1997 to June 23, 1998 and from November 26, 2002 to May 29, 2003. If you sign the optional form entitled, "Authorization to Offer Electronic Advertising," you may make available Money Mailer's [^]Internet advertising services.

AFFILIATES OF MONEY MAILER

MMDM is an affiliate of Money Mailer. MMDM's business address is 14271 Corporate Drive, Garden Grove, California 92843. MMDM is a Delaware corporation organized on November 25, 1998. MMDM's predecessor was MMDM, LLC, a Delaware limited liability company organized on November 26, 1997 ("MMDM, LLC"). Before that date MMDM operated as MM Direct Marketing, Inc., a California corporation incorporated on August 1, 1995 ("MMDM-CA"). MMDM-CA was 100% owned by Kris O. Friedrich. MMDM is a wholly owned subsidiary of New Holdings. MMDM operates and subfranchises Direct Mail Advertising Businesses in certain geographic areas under a regional franchise agreement with Money Mailer and also performs certain services under a management agreement with Money Mailer, including national account sales, subfranchising functions (which may include the initial development or ongoing maintenance of certain markets at Money Mailer's request) as well as franchisee training and support functions. In addition, for a fee, MMDM may perform certain

franchise brokerage, licensing and training services for us and other Money Mailer regional sub-franchisors.

New Holdings is a Georgia corporation, incorporated on May 5, 2003, with its principal business address as 1170 Peachtree Street, Suite 1825, Atlanta, Georgia 30309. New Holdings does not operate a Direct Mail Advertising Business (except through its subsidiary Money Mailer and MMDM) and does not offer franchises in any line of business. (See Exhibit D to Franchise Agreement).

Money Mailer Ad Corp. ("AdCorp") is a wholly owned subsidiary of New Holdings formed on May 26, 2000 and acquired by New Holdings on May 30, 2003. AdCorp's business address is 14271 Corporate Drive, Garden Grove, California 92843. You, us and other Money Mailer local, direct and regional franchisees, as well as Money Mailer participate in local advertising cooperative (formed primarily at the "Designated Market Area" level) and contribute to local advertising funds that then conduct advertising to promote the Money Mailer brand. You pay your local advertising fund contributions to Money Mailer, which then transfers them to AdCorp. AdCorp then reimburses the various local ad funds as they spend money on authorized local advertising. AdCorp charges the local ad funds pro rata for administrative expenses for this service. Except for its administrative expenses (and payment of any applicable taxes) AdCorp receives and distributes funds solely for local advertising by the local advertising cooperatives or for the development of local advertising guidelines and aids by the Local Advertising Board (the "LAB"), the committee formed to act on behalf of the local cooperatives, the regions and Money Mailer for this purpose. AdCorp does not operate a Direct Mail Advertising Business and does not offer or operate franchises in any line of business.

Neal Aronson, Chairman of MMHC, is affiliated through Roark Capital with the following companies:

Carvel Corporation ("Carvel") is located at 200 Glenridge Point Parkway, Ste. 200, Atlanta, Georgia 30342. Carvel is a leading manufacturer of branded ice cream cakes in the United States and a top producer of premium soft-serve ice cream. Carvel has been associated with the ice cream business since 1934. Carvel has been franchising since 1947 and has 425 franchised and food service locations.

On November 4, 2004, Focus Brands, Inc., acquired the assets from Cinnabon International, Inc. ("Cinnabon"). Cinnabon is a franchisor of a quick service food concept primarily involving the sale of its high quality and well-known cinnamon rolls via franchised kiosks in malls throughout the United States. Cinnabon has approximately 600 franchise locations.

Also, on November 4, 2005, Focus Brands, Inc., purchased certain franchising rights in parts of Asia, the Middle East, Hawaii and U.S. Military bases for the Seattle's Best coffee brand. Seattle's Best produces top quality coffee and coffee-related products and currently has approximately 150 locations in the international locations above.

FASTSIGNS International, Inc. ("FASTSIGNS") is located at 2550 Midway Road, Suite 150, Carrollton, Texas 75006-2366. FASTSIGNS is a leading company that franchises businesses that specialize in producing and marketing signs, graphics, banners, ready-to-apply lettering, exhibits and displays, digital imaging, advertising and promotional products and other complementary services and products. FASTSIGNS has been franchising since 1986 and has 396 franchised locations.

THE REGION AND ITS PREDECESSORS

We are a California corporation incorporated on January 22, 1990, which acquired the rights to our Regional Franchise on January 22, 1990, by signing a Regional Franchise Agreement with Money Mailer.

We conduct business under the names "Money Mailer" and "Money Mailer S.G.V. Franchise Corp." Our principal place of business is 126 W. Olive Ave., Monrovia, California 91016. We operate and franchise direct mail advertising businesses which provide direct mail advertising and related services to multiple business clients whose advertisements are combined and mailed in the same envelope to domiciles within a designated territory ("Direct Mail Advertising Business" or the "Business"). We are not engaged in any other business activities except as described in this Offering Circular.

OUR PRIOR BUSINESS EXPERIENCE

We have operated a Direct Mail Advertising Business in the State of California since January 22, 1990. We have offered Money Mailer franchises in the State of California since March 14, 1990. We have not offered franchises in any other lines of business.

John C. Salter is our sole shareholder. He also is the sole shareholder of Money Mailer of San Gabriel Valley, Inc. ("MMSGV"), incorporated in the State of California, which owns and operates a Money Mailer Individual (non-regional) Franchise in the San Gabriel Valley and has done so since September 7, 1983, when it purchased the rights to the franchise from John C. Salter, acting as a sole proprietor, who owned and operated the franchise since October 1982. MMSGV has not offered franchises in any other lines of business.

We and our affiliates operate various Money Mailer Businesses in certain territories, which we may have developed directly, repurchased or acquired from Money Mailer franchisees. Occasionally, we offer selected, developed territories with existing advertiser clientele in conjunction with the offer of Money Mailer franchises. If you purchase a developed territory, then you would pay an additional purchase price. (See Items 5, 7 and 10 for additional details.)

FRANCHISES OFFERED

Money Mailer granted independently owned franchises to regional franchisees like us, who (i) engage in the Direct Mail Advertising Business and (ii) offer subfranchises for the operation of the Direct Mail Advertising Business under the name Money Mailer. Even though Money Mailer no longer offers new regional franchises, we will continue our existing, independent, regional operations and will continue to offer, sell and service local franchises, in accordance with our existing regional franchise agreement.

Although Money Mailer has expressed an interest to acquire our regional business, at this time, we have made no decision to sell our business. We will continue our existing, independent, regional operations, and Money Mailer has assured us of its continued support in accordance with our regional franchise agreement. If we should later elect to sell our regional business to Money Mailer, we expect no disruption in our local franchisees' businesses, as in such case, Money Mailer would assume all of our future commitments to our local Money Mailer franchisees.

This offering circular relates to our offer and sale of these subfranchises. In addition, we make available Money Mailer's World Wide Web advertising under the form entitled, "Authorization to Offer Electronic Advertising", which is an optional service not part of the Direct Mail Advertising Business (See Exhibit D to Franchise Agreement which is Attachment B to this offering circular).

Under your franchise agreement, we will arrange to make Money Mailer's printing and mailing services available to you. These services include printing, collating, folding, cutting, perforating and inserting advertising into envelopes, mapping, mail list creation and procurement and addressing of envelopes and delivery to the U.S. Post Office. In addition, we make available Money Mailer's direct mail advertising materials, which include coupons, envelopes, standard postcards, self-mailers and flyers. Money Mailer is not presently involved in any other business activities, except as described herein.

We and our affiliates operate various Money Mailer Businesses in certain territories, which we may have developed directly, repurchased or acquired from Money Mailer franchisees. Occasionally, we offer selected, developed territories with existing advertiser clientele in conjunction with the offer of Money Mailer franchises. If you purchase a developed territory, then you would pay an additional purchase price. (See Items 5, 7 and 10 for additional details.)

EMPLOYMENT OF THE MONEY MAILER SYSTEM

You will employ the Money Mailer Operating System (the "System") and any future modifications to this System. The Money Mailer System is a series of licensed processes and procedures designed to assist you in presenting a quality advertising program, cultivating a respected image and maintaining a competitive edge.

GENERAL MARKET AND COMPETITION

Your market includes businesses, professional companies and other entities that want to advertise their products or services in their communities. You may compete with other franchises licensed by Money Mailer, another Region or us. You will compete with other advertising companies offering similar or alternative products or services.

SALES SKILLS SCREENING TEST

Money Mailer requires potential franchisees to take the Kurlan Express Screening. This test provides guidance on the trainability, growth potential and compatibility of the prospect within the Money Mailer sales environment. Money Mailer and we take into account the results of the Kurlan Screening, including the items mentioned above, when reviewing a prospect, however, Money Mailer and we do not base the decision to grant or deny a franchise solely on those results. Kurlan is a registered trademark of Objective Management Group, Inc.

REGULATIONS SPECIFIC TO THE DIRECT MAIL ADVERTISING BUSINESS

To operate the Money Mailer Direct Mail Advertising Business, your city, county or state may require a business license. Your locality may require additional permits or licenses. You should research these requirements in the territory you intend to conduct the Direct Mail Advertising Business.

Special Industry Regulation. A wide variety of Federal, state, and local laws, rules, and regulations (“laws”) may impact the operation of your Money Mailer Direct Mail Advertising Business and, if applicable, your offer and sale of Money Mailer’s World Wide Web advertising. These include, for example, (1) city, county, or state laws that require you to obtain a business license, insurance or other permits to operate; (2) United States Postal regulations relating to the use of U.S. mail to advertise; (3) laws that prohibit infringement of the copyrights and trademarks of others; (4) laws that establish general requirements, prohibitions and/or restrictions for advertising involving: false or misleading claims; product or competitor comparisons; sweepstakes, lotteries and games of chance; invasion of rights of privacy and publicity; deceptive pricing; use of certain terms in advertising like “reductions”, “formerly”, “usually”, “free” offers, and “suggested retail prices”; offers of mail-order merchandise; offers of guarantees, warranties, loans and credit, consumer leasing; offers of specific products or services like consumer appliances and electronics, textile fiber products (animal fur, wool, etc.), jewelry, household furniture, prescription drugs, alcohol and tobacco.

You should research and investigate whether there are regulations and requirements that may apply in the geographic area where you intend to conduct business and should consider both their effect and cost of compliance.

As with all businesses, you must comply with all tax obligations, whether, state, federal, municipal, county or otherwise, including income, sales, use, franchise, property or otherwise. You should engage the services of an accountant or a lawyer to provide advice on your tax obligations.

AGENTS FOR SERVICE OF PROCESS

Money Mailer’s agent for service of process is Kris O. Friedrich, 14271 Corporate Drive, Garden Grove, California 92843. Our agent for service of process is John C. Salter, 126 W. Olive Ave., Monrovia, CA 91016.

2. BUSINESS EXPERIENCE

Our principal offices, directors and other executives are:

John C. Salter - President, Chief Executive Officer, and Director

Mr. Salter has held the position of President, Chief Executive Officer and Director since our inception. Mr. Salter is also President and sole shareholder of MMSGV.

Carol Salter - Secretary, Treasurer and Vice President

Mrs. Salter has served as our Secretary, Treasurer and Vice President since our inception. Since September 1983, Mrs. Salter has also served as the Secretary and Treasurer of MMSGV and administers art work, production and accounting for MMSDGV; she also performs these functions for us.

Money Mailer’s principal officers, directors and other executives are:

Neal K. Aronson - Manager

Mr. Aronson was appointed as Chairman of the Board of Directors of MMDM and Manager of Money Mailer in May 2003. He has also served as Chairman of the Board of Directors of FOCUS Brands, Inc. and Carvel Corporation in Atlanta, Georgia since March 2002. Mr. Aronson is also the founder and has served as President of Roark Capital Group, a private equity firm in Atlanta, Georgia, since 2001. From October 1995 to February 2001, Mr. Aronson was Executive Vice President, Chief Financial Officer, and a Director of U.S. Franchise Systems, Inc. and its subsidiaries, the operators of the Best, Hawthorn, and Microtel hotel franchise systems, headquartered in Atlanta, Georgia.

Godfred P. Otuteye - President, Chief Executive Officer, Secretary and Director

Mr. Otuteye has served in various senior management capacities for Money Mailer and its predecessors since February 1992. He has served as President^ and ^Chief Executive Officer of Money Mailer and MMDM since January 22, 1999 and ^Director, President and Chief Executive Officer of New Holdings since November 14, 2003. He has also served as President, Chief Executive Officer and Secretary of Ad Corp since its formation on May 18, 2000.

James D. Callahan - Vice President/Finance and Chief Financial Officer

Mr. Callahan has served as Vice President/Finance and Chief Financial Officer since December 2000 and is responsible for all financial and accounting functions for Money Mailer. Mr. Callahan also has served as Vice President Finance and Chief Financial Officer for AdCorp since its formation on May 18, 2000. He served as Vice President/Controller from January 1998 to November 2000.^

Scott Ijams - Vice President/Information Services

Mr. Ijams has served as Vice President, Information Services for Money Mailer since December 1999. Mr. Ijams is responsible for all aspects of information technology for Money Mailer.^

John Sabo - Vice President/Operations

Mr. Sabo has served as Vice President/Operations for Money Mailer since April 2000 and manages all aspects of Money Mailer's printing and mailing production services. Before his employment with Money Mailer, from June 1999 to April 2000, Mr. Sabo served as an Account Project Manager with Advanced Business Graphics in Mira Loma, California. ^

Joseph J. Craciun - Assistant Secretary and Corporate Counsel

Mr. Craciun has served as Assistant Secretary^ and Corporate Counsel for Money Mailer ^and MMDM since April 1999. Mr. Craciun has serves as Assistant Secretary for AdCorp. He is responsible for Money Mailer's legal affairs and general franchise administration.

MMDM's principal officers, directors and other executives are:

Neal K. Aronson - Chairman of the Board of Directors

(See biography above)

Godfred P. Otuteye - President, Chief Executive Officer, Secretary and Director

(See biography above)

^

Dennis Jenkins - Vice President/Franchise Licensing

Mr. Jenkins has served as Vice President/Franchise Licensing since December 2001 and as Director of Franchise Licensing from April 2000 to December 2001. ^On April 19, 2004, he assumed management responsibility for Money Mailer's National Accounts department.

John Patinella - Vice President/Franchise Development

Mr. Patinella has served as Vice President/Franchise Development for MMDM since March 2001. Mr. Patinella is responsible for training and franchise ^operations. On April 19, 2004, he assumed management responsibility for Money Mailer's Marketing and Field Marketing departments. From February 2000 to March 2001, Mr. Patinella served as President ^for Money Mailer of Illinois, Inc. ^and Money Mailer of Wisconsin, Inc.^, Money Mailer's independent regional subfranchisor in Illinois, Indiana and Wisconsin^.

Don Hubert - Vice President /National Accounts

Mr. Hubert has served as Vice President /National Accounts for MMDM since December 23, 1997.[^]

James D. Callahan - Vice President/Finance and Chief Financial Officer

(See biography above)

Scott Ullmann - Senior Director of Regional Operations

Mr. Ullmann has served as Senior Director of Regional Operations since February 1, 2003. He is responsible for management of MMDM's regional subfranchises and salespeople in Houston, San Diego, Orange County, Tucson and Seattle. Mr. Ullmann served as Senior Director of Product Management since December 2000. ^He served as Senior Director of Product Services from June 1999 to November ^2000.

Kelly L. Austin - Director of Training & Field Services

Ms. Austin has served as Director of Training & Field Services for Money Mailer since April 2000. She is responsible for Money Mailer's sales and business training programs (classroom, field, and on-line) for new and existing franchisees. ^From June 1999 to April 2000, she was an Independent Consultant to financial planners and insurance agents^.

Jeff LeBlanc - IRO ^Director

Mr. LeBlanc has served as IRO (Internal Regional Office) ^Director since ^October 2004. He is responsible for overseeing the day^to^_day mailing administration and support and AdBooks training primarily for MMDM's subfranchises. From August 2000 to October 2004, Mr. LeBlanc served as IRO Manager. Mr. LeBlanc served as Special Projects Coordinator and Account Manager for Money Mailer from May 1997 to August 2000.^

Joseph J. Craciun – Assistant Secretary and Corporate Counsel

(See biography above)

Daniel G. Lonergan - Director

Mr. Lonergan was appointed as a Director of MMDM in May 2003. From October 2003 to the present, Mr. Lonergan has served as Vice President, Assistant Secretary, and Director of Fastsigns International, Inc. He has also been a partner in Roark Capital Group, a private equity firm in Atlanta, Georgia, since 2002. From 1999' to 2001, Mr. Lonergan served as a Director of Credit Suisse First Boston Corporation in New York, New York.^

FRANCHISE REFERRAL RELATIONSHIPS

We use certain franchise referral companies and agents who refer to us individuals like you who may be interested in obtaining a Money Mailer franchise. The parties listed in Attachment E do not have the authority to negotiate the offer of the franchise agreement or to otherwise contract or act on our behalf. We will not be bound by any statements or representations they may make, and we are under no obligation to offer a franchise agreement or any other rights to anyone whom they refer to us. See Attachment E for the biographical information of the referral parties we may engage to locate franchise candidates like you.

Although not a broker arrangement, Money Mailer and we offer a referral incentive program where existing franchisees and employees are encouraged to refer parties they feel might be interested in obtaining a franchise. To qualify for the referral fee, they must simply complete a referral card with the referral's contact information and submit to Money Mailer or us. They are specifically prohibited in the program rules from taking any further action with the referral. These franchisees do not have the authority to negotiate the offer of the Franchise Agreement or to otherwise contract or act on our behalf. We will not be bound by any statements or representations they may make, and we are under no obligation to offer a Franchise Agreement or any other rights to anyone whom they refer to us. Should a referral become a franchisee, we will pay the referring party a \$2,500 referral fee. If an existing franchisee is the referring party, Money Mailer will also provide a print credit of up to \$1,000 to that existing franchisee. At times, we may conduct referral promotions or contest to attract additional new franchisees.

No one listed above is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

3.
LITIGATION

OUR LITIGATION

No litigation involving us must be disclosed in this Offering Circular.

MONEY MAILER'S PENDING LITIGATION

No pending litigation involving Money Mailer must be disclosed in this Offering Circular.

MONEY MAILER'S CONCLUDED LITIGATION

A. On or about January 29, 1991, a lawsuit entitled Larry Guzzetta: Franchisee, UNIPOL Corporation and DOES 101 to 200 v. Kris O. Friedrich, Franchisor, Money Mailer, Inc.; Mark Franklin, Vice President, Money Mailer, Inc.; Robert Francisco, Regional Franchisee, Money Mailer of Santa Clara County, Inc.; Does 1 to 100, was filed in the Superior Court of the State of California for the County of Orange (Case number 648447). Mr. Friedrich is MMI's President; Mark Franklin, was a Vice President of MMI and former franchisee who sold the franchise to Larry Guzzetta ("Guzzetta") and UNIPOL Corporation ("UNIPOL"), and Robert Francisco is a shareholder of Money Mailer of Santa Clara County, Inc., a former franchisee of MMI, with whom Guzzetta and UNIPOL asserted to have merged. UNIPOL and Guzzetta are a former MMI franchisee and its sole shareholder, whose franchise was terminated in March 1990. Guzzetta and UNIPOL allege a breach of franchise agreement, unfair competition, fraudulent misrepresentation, civil conspiracy to defraud, intentional infliction of emotional harm, and breach of the covenant of good faith and fair dealing. In the Second Amended Complaint filed on or about October 19 1994, Guzzetta, requested general, specific, and punitive damages in an unspecified sum, attorney's fees and costs.

On February 6, 1995, the Court sustained the demurrers to Guzzetta's Second Amended Complaint without leave to Amend, and dismissed the action. Mr. Guzzetta purported to Appeal the dismissal in May 1995, but the Court of Appeal dismissed the Appeal as untimely in July 1995.

B. On March 17, 1995, an action entitled Leo Torre and Karl Vogelsberg v. Money Mailer of Long Island, Inc., Kenneth O'Mara, Money Mailer, Inc., and John Ryley was filed in the Supreme Court of the State of New York, County of Suffolk, Index No. 95-5574. This action was commenced by two franchisees on Long Island (New York) alleging misrepresentations and omissions in the sale of the franchises, in violation of the New York Franchise Act and FTC Franchise Rule. The action sought inter alia damages in excess of \$2,000,000; rescission of certain franchise agreements; and, a judgment declaring that the restrictive covenants contained in the subject franchise agreements are void and unenforceable. Money Mailer of Long Island, Inc., Kenneth O'Mara, MMI and John Ryley denied the material allegations of the complaint and asserted counterclaims for breach of contract, unfair competition, tortious interference and unjust enrichment, seeking damages to be determined at trial, but at any event not less than \$1,000,000, and a preliminary and permanent injunction against competition, use of confidential and trade secret information, and soliciting or hiring Money Mailer franchisees or their employees. The motions for preliminary injunctions were denied. While this action was still in its preliminary stages, all claims and counterclaims were discontinued with prejudice. The parties exchanged general releases without payment whatsoever by MMI.

C. Donna Dillon v. Money Mailer, Inc., a California corporation, Kent Mailer, a California corporation, Kenworthy Corporation, a California Corporation, C. Niven Jones, Kris O. Friedrich, Christopher J. Panaro, and Does 1 through 50 (Case No. 968763 in the Superior Court of the State of California for the County of San Francisco). Donna Dillon (“Dillon”), a former subfranchisee of Kenworthy Corporation (“Kenworthy”), a MMI regional subfranchisor, filed a complaint on April 14, 1995 alleging sexual harassment by C. Niven Jones (“Jones”), Kenworthy’s president, and alleging that the other named defendants failed to take corrective action, causing her to lose her franchise and to suffer financial and emotional injury. She also alleged that the defendants falsely represented that hers was the first franchise sold in her territory. Causes of action included sexual harassment, intentional infliction of emotional distress, breach of the implied covenant of good faith and fair dealing, negligence, assault, slander, and intentional and negligent misrepresentation. Dillon sought compensatory and punitive damages in an unspecified amount, attorneys’ fees and costs. MMI, Panaro and Friedrich (collectively “MMI”) denied all of Dillon’s material claims. On May 24, 1996, Dillon and MMI settled and exchanged mutual releases when Kenworthy’s insurer agreed to pay Dillon \$17,500, together with a like amount from MMI’s insurer; Kenworthy’s insurer also reimbursed MMI’s insurer for half of its fees and costs in defending the matter. Dillon subsequently settled with Kenworthy and Jones on undisclosed settlement terms.

D. Money Mailer of New Jersey, Inc. and Money Mailer, Inc. v. Jeffrey Aversa (Superior Court of New Jersey, Chancery Division, Union County). On or about July 19, 1995, Money Mailer of New Jersey, Inc. (“MMNJI”) and MMI instituted a legal action against Jeffrey Aversa (“Aversa”), a former franchisee of MMNJI. This action sought to enjoin Aversa from continuing to violate the post-termination non-competition provision in the Franchise Agreement by competing with MMNJI following the termination of his franchise. In addition, the Complaint against the former-franchisee alleged that Aversa breached the Franchise Agreement, engaged in unfair competition, tortiously interfered with the rights of MMNJI, unjustly enriched himself, and breached the covenant of good faith and fair dealing. The Complaint sought compensatory damages, attorneys’ fees and costs.

On September 8, 1995, the Court entered a temporary restraining Order against Aversa, enjoining him from, among other things, competing with MMNJI until further order of the Court. On September 20, 1995, the Court entered a preliminary injunction further enjoining Aversa from engaging in 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 within his former Money Mailer territory or within the State of New Jersey . . .” When it appeared that Aversa, with and through an accomplice, was attempting to avoid the Court’s preliminary injunction, a motion in aid of litigant’s rights was filed by MMNJI and MMI to further enjoin Aversa. Accordingly, on October 20, 1995, an Order in aid of litigant’s rights was entered by the Court in favor of MMNJI and MMI as against Aversa, enjoining Aversa and his agents, assigns, affiliates, successors in interest and accomplices from violating the Court’s preliminary injunction.

On or about January 1996, the Court granted Aversa’s application to transfer this case to private arbitration. When Aversa failed to initiate the private arbitration process by November 1996, the Court reinstated the lawsuit and Aversa pursued a counterclaim against MMNJI and MMI. The counterclaim alleged fraud, violation of the New Jersey Consumer Fraud Act, violation of the New Jersey Franchise Practices Act, breach of a special relationship and violation of civil RICO. Aversa alleged that unidentified agents and/or representatives of MMNJI made representations to Aversa regarding the

potential earnings of his franchise. The counterclaim sought compensatory damages, attorneys' fees, punitive damages, and costs.

On December 12, 1996, MMNJI and MMI filed a motion for summary judgment seeking to dismiss Aversa's counterclaim as having no basis in law or fact. Prior to this motion being heard by the Court, the parties settled this matter on or about January 21, 1997, with the exchange of releases and with the injunction continuing in full force and effect until the expiration of the non-competition provision in the Franchise Agreement.

E. John L. Vucasovich, Jose Vega, Carolyn Jacobson, Dan Viola, Karla Viola, Steve McAllister, Debra McAllister, Ralph Carter and Karen Carter v. Money Mailer, Inc., a California Corporation, Kris O. Friedrich, Daniel J. Barlow, Christopher J. Panaro, Donald Hubert, Steven E. Blyth, Mary Ann O'Connell [f.k.a. Mary Ann King], Tom Miller, Forest Mathes, Kenworthy Corporation, a California corporation d/b/a Capitol Money Mailer and Golden Gate Money Mailer, and C. Niven Jones, (American Arbitration Association ["AAA", Proceeding Number 74 E 114 00367 95) Claimants, present and former franchisees of Kenworthy Corporation ("Kenworthy"), a regional subfranchisor of MMI, alleged that Kenworthy, MMI, and the above-named defendants made false and misleading representations as to initial investment, profitability, operating costs, break-even points, the failure rate of other franchisees, the promise to provide adequate support and training, and alleged that they failed to provide this support and training. Causes of action included violations of the California Franchise Investment Law, fraud and misrepresentation, breach of contract, breach of the implied covenant of good faith and fair dealing, unjust enrichment, promissory and equitable estoppel and slander. Claimants sought compensatory damages or, in the alternative, rescission and restitution, cost including attorneys' fees, interest, and punitive damages. The AAA dismissed the individuals named in the Demand for Arbitration. Money Mailer Respondents denied all of the Claimant's material claims.

In May 1997, Money Mailer Respondents entered into settlement agreements with the Claimants providing for mutual releases and a payment to each Claimant ranging from \$1,000 to \$19,700. Of the total settlement amount, MMI's insurer paid \$42,500 and MMI contributed \$32,000, which is considered to be less than what it would cost to defend the matter. MMI was advised that Claimants subsequently settled with Kenworthy and Jones on undisclosed settlement terms. MMI terminated its regional franchise agreements with Kenworthy and has made a demand for indemnification from Kenworthy and Jones.

F. Vincent Sangemino and Sangeco, Inc. d/b/a Money Mailer of Greater Pacific v. Money Mailer, Inc. a California Corporation (United States District Court, District of New Jersey, Docket No. 96-CV-03845 (AMW)). On June 27, 1996, Vincent Sangemino ("Sangemino") and Sangeco, Inc. ("Sangeco") former franchisees of MMNJI, a regional sub-franchisor of MMI, filed a complaint against MMI alleging fraud and violations of the New Jersey Consumer Fraud Act. Sangemino and Sangeco allege that unidentified agents and/or representatives of MMI made representations to Sangemino and Sangeco regarding the earnings potential of Sangemino and Sangeco's franchise and that MMI failed to provide disclosure documentation to Sangemino and Sangeco following termination of the franchise. Sangemino and Sangeco sought compensatory damages of approximately \$300,000, together with punitive damages, costs of suit and attorneys' fees. On August 30, 1996, MMI filed a motion to dismiss Sangemino and Sangeco's case with prejudice, in lieu of an Answer denying the allegations, asserting that Sangemino and Sangeco's Complaint has no basis in law or fact.

On July 25, 1997, the Court issued an order granting MMI's motion to dismiss with prejudice, and as a result disposing of the complaint.

G. Sue Grosdidier vs. Money Mailer of Mid-America, Inc. and Money Mailer, Inc. (American Arbitration Association Case Number 57 114 0025 97). On January 2, 1997, Sue Grosdidier filed an arbitration demand against Money Mailer of Mid-America, Inc. ("MMMAI") and MMI seeking damages for alleged violations of the Federal Trade Commission Act and its regulations (436 C.F.R. §1 et seq.), breach of contract, fraud/misrepresentation, breach of the implied covenant of good faith and fair dealing, unjust enrichment and promissory and equitable estoppel. Ms. Grosdidier's allegations all stem from her purchase and the subsequent termination of a franchise she purchased from MMMAI in February 1995. Ms. Grosdidier requested damages for lost anticipated earnings, attorney fees, punitive damages and costs. The matter was arbitrated on June 2, and 3, 1997, and on June 18, 1997, the arbitrator entered an award denying every claim asserted by Ms. Grosdidier. No further action in the arbitration has been taken by Ms. Grosdidier and no further arbitration proceedings are expected.

H. Kimberly S. Groh and David Groh v. Money Mailer of Michigan-Northwestern Ohio, Inc., and Money Mailer, Inc. (Hancock County, Ohio Common Pleas Court Case No. 96-311) On or about November 7, 1996, Claimants, former franchisees of Money Mailer of Michigan-Northwestern Ohio, Inc., ("Michigan"), a former regional subfranchisor of MMI, filed a complaint alleging that Michigan and MMI made false and misleading representations as to profitability and operating costs of the franchise, failed to provide a written disclosure document, and failed to provide adequate training and support. Claimants also allege that Michigan unilaterally abandoned the franchise. Claims include alleged violations of the Ohio Business Opportunity Purchasers Protection Act, breach of contract, and fraudulent misrepresentation. Claimants demand treble damages, attorney's fees, and punitive damages. MMI has filed a cross claim against Michigan seeking enforcement of an indemnification provision, and a third party complaint against the principals of Michigan, who have personally guaranteed Michigan's obligations to MMI. In August 1997, the parties settled the matter exchanging mutual general releases with Michigan entering into a confidential settlement with the Kimberly and David Groh. MMI was not required to make any payment whatsoever towards this settlement.

I. Money Mailer of the Peninsula, Inc., Money Mailer, Inc. v. Joseph T. Zubiate and Ana Zubiate, Rory Whittaker and Ann Whittaker, and Arthur and Barbara Battino (American Arbitration Association, Proceeding No. 74-Y114-0324-96). On March 29, 1996, MMI and its regional subfranchisor Money Mailer of the Peninsula, Inc. ("Peninsula") (jointly "Claimants") filed the above arbitration proceeding against respondents, franchisees of Peninsula who had purportedly terminated their Money Mailer franchises, and entered competing businesses. MMI and Peninsula alleged breach of contract, breach of third party obligation, unfair competition, intentional interference with contractual relations and with prospective economic advantage, and breach of the covenant of good faith and fair dealing. The damages and restitution sought by Peninsula is presently estimated to be in the range of \$308,500; damages and restitution sought by MMI is presently estimated to be in the range of \$502,580. Claimants seek attorney's fees and costs. Respondents have denied the allegations. On June 11, 1996, Respondents filed counterclaims against Claimants alleging breach of contract, breach of covenant of good faith and fair dealing, intentional and negligent misrepresentation, violation of California Franchise Investment Law, fraudulent inducement, mutual mistake, negligence, violation of the Sherman and Clayton Acts and trade libel. Respondents seek unspecified damages, as well as restitution, pre-judgment interest, treble damages, punitive damages, attorneys' fees and costs and rescission of their respective franchise agreements. After incurring significant expenses, on September 1, 1997 the parties

entered into a comprehensive settlement agreement terminating the Respondents' franchise agreements and exchanging mutual general releases. While neither party paid the other any money in the Settlement, the Respondents did admit liability for the claims asserted in MMI and Money Mailer of the Peninsula's original complaint.

J. Money Mailer of New Jersey, Inc. and Money Mailer, Inc. v. Anthony DePalma (Superior Court of New Jersey, Law Division, Middlesex County). On or about September 27, 1995, MMNJI and MMI instituted a lawsuit against former franchisee, Anthony DePalma ("DePalma"), for the purposes of enforcing a post-termination non-competition provision in the Franchise Agreement, as well as collecting unpaid royalties and fees. The Complaint alleged that DePalma violated his post-termination restrictive covenant in the Franchise Agreement when he continued to operate a cooperative direct mail advertising business in his former territory after he allowed his "Money Mailer" Franchise Agreement to expire. The Complaint also seeks compensatory damages, together with attorney's fees and costs of suit. In or about December 1996, DePalma filed a counterclaim alleging fraud and violations of the New Jersey Consumer Fraud Act. DePalma argues that unidentified representatives of either MMNJI and/or MMI made representations to DePalma regarding the potential earnings of DePalma's franchise in 1991. DePalma seeks compensatory damages, together with punitive damages, costs of suit, and attorneys' fees. MMI and MMNJI answered the Counterclaim denying each and every allegation made asserting that DePalma's Counterclaim has no basis in law or fact. A non-binding mediation was held on September 24, 1997, with the mediator ruling, in effect, that each claim canceled the other out and that no recovery was due either party. After no rejection of the mediation ruling from either party, the Court dismissed the matter on November 18, 1997. DePalma has filed a motion to vacate the dismissal and reinstate the matter for trial. MMI and MMNJI have filed an opposing motion. On December 24, 1997, the Court denied DePalma's motion to vacate the Courts November 18, 1997 dismissal, and as a result ending the matter.

K. L.A. Commercial Group, Inc., a corporation dba Continental Commercial Group, dba California Commercial Group vs. D'Erryl B. Williams, Ind. and dba American Money Mailers (Municipal Court of the State of California, County of Sacramento, case Number 96AM02382, subsequently transferred to California Superior Court). On or about March 27, 1995, MMI's assignee, L. A. Commercial Group, Inc. ("CCG") filed this action for breach of contract and common counts in the amount of \$20,025.69 plus interest and attorneys' fees, for amounts owed to MMI under a Promissory Note (the "Note") from D'Erryl B. Williams, a former subfranchisee of Kenworthy corporation ("Kenworthy"), a Money Mailer region, and for contract claims for unpaid production services MMI performed for Williams.

Williams answered and cross-complained against Kenworthy Corporation, its sole shareholder, C. Niven Jones ("Jones") and MMI, alleging breach of contract, breach of covenant of good faith and fair dealing, intentional and negligent misrepresentation, fraudulent inducement, mutual mistake, violation of California Franchise Investment Law, negligence, violation of the UNRUH Civil Rights Acts of Civil Code Section 51 et seq., violation of 41 U.S.C. Section 1981, violation of the Sherman and Clayton Acts, intentional infliction of emotional distress and negligent infliction of emotional distress. Williams sought unspecified general and special damages, treble damages, rescission, attorneys' fees, punitive damages, interest and cost of suit.

Following mediation on July 20, 1998, the parties agreed to settle all claims arising out of or related to its suit. The parties entered into a settlement agreement which, among other things, provided

without an admission of liability by any party mutual releases of claims, cancellation of the Note, a payment by MMI's insurance carrier of \$20,000 to Williams and the payment by Kenworthy and Jones' insurance carrier of \$15,000 to Williams.

L. Stephen L. Doyle, Sarah Doyle and Doyle News Agency, Inc. v. Mead A. Sommers, Money Mailer of Southeastern New England, Inc. and Money Mailer, Inc. Commonwealth of Massachusetts, Superior Court, (Case No. 97-425). On June 30, 1997, Stephen L. Doyle, Sarah Doyle and Doyle News Agency, Inc. (collectively "Doyle"), a former franchisee of a former regional franchisee of MMI filed this action alleging breach of contract, breach of the covenant of good faith and fair dealing, deceit, civil conspiracy, and unfair trade practices, stemming from the region's grant of the franchise to Doyle. Doyle alleges that they suffered various damages as a result of the regional franchisee's departure from the MMI system. Doyle sought rescission of their franchise agreement, unspecified damages, attorneys' fees and costs to be determined by the Court. On July 25, 1997 the former regional franchisee and MMI filed an Answer to the complaint, with Money Mailer advancing thirteen affirmative defenses against Doyle. In September 1997, MMI submitted a Motion to Dismiss to remove the action to Arbitration as required by the Franchise Agreement. In January 1998, the Court partially granted MMI's Motion to Remove the Action to Arbitration, allowing the Doyle to re-file the action in Superior Court for any matters not handled in the Arbitration. Doyle filed a demand for arbitration on September 28, 1998. Doyle later decided that he did not wish to proceed with the Arbitration and the Court subsequently dismissed the case without prejudice on March 6, 2000.

M. Money Mailer was named as one of the respondents in an arbitration action known as Eric and Cheryl Day and Behari, Inc., dba Money Mailer of Orange Coast and Harry Finigan and Money Mailer, Inc., American Arbitration Association, Proceeding Number 80 114 00322 991S (originally filed in Orange County, California during October 1999 and amended on or about February 18, 2000 to include Money Mailer as a respondent) in connection with claims by a former Money Mailer franchisee of Behari, Inc., ("Behari") an independent predecessor of Money Mailer's affiliate MMDM-CA. In this action, the claimants have alleged claims of breach of their Money Mailer Franchise Agreement, interference with prospective advantage and fraud. The claimants sought damages of \$150,000 plus interest and attorney's fees.

Previously, Behari operated as the Money Mailer regional subfranchisor in Orange County. In 1999, Behari sold its assets to MMDM-CA, which continues to operate as the Money Mailer regional subfranchisor in Orange County, California.

Originally, Cheryl and Eric Day filed a lawsuit known as Eric Day and Cheryl Day vs. Behari, Inc. and Harry W. Finigan, individually and dba Money Mailer of Orange Coast & Does 1-100, Orange County Superior Court Case Number 805389, filed February 9, 1999. This case was dismissed on July 2, 1999, and the matter was referred to the American Arbitration Association for arbitration in the current action.

The claimants' claims arose out of an allegation that Behari purportedly represented and promised to the claimants that the initial franchise fee of \$25,000 that the claimants paid for their Money Mailer franchise would be the lowest initial franchise fee ever to be charged by Behari. Later, Behari changed its franchise marketing and financial structure by reducing the initial franchise fee and also reducing the size of certain territorial grants and the amount of initial services and benefits provided to a franchisee.

Ultimately, the claimants sold their Money Mailer franchise for a sales price of \$25,000, but the claimants claim that they should have been able to sell the franchise for \$75,000.

Behari delivered its Demand for Arbitration on the claimants during March 1999, denying the claimants' claims and sought counterclaims against the claimants for malicious prosecution and abuse of process. Behari contended that the claimants had no basis in fact or in law on which to proceed in any legal action against Behari or Money Mailer. Respondents filed a motion for judgment as to all of claimants' claims based on the facts, among other issues, that subsequent to the claimants' purchase of the Money Mailer franchise, the claimants signed 4 separate general releases in favor of Behari and Money Mailer and their respective affiliates, releasing any and all claims.

Claimants failed to respond to the motion for summary judgment, but rather dismissed all of their claims with prejudice. The arbitrator found in favor of Money Mailer and Behari and ordered the claimants to pay Money Mailer and Behari attorney's fees and costs in the amount of \$9,482.61.

N. Effective as of May 8, 2002, Money Mailer entered into a Settlement Agreement and General Release with Elaine Priesman, Alan Priesman and E&A Marketing, Inc. (collectively, the "Priesmans") concerning the legal proceedings described below. The Settlement Agreement resolved all issues between the parties, with each party releasing all of its alleged claims and paying its own expenses. Money Mailer has been advised that a controversy is still outstanding between the Priesmans and Larry Carter, the purchaser of the Priesmans' Money Mailer regional franchise business and former regional subfranchisor of Money Mailer, but Money Mailer is no longer a party to any such dispute. The Settlement Agreement between Money Mailer and the Priesmans covers all of the issues and claims involving the following matters: Money Mailer, LLC vs. Elaine Priesman and Alan Priesman and E&A Marketing, Inc., American Arbitration Association Proceeding No. 80 E 114 00051 01 RWH, filed with the Orange County, California Office of the American Arbitration Association, filed on March 7, 2001 (the "Priesman Arbitration Case"); E&A Marketing, Inc. vs. Larry D. Carter DBA Money Mailer Marketing and Money Mailer, LLC, Case No. 01-CV-117316, in the District Court of Fort Bend County, Texas (240 Judicial District), filed on or about February 6, 2001 (the "Priesman Court Case").

In its Demand for Arbitration, Money Mailer sought relief against the Priesmans for monetary damages based on allegations of breach of contract, fraud and misrepresentation, malicious prosecution and abuse of process and other claims, as well as for declaratory relief. Previously, in or about late February 2001, Money Mailer received notice that the Priesmans had filed a complaint in the Priesman Court Case; however, Money Mailer was never served in this action. In the purported complaint in the Priesman Court Case, the Priesmans alleged that Money Mailer engaged in conduct to discredit and disparage the Priesmans to Carter.

Counsel for the Priesmans advised Money Mailer and the American Arbitration Association that after conducting discovery in the Priesmans' legal action against Carter, they found no basis for claims against Money Mailer. Accordingly, the parties agreed to release all claims and to dismiss all actions without liability to either party.

ACTION UNRELATED TO MONEY MAILER OR MMDM

Forrest P. Gunter, on behalf of himself and all others similarly situated v. U.S. Franchise Systems, Inc., Michael A. Leven, Neal K. Aronson and Richard D. Goldstein, U.S. District Court for the Northern

District of Georgia, Atlanta Division, Civil Action No. 100-CV-1244-RLV, filed May 17, 2000. A purported class action lawsuit was brought against U.S. Franchise Systems, Inc. ("USFS") and certain of its present and former officers and directors. The plaintiff claimed to represent all purchasers of USFS' common stock during the period from May 6, 1999, through October 29, 1999, and sought unspecified damages on their behalf. The plaintiff alleged that USFS and the individual defendants violated federal securities laws by concealing adverse material information about the business, business practices, performance, operations and future prospects of USFS. On April 15, 2002, the case was dismissed with prejudice by the plaintiff pursuant to a settlement between the parties. Under the settlement, and without admitting liability, USFS paid \$3.75 million of insurance proceeds to the plaintiffs in exchange for the dismissal of the case. None of the individual defendants admitted any liability in connection with the settlement.

Other than these 14 matters, no litigation must be disclosed in this Offering Circular.

**4.
BANKRUPTCY**

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

**5.
INITIAL FRANCHISE FEE**

The initial franchise fee ranges from \$35,500 and up according to the formula set forth below. You must license a Territory with at least 5 mailing zones (as defined below), except in unusual situations. This Territory applies to your Co-op Mailings only. This franchise fee is payable in a lump sum to us upon completion of the initial training programs described in Item 11 below. At that time, the initial franchise fee is fully earned and is not refundable under any circumstances. We do not regularly offer financing arrangements, except as described below. (See Item 10)

FORMULA FOR FRANCHISE FEE

We calculate the initial franchise fee for your franchise from the number of mailable domiciles in your Territory. Before you sign the Franchise Agreement, we will determine the approximate number of mailable domiciles from information given to us from mailing list suppliers and other demographic guides that we consider reliable. We also rely on your knowledge of your local area. You must pay an initial franchise fee equal to \$[^]7,100 per zone (comprised of approximately 10,000 mailable domiciles per zone) in your Territory[^]. The fee for a standard 5-zone franchise is \$35,500.

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^	^	^	^	^
^	^	^	^	^

PREVIOUSLY MAILED TERRITORY

On occasion, we may offer a franchise for a territory owned by us where a Direct Mail Advertising Business had previously been operated by us or another franchisee. Under these conditions, we may negotiate a reasonable purchase price for the value of the existing, developed territory and the goodwill associated with that territory. This fee is in addition to the initial franchise fee described above. Generally, this purchase price will be based on various factors, such as the size of the territory, the length of time the territory has been developed, the going concern value of the territory and the type of additional assets transferred (equipment, customer accounts, accounts receivable, the average number of Inserts per Zone, the average sales price per Zone and overall profitability of the territory). Based on this wide variety of factors we are not able to provide an accurate range of purchase prices you may pay for a developed territory. The ultimate price and other terms, such as financing, security, personal guarantees, etc., are matters that are negotiated by the parties in each individual case. A sample copy of our typical agreement related to the sale of an existing territory is Attachment G. In addition, if we have previously entered into an agreement with a former franchisee which requires us to make certain payments to the former franchisee for the repurchase of the franchisee's Direct Mail Advertising Business, we may adjust the initial franchise fee you pay and the terms and manner of payment, to take into account our obligations to these former franchisees.

PURCHASE OF ADDITIONAL TERRITORY

If you are an existing franchisee, we may offer you the opportunity to purchase additional territory. In this case, we may choose to amend your existing Franchise Agreement or enter into a new Franchise Agreement with you. In either case, you must pay a franchise fee of \$[^]7,100 per zone for each additional zone in the territory beyond those you already own. If we offer a Zone Expansion Promotion and you qualify, we will waive this fee on the zone. In addition, Money Mailer will also credit certain amounts toward the first 4 mailings of this new zone. We and Money Mailer may discontinue its portion of this promotion at any time.

PURCHASE OF EXISTING FRANCHISE

If you enter into a Franchise Agreement through an assignment from another franchisee, you must pay us a training and transfer fee, but we will waive the payment of an initial franchise fee. For information on the assignment requirement please see Item 17 of this offering circular and Section 10 of the Franchise Agreement.

PRORATION OF FRANCHISE FEE

Under certain circumstances, we will adjust the franchise fees for the sale of smaller or larger zones, which are usually located in rural areas, or zones which include domiciles which have population demographics that do not meet our advertising profile requirements for typical business clients, or which do not conform to 10,000 domicile zones or 50,000 minimum mailable domiciles. Although we may do so, we will usually not offer a franchise with less than 3 zones (30,000 mailable domiciles).

CONVERSION OF INDEPENDENT DIRECT MAIL BUSINESSES

Under certain circumstances, we may reduce or eliminate your franchise fees if you convert your independent direct mail business to the Money Mailer System. We review conversion opportunities on a case-by-case basis and may negotiate other terms besides the waiver or reduction of franchise fees. In evaluating the terms of a particular conversion, we analyze your experience, territory, compatibility to the Money Mailer System, background and other factors.

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INDUSTRY PROFESSIONAL DISCOUNT PROGRAM

At times, we encounter franchise candidates with extensive advertising sales experience, be it as a business owner or employee operator. We provide a 25% discount on the initial franchise fee to individuals who have a minimum of 5 years of advertising sales experience in a variety of media, including direct mail, radio, yellow pages, grocery register tapes, among others. (See Item 7.)

INTERNATIONAL FRANCHISE ASSOCIATION'S VETFRAN PROGRAM

We are a member of the International Franchise Association ("IFA") and participate in the IFA's VetFran Program, which provides a 25% discount on the initial franchise ^fee to veterans of U.S. Armed Forces who otherwise meet the requirements of the VetFran Program. (See Item 7.)

If you qualify for both the IFA's VetFran Program and Money Mailer's Industry Professional Discount Program above, you may only take advantage of one program. In this case, the VetFran Program will apply.

6.

OTHER FEES

Name of Fee	Amount	Date Due	Remarks
Regional Royalty ¹	\$525 per zone if you are mailing 6 times per calendar year; \$475 per zone if you are mailing 7 times per calendar year; and \$446 per zone if you are mailing 8 times per calendar year.	Date on which the Final Order Form is due (for Co-op mailings Money Mailer conducts on your behalf) or the actual date on which the mailing occurs (for mailings conducted by someone other than Money Mailer); but not less than once	Payment to be made by check or autodraft; adjusted annually as of June 1 of each year based on the Consumer Price Index (CPI) this percentage adjustment whether positive or negative shall not exceed 3.0% per year; paid on Co-op mailings only. For ADP participants, we will waive this fee in your first 10 total zones mailed. ^(See Section 5.5 of the Franchise Agreement)

Name of Fee	Amount	Date Due	Remarks
Annual Advertising Fund Contribution ¹	\$300	every 7 weeks Payable on or before January 31 of each year	Payable to Money Mailer on behalf of AdCorp (separate Money Mailer-formed entity designated to handle Advertising Fund administration. See Item 11)
Ongoing Advertising Fund Contributions 1&4	\$21 for each Co-op mailing of each zone that you mail (maximum 6 contributions per year)	Date on which the Final Order Form is due (for Co-op mailings Money Mailer conducts) or the actual date on which the mailing occurs (for mailings conducted by someone other than Money Mailer); but not less than once every eight weeks	Payable to Money Mailer on behalf of AdCorp
Late Fee on Delinquent Advertising Fund Contributions ¹	Greater of 5% of the delinquent Contribution or \$50	Upon delinquency	Not to exceed maximum rate allowed by law
National Royalty ^{^1,5}	\$217 for each Co-op zone actually mailed or the minimum number of zones required to be mailed pursuant to your mailing schedule, whichever is greater, each during 2 month payment period	Within 30 days of your receipt of our invoice (approximately every 2 months)	Payment to be made by check or autodraft; if at least 75% of materials and related services are purchased from Money Mailer, you will receive a production credit against your national royalty equal to \$217 multiplied by the number of zones actually mailed during the payment period; the national royalty and production credit will be adjusted annually on June 1st of each year based on the CPI; this percentage adjustment, whether positive or negative, shall not exceed 3% per year
Printing, inserting and mailing services provided by Money Mailer ^{^2,5}	Money Mailer's then-current charges for printing, collating, inserting, mapping,	Upon demand	Payable to Money Mailer if Money Mailer produces the mailings. If you use a production house other than Money Mailer, you must pay Money Mailer's and our costs to transport and insert Money Mailer's and our Inserts and

Name of Fee	Amount	Date Due	Remarks
	mailing list creation, addressing envelopes, paper and postage		advertising space rights. See Item 12.
Late Charges imposed by Money Mailer ²	Money Mailer's standard fee then being charged to all franchisees	Upon demand	Due if Money Mailer imposes late fee on us due to your failure to submit Final Order forms and/or any production charges to us in a timely fashion
Interest	1.5% per month (not to exceed the highest rate allowed by law)	Continues to accrue until paid	Payable only if any portion of any sums due Money Mailer or us are not paid when due; we can increase the interest rate for subsequent delinquent payments upon 15 days prior notice to you
Training and Transfer Fee ¹	\$5,000	Upon Application for Approval	Payable only if you transfer your franchise.
Insurance ³	Amount of Unpaid premiums	Upon demand	Payable only if you fail to maintain required insurance and we elect to obtain coverage for you
Renewal Fee ¹	\$2,000	Upon Grant of Renewal	The franchise is subject to renewal at the end of a 10 year term; payment to be made in cash and is not refundable.
OTHER APPROVED PRODUCT FEES ¹			
Print Only ¹	\$25.00 per print order regardless of quantity	Upon submission of order	Subject to change on 30 day notice
Solo Advertisement ¹ (Individual Mailings)	\$50.00 per print order regardless of quantity	Upon submission of order	Subject to change on 30 day notice
Electronic Ad Processing Fee (payable to us)	\$30.00 each for entry of initial order; \$15.00 each for change orders; \$10.00 per month per site	Payable upon submission of order for placement onto the World Wide Web	Subject to change on 30 day notice.
Electronic Ad	Money Mailer's	Upon submission of	Subject to change on 30 day notice.

Name of Fee	Amount	Date Due	Remarks
Placement Fee (payable to Money Mailer)	standard charges then being charged	orders to Money Mailer	

NOTES TO CHART:

1. Fees imposed by and payable to us are non-refundable. You will pay us the above Regional Royalty and any applicable National Royalty on any zones that you actually mail or zones you scheduled to mail in your annual mailing schedule, whichever is greater. Even though Money Mailer may charge you National Royalties and we may charge you Regional Royalties for scheduled but un-mailed zones referenced above, we may still terminate the franchise agreement for your repeated failure to mail within the same 12-month period scheduled zones in a particular mailing or failure to mail scheduled mailings, which is grounds for default under Paragraph 11.1 of your franchise agreement. You pay us the applicable processing fees for Individual Mailings (also referred to as "Solo" mailings), Segmented Co-Op Mailings and "Print ^Only^ Mailings (ads printed by Money Mailer but not inserted ^into a Co-op Mailing). We may charge processing fees or royalties on additional products and services introduced in the future that you may offer and sell under the Marks.
2. Fees imposed by and payable to Money Mailer are non-refundable. In the case of Segmented Co-^op Mailings, ^you may pay these payments to Money Mailer's affiliates or third parties, or Money Mailer may collect these payments on behalf of these affiliates or third parties. (^See Item 12)
3. We may require you to maintain insurance of the types and minimum amounts (naming us as additional insured) that we specify in the Manual or by written notice. You may elect to obtain additional insurance. You may not cancel or amend any insurance policies without providing us at least 10 days prior written notice. You must provide certificates of insurance evidencing coverage on an ongoing basis. (See Item 8 and Section 7.8 of the Franchise Agreement)
4. You (along with us, other Money Mailer regional franchisees, direct franchisees and local franchisees) must join and participate actively in a local advertising co-op ("Local Co-op") within your contiguous market. You and the other participants in your Local Co-op will contribute to a local advertising fund ("Ad Fund"). The Ad Fund will fund national, regional and local advertising programs with assistance from the Local Advertising Board ("LAB") (formerly the National Co-op Council).

You must pay an ongoing contribution equal to \$21 for each mailing of each ^Zone^ that you actually mail (not to exceed 6 contributions per calendar year even if you mail more frequently than 6 times). This contribution is payable to Money Mailer, which then remits it to AdCorp, who administers each local Ad Fund for each Local Co-op, before each mailing to which the contribution relates. Money Mailer and Region may withhold the production and distribution of any mailing for which you have not made your Ad Fund contribution. We and Money Mailer match your \$21 contribution for a total contribution of \$63 per zone mailed per mailing[^].

^During the year ended November 30, ^2004, AdCorp has received a total of \$^698,425 in contributions from a total of ^95 Local Co-ops.

Your Ad Fund contribution is uniform as to all franchisees that are participating in the Local Co-op. See Item 11.

5. We will waive a portion of these fees during your first seven Co-op Mailings under the ADP. (See Item 11)

7.
YOUR ESTIMATED INITIAL INVESTMENT

Name of Investment	Low	High	Payment	When Due	To Whom Paid
Franchise Fee [Note 1 [^]]	\$35,500	\$ [^] 49,700	Lump Sum	On completion of training programs	Us
Initial Map and List Creation	\$175	\$245	Lump Sum	Before Opening	Various Vendors
Rent, Security Deposit, Telephone, etc. [Note 2 [^]]	\$100	\$1,000	Lump Sum	Before Opening	Various Vendors
Training [Note 3 [^]]	\$1,500	\$3,500	Lump Sum	Before Opening	Various Vendors
Insurance [Note 4 [^]]	\$500	\$1,500	Lump Sum or Terms	Before Opening	Insurance Carrier
Computer Equipment [Note 5 [^]]	\$2,000	\$3,000	Lump Sum or Terms	Before Opening	Various Vendors
Fax Machine and mobile phone [Note 6 [^]]	\$500	\$1,000	Lump Sum or Terms	Before Opening	Various Vendors
Office supplies, including business cards, advertising agreements, letterhead	\$250	\$750	As Required	As Required	Various Vendors
Telemarketing [Note 7]					
Additional Funds Required Before and During Initial Phase of Your Business [Note 8]	\$12,500	\$17,000	As Required	As Required	For Your Use
TOTAL	\$[^]53,505	\$[^]78,415			

NOTES TO CHART:

1. We intend to sell franchises ^with mailing territories of from 50,000 to 70,000 domiciles. The low amounts represent the cost of a territory consisting of 50,000 domiciles (5 Zones) and the high amount represents the costs of a territory consisting of 70,000 domiciles (7 Zones). These ^fees may change based on the demographics of the Territory and other factors. (see Item 5) We are a member of the International Franchise Association (“IFA”) and participate in the IFA’s VetFran Program, which provides a 25% discount on the initial franchise fee to veterans of U.S. Armed Forces who otherwise meet the criteria of the VetFran Program. Through this program the SBA will provide financing to qualified applicants. With the 25% discount, if you are a qualified veteran of the U.S. Armed Forces your Initial Franchise Fee will range between \$26,625 and \$^37,275. If you have a minimum of 5 years of advertising sales experience under he Industry Professional Discount Program, your initial franchise fee will also range between \$26,625 and \$37,275. If you qualify for both the VetFran Program and the Industry Professional Discount Program, you will only receive the discount under the VetFran Program.
2. If your Franchise operates with less than 80,000 domiciles, we do not require you to open a separate physical office outside your home. The low figure represents a franchise working out of a home office, while the high figure estimates your first and last month’s rent of \$450 plus deposits. Security deposits are normally refundable, if you don’t default. You should verify local costs and deposit requirements as costs may vary from area to area. Deposits may vary according to your past history with vendors. You are solely responsible for locating and obtaining suitable office space, although we may provide you some limited guidance. In addition, you must install a reliable business phone line and, if your franchise is terminated or sold, you must assign the phone line and phone number to us.
3. The initial franchise fee includes the cost of initial training (Phase I through Phase IV). However, you must pay for the costs of transportation, and living and lodging expenses while attending training sessions in California and in our offices or a location which we designate. If you enter into a franchise agreement as part of your purchase of a franchise from another franchisee, you must pay us a training and transfer fee, but you will not pay us an initial franchise fee.
4. You must purchase suitable general ^automobile insurance coverage for use of your car in the Business (a minimum “100/300” property/casualty coverage) and name Money Mailer as an additional insured on all policies. You may purchase additional insurance, including general business liability insurance, in your sole discretion. You should contact your insurance agent to determine the proper types and amounts of insurance required for your Franchise.
5. You must purchase the computer equipment in Exhibit to the Franchise Agreement. This equipment is necessary for you to order Money Mailer products and services as well as perform other general day-to-day business functions. You must use, maintain, repair, update and replace all equipment and software as we or Money Mailer periodically designate. The high and low figures represent varying costs of the equipment depending on the supplier you choose.
6. You must purchase a facsimile transmission (fax) machine and a mobile telephone.
7. ^You must purchase a minimum of 24 hours of telemarketing time in each of your first three mailings. The expenses listed in the chart for these services reflect a low of \$20 per hour and a high

of \$30 per hour and reflects the total cost for your first mailing only. You must purchase these telemarketing services from a supplier approved by us. The estimated expense for the first 3 mailings ranges from \$1,440 to \$2,160.

[^]8. Under the disclosure laws, we must include an estimate of all costs and expenses to operate your franchise during the “initial phase” of your business. The figures in the chart represent our estimate of the costs and expenses you will incur during the period before your first scheduled mailing, which will typically be 1 to 4 months after you sign your franchise agreement. These figures assume that you will receive no operating income during this period, and cover only utilities, insurance and business-related automobile expenses beyond those you would otherwise incur. The estimates do not cover Regional Royalty or National Royalty, nor do they cover any interest or other financing costs you may incur, which will vary depending on how much you borrow.

8. The total amounts do not take into consideration the purchase price that may be negotiated if you were to purchase a developed territory from us. (See Item 5 of this Offering Circular.)

GENERAL

We have prepared these estimates on the basis of our experience and that of our existing franchisees. These estimates cover your initial cash investment up to the opening of your business. The “Additional Funds” line covers our estimate of certain costs you will incur during the first 4 months of operation. They do not provide for your cash needs to cover any financing incurred by you or your personal living expenses. **WE CAN NOT PREDICT AND YOU SHOULD NOT PLAN TO DRAW ANY NET INCOME DURING THE START-UP AND DEVELOPMENT STAGE OF YOUR BUSINESS, THE ACTUAL DURATION OF WHICH WILL VARY MATERIALLY FROM BUSINESS TO BUSINESS AND WHICH IS LIKELY TO EXTEND FOR LONGER THAN THE 1 TO 4 MONTH “INITIAL PHASE” DESCRIBED IN NOTE 7.** You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover personal living expenses and any operating losses you may sustain during your start-up and development stage which, because Money Mailer is a service business will be a slow development process. The amount of necessary reserves will vary greatly from franchisee to franchisee and will depend upon many factors, including your requirements for living expenses and the rate of growth of your business, but you should have at least 6 months in reserve for living expenses. Because the exact amount of reserves will vary from operation to operation and we cannot meaningfully estimate these reserves, we urge you to retain the services of an experienced accountant or financial advisor to develop a business plan and financial projections for your particular operation. You should contact existing Money Mailer franchisees to discuss their experiences and start-up and development expenses and costs.

8.

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We do not require you to purchase or lease from us or Money Mailer, any goods, services, supplies, equipment or office space. However, you must purchase goods and services from suppliers approved by Money Mailer or in accordance with specifications established by Money Mailer.

We estimate that your purchase of goods and services from us, Money Mailer or approved suppliers will be approximately 90% of your total purchases of goods and services in the establishment of your business and 90% of your total purchases of goods and services on an on-going basis.

In connection with your Money Mailer franchise, you must participate in and contribute to a local advertising co-op that has been established and sponsored by Money Mailer. These advertising co-ops will purchase various services related to the purpose of this advertising fund, from various vendors, which may include affiliates of Money Mailer or other third parties. See Items 6 and 11.

ARTWORK

In order for Money Mailer and us to process your Co-op Mailings, Segmented Co-op Mailings and Solo Mailings (collectively referred to in this section as "Money Mailer Mailings", an officially registered Money Mailer artist or art center must build and electronically submit your electronic art files for production over the Internet. Only registered artist or art centers may submit electronic art files to Money Mailer to produce Money Mailer mailings.

Money Mailer does not train artists in the graphic arts skills necessary to build and submit art. Rather, Money Mailer instructs trained graphic artists in the specific tasks required for building and submitting art in the Money Mailer system as outlined in the Money Mailer Ad Building and Submission Technical Guidelines. Once we or Money Mailer has instructed these artists on how to build and submit art in the Money Mailer system, and they have fulfill the other requirements as outlined in the registration instructions, Money Mailer may officially register them at its sole discretion.

For a fee, Money Mailer presently offers ad building services (artwork production) to you. These services include design and layout of Money Mailer advertising. Money Mailer may discontinue this service upon 30 days notice. In the year ending November 30, [^]2004, Money Mailer's revenue from the sale of artwork services was \$[^]129,821, or [^]0.17% of [^]its total revenue of \$[^]78,355,465.

For a fee, MMDM presently offers ad building services (artwork production) to you. These services include design and layout of Money Mailer advertising. MMDM may discontinue this service upon 30 days notice. In the year ending November 30, 2004, MMDM's revenue from the sale of artwork services was \$81,990, or 0.76% of its total revenue of \$10,719,534.

We received no revenue from the sale of artwork services to franchisees during our fiscal year ending December 31, [^]2004, although we may do so in the future.

You must purchase all artwork services you use in the operation of your business through suppliers, who must provide those services in accordance with specifications established by Money Mailer and us. These registered suppliers (independent artists and regional art centers, which are run by other Money Mailer franchisees) must fulfill certain obligations as outlined in the registration requirements.

PRINTING AND MAILING SERVICES

You must purchase your printing, inserting and mailing services and materials associated with your Direct Mail Advertising Business in accordance with specifications included in the Manuals. You can purchase your production services from Money Mailer through us, including printing, collating, folding, cutting and perforating, inserting into envelopes, mapping, mail list creation and addressing of

envelopes. These production service components are not separable except for certain "Print Only" work Money Mailer may make available to you. Money Mailer may outsource its production services to affiliates or agents, in its sole discretion.

If you wish to purchase the printing, mailing and related services and materials of a supplier other than Money Mailer in conducting your Direct Mail Advertising Business, you must comply with our and Money Mailer's procedures and standards established for quality and customer service. If you use a production house other than Money Mailer, you must pay Money Mailer and us our costs incurred for the transportation and insertion of our and Money Mailer's inserts and advertising space rights. To obtain Money Mailer's approval of a proposed alternative production facility ("APF"), you must furnish specified information, (including the name, address and telephone number of the APF). Also, the APF must demonstrate to Money Mailer's subjective satisfaction that it meets Money Mailer's approval criteria, which are included in the then current Manuals, including (i) its general reputation and standing in the business community, (ii) its knowledge of and compliance with applicable laws, including OSHA standards and U.S. Postal Service requirements, (iii) its full color advertisement printing and production capabilities, quality control systems, record retention and archival methods and systems, and (iv) its ability to consistently and in a timely fashion to receive, inventory, insert and track Money Mailer and Regional Inserts, and to process orders and conduct mailings on schedule and in accordance with Money Mailer's formatting and other standards, specifications and requirements. To maintain approval, the APF must allow Money Mailer to inspect its facilities during production and provide samples of mailings to ensure compliance with Money Mailer's specifications and procedures. Money Mailer generally will approve or disapprove a proposed APF within 60 days after receiving from you and the proposed APF all of the required information described above. Money Mailer may revoke its prior approval of an APF upon 60 days written notice to you. Money Mailer does not presently impose any fee for evaluating a proposed APF, but you or APF must reimburse Money Mailer for its reasonable out-of-pocket costs associated with its investigation and evaluation of the proposed APF.

In the year ending November 30, [^]2004, Money Mailer's revenue from the sale of printing and mailing services was \$[^]65,233,227 or [^]83.3% of Money Mailer's total revenue of \$[^]78,355,465. All printing and mailing services you use in the operation of your business you must purchase through suppliers approved by Money Mailer and in accordance with specifications established by Money Mailer.

Money Mailer will provide a discount to us for the cost to print our Royalty Inserts and Back of Envelope Advertising [^](see Items 6 and 12).

COMPUTER EQUIPMENT

You must purchase or lease the computer equipment and related software in Exhibit B of the Franchise Agreement before beginning business. This equipment is necessary for you to order Money Mailer products and services, as well as provide other general day-to-day business functions. You must use, maintain, repair, update and replace all equipment and software as we or Money Mailer periodically designate. Money Mailer will also license you certain proprietary software for use in the Business, including its AdBooks™, Franchise Management Edition Software. You must agree (by digitally accepting online) to the terms of a software license agreement with Money Mailer before you use this software. (Exhibit E of Franchise Agreement)

FAX MACHINE AND MOBILE PHONE

You may purchase your fax machine and mobile phone from any supplier as long as it meets the specifications set out in Exhibit B of the Franchise Agreement and in the Manuals as updated.

OFFICE SPACE

If the Territory you purchase contains less than 80,000 mailable domiciles, your office may be in your home. However, you still must maintain an office that meets our specifications for design, equipment and facilities, even if located in your home. On 24 hours written notice, we may inspect your home office. In addition, we may require you to obtain ^outside office space (not in your home) if we feel it is necessary to adequately service your Territory or to fulfill your obligations under the Franchise Agreement. If your Territory contains 80,000 or more mailable domiciles, you must lease or purchase suitable office space consisting of not less than 500 square feet that meets our specifications. We may also inspect other equipment you use in the Business, including your automobile, which must be in good working order, clean and organized as set forth in the Manuals.

SALES MATERIALS AND ORDER FORMS

You must purchase and use only those sales materials or other forms in compliance with our and Money Mailer's systems, procedures and trademarks. You must purchase these materials from a Money Mailer approved supplier or suppliers.

In the year ending November 30, ^2004, Money Mailer's revenues from the sale of order forms and sales aids was \$^63,580 or less than ^0.08% of Money Mailer's total revenue of \$^78,465. You must purchase all order forms and sales aids you use in the operation of your business through suppliers approved by Money Mailer.

INSURANCE

You must maintain suitable ^automobile insurance coverage if the automobile is used for business purposes (a minimum of "100/300" property/casualty coverage^) and name us and Money Mailer as additional insured on these policies. If you fail to obtain insurance, we may purchase it on your behalf at your expense. You are free to obtain additional insurance coverage, including general business liability insurance, as you feel necessary. You may purchase your insurance from any licensed supplier you choose.

TELEMARKETING

^You must purchase a minimum of 24 hours of telemarketing time in each of your first three mailings. You must purchase these telemarketing services from a supplier approved by us. We do not derive revenue from your purchase of these services.

INTERNET AD PLACEMENT

Money Mailer provides Internet advertising[^]. Under the Authorization to Offer Electronic Advertising, you may make available Money Mailer's [^]Internet advertising to your Money Mailer customers. (See Exhibit D to Franchise Agreement)

If you sell [^]Internet advertising, Money Mailer will derive revenue from any then-current placement fees for those sales and we will derive revenue from any then-current processing fees for such sales. This offering to Money Mailer franchisees to sell [^]Internet advertising may be modified by Money Mailer at any time.

AFFILIATE REVENUE

During its fiscal year ending November 30, [^]2004, MMDM's revenues from goods and services to franchisees was \$[^]262,603, representing [^]2.45% of its total revenue of \$[^]10,719,534; The source of these revenue figures is MMDM's audited financial statements.

Neither Money Mailer nor we receive any benefits from suppliers you use other than MMDM, Money Mailer or us. Neither Money Mailer nor we engage in any price negotiations or receive rebates from any outside supplier for the purchase of goods and services required in the operation of the Direct Mail Advertising Business.

9.

YOUR OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE AGREEMENT AND OTHER AGREEMENTS, AND WILL ASSIST YOU IN FINDING MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN BOTH THE FRANCHISE AGREEMENT AND THE OFFERING CIRCULAR:

Obligation	Section in the Agreement	Item in Offering Circular
a. Site Selection and acquisition/ lease	Section 2.4 of Franchise Agreement	Items 12
b. Pre-opening purchases/leases	[^] Sections 2.7 and 5.5 of Franchise Agreement, Exhibit B of the Franchise Agreement [^]	Items 5, 7, and 8
c. Site Development and other pre-opening requirements	Section 7 of the Franchise Agreement	Items 8 and 11
d. Initial and ongoing training	Section 5.1 of Franchise Agreement	Item 11
e. Opening	Section 7 of Franchise Agreement	Items 7 and 11
f. Fees	Section 1.4 and Section 4 of Franchise Agreement and Sections 2 and 3 of the Authorization to Offer Electronic Advertising	Items 5 and 6
g. Compliance with standards and	Sections [^] 5.3, 5.5 and 7 of Franchise	Items 11 and

Obligation	Section in the Agreement	Item in Offering Circular
policies/Operating Manual	Agreement ^	14
h. Trademark and Proprietary Information	Section 8 of Franchise Agreement	Items 13 and 14
i. Restrictions on Products/Services Offered	Sections 5 and 7 of Franchise Agreement and Sections 1, 4 and 5 of the Authorization to Offer Electronic Advertising	Item 16
j. Warranty and customer service requirements	N/A	None
k. Territorial Development and sales quotas	Sections ^2.5, 5.8 and 7.1 of Franchise Agreement	Item 16
l. Ongoing product/service purchases	Section 7 of Franchise Agreement and Exhibit B	Item 8
m. Maintenance, appearance and remodeling requirements	N/A	None
n. Insurance	Section 7.8 of Franchise Agreement	Items 7
o. Advertising	^Sections 5.5 and 6 of Franchise Agreement ^	Item 12
p. Indemnification	Section 7.14 of Franchise Agreement	None
q. Owner's participation/management/staffing	Sections 7.3 and 7.10 of Franchise Agreement	Item 15
r. Records and reports	^Sections 5.5, 7.5, 7.6 and 7.7 of Franchise Agreement and Sections 2 of the Authorization to Offer Electronic Advertising ^	Item 6
s. Inspections and audits	Section 7.7 of Franchise Agreement	Item 11
t. Transfer	Section 10 of Franchise Agreement and Sections 6 of the Authorization to Offer Electronic Advertising	Item 17
u. Renewal	Section 10.5 and 10.8 of Franchise Agreement and Sections 6 of the Authorization to Offer Electronic Advertising	Item 17
v. Post-termination obligations	Section 11 of Franchise Agreement	Item 17
w. Non-competition covenants	Section 7.13 and 7.14 of Franchise Agreement	Item 17
x. Dispute Resolution	Section 13 of Franchise Agreement	Item 17
y. Insert Rights of Money Mailer and Region	Section 6 of Franchise Agreement	Item 12

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10. FINANCING

We do not offer direct or indirect financing. From time to time, we may offer a developed territory in connection with the offer of a Money Mailer franchise, in this case, the additional purchase price, as well as any possible financing arrangements is subject to negotiation between the parties. We have no standard financing for these transactions. We do not guarantee your obligations, agreements or other debts. You are eligible for expedited SBA loan processing through SBA's Franchise Registry Program, www.franchiseregistry.com.

11. OUR OBLIGATIONS

Except as described below, we are not required to provide you with any goods or services or other assistance. We must provide you with the following services before and during the operation of your Franchise. The estimated length of time between the signing of the franchise agreement or the first payment of consideration for the franchise and the commencement of your sales efforts is 45-90 days, depending on the transition from your current employment, and the availability of Money Mailer's training program. If you are signing a renewal franchise agreement, we are not required to provide you with the goods and services described below which relate solely to the initial establishment of your Business.

BEFORE OPENING

Before you begin conducting the franchised business, we will provide training in the areas of Business Orientation (Phase I) and Business Management (Section 5.1), Sales and Marketing (Phase II) (Section 5.1) (See "Training" below), a package of initial sales materials (Section 5.2) (See "Initial Sales Materials" below) and copies of various manuals (Section 5.3) (See "Manual" below).

AFTER OPENING

After you have started conducting the franchised business, we will provide Field Sales Training (Phase III) (Section 5.1) and Business Evaluation and Planning (Phase IV) (Section 5.1) (See "Training" below). In addition, we will make available Money Mailer's printing and mailing services (Section 5.4) (See "Printing and Mailing Services" below) and allow you to participate in Money Mailer's and our Accelerated Development Program (Section 5.5) (See "Accelerated Development Program" below).

TRAINING

We will arrange for training in the operation of a Direct Mail Advertising Business for you or a majority shareholder if your franchise is a corporation. If you are a partnership (including two spouses), both partners must attend all required training, unless otherwise agreed by us or Money Mailer. We or Money Mailer may determine if additional parties must attend training depending on their role in the Franchise (Section 5.1. All Section references are to the attached form of Franchise Agreement). The following tables summarize the subjects covered by the training programs. We may provide Phase II, III and IV training ourselves or may outsource this training to Money Mailer or its affiliates to provide to you. We may also arrange for certain independent contractors, including other Money Mailer regional subfranchisors, to conduct this training. If we elect to outsource this training, we will pay Money

Mailer, its affiliates or the outside contractors a fee. We will arrange to have Money Mailer provide you with Phase I Training (see below).

TRAINING BY REGION						
PHASE	SUBJECT	TIME BEGUN	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING	HOURS OF IN THE FIELD TRAINING [See Note 4]	INSTRUCTOR [See Note 5]
Business Orientation Phase II	Online Training	Day 1	[See Note 3]	0	3	Intranet
	Business Set-up & Office Organization	Day 1	[See Note 3]	0	4	Field Trainer
	Product Review	Day 2	[See Note 3]	0	3	Field Trainer
	Sales Tools & Selling System	Day 2	[See Note 3]	0	4	Field Trainer
Field Sales Training Phase III	Business Planning and Management	[See Note 2]	[See Note 3]	0	7	Field Trainer
	Time/Sales Cycle Management	[See Note 2]	[See Note 3]	0	7	Field Trainer
	Lead Generation	[See Note 2]	[See Note 3]	0	7	Field Trainer
	Sales Process Skills	[See Note 2]	[See Note 3]	0	42	Field Trainer
Business Evaluation And Planning Phase IV	Business Evaluation & Planning	Day 1	[See Note 3]	0	4	Field Trainer
	Ad Layout & Offer Evaluation	Day 1	[See Note 3]	0	3	Field Trainer
	Mailing Management Evaluation	Day 2	[See Note 3]	0	3	Field Trainer
	Sales Process Skills	Day 2	[See Note 3]	0	4	Field Trainer

NOTES:

1. Training is held on an “as required basis”, when we license new franchisees to the system. This training is not always conducted sequentially (Phase I through Phase IV). We may conduct some or all of Phase II training before your attendance at Phase I training at Money Mailer Headquarters in our discretion. Phase II training usually will consist of 2 days at your office and includes a self-study program accessed through Money Mailer’s Intranet. Phase III will consist of a total of 9 days (usually 3 visits of 3 days each). We will adjust the frequency and duration of these visits to accommodate specific scheduling circumstances. We will conduct Phase IV training usually during your second or third mailing cycle, but may alternate the scheduling based on your performance in Phase III training. Phase IV usually will consist of 2 days of training at your office and/or on sales calls in your Territory. We may tailor your training based on your individual skill needs, prior experience and other factors.

2. Phase III will usually consist of 3 visits to your office, each visit lasting 3 days usually during your first and second mailing cycle. Each of the subjects above will usually be covered during each visit with the majority of the time spent on sales calls in your Territory. We may adjust the frequency and duration of these visits to accommodate your training needs or your or our time schedules.
3. The primary instructional materials include Money Mailer Operations Manuals, Phase I Training Manual, Phase II Online Training, Sales and Marketing Materials and regional forms. We may change or supplement the training materials at any time.
4. The breakdown of hours is approximate. Phases II and IV are primarily conducted in your office with the majority of Phase III conducted in your Territory on sales calls. Given that the Phase I training at Money Mailer headquarters is in a classroom setting, we consider all training provided in Phases II, III and IV, whether at your office or in your Territory on sales calls as "in-field" training, as it is primarily one-on-one training. At times, we may provide training at our office or another pre-determined location in the regional territory.
5. Instruction is conducted by John Salter, our Regional Trainer if we provide the training, or by Money Mailer's Field Trainer if Money Mailer or its affiliates provide the training. Money Mailer's Regional Trainer has 11 years of experience in sales and 6 years in direct marketing. ^As of January 26, 2005, Money Mailer has 4 Field Trainers with, ^26 years, 15 years, 14 years, ^and ^12 years of experience, respectively and ^4 Field Business ^Consultants with ^a total of more than 20 years sales and sales training experience.
6. Your initial franchise fee includes the cost of this training. If you obtain the franchise as a transfer from an existing franchisee, you or the existing franchisee will pay a training and transfer fee for this training. You must pay for all costs of transportation, meals, lodging and other costs and expenses incurred during your attendance at this training.
7. We will hold periodic meetings (usually at least one per quarter) with our franchisees and other regional salespeople to exchange information and provide additional business or sales training. These meetings are mandatory^ . You may have to drive up to 2 hours to a location near you to attend these meetings.
8. We or Money Mailer may schedule additional training as we deem necessary.
9. We may terminate your franchise agreement if you do not satisfactorily complete or attend any initial training as reasonably determined by us and Money Mailer.

TRAINING BY ^MONEY MAILER						
PHASE	SUBJECT	TIME BEGUN	INSTRUCTIONAL MATERIAL	HOURS OF CLASSROOM TRAINING	HOURS OF IN THE FIELD TRAINING [See Note 4]	INSTRUCTOR [See Note 5]
Business Management, Product and Sales Phase I	Orientation (Money Mailer Values and Support^ and Direct Mail)	Day 1	[See Note 5]	7	0	Money Mailer Director of Training
	Business Planning and Management	Day 2^	[See Note 5]	^6	0	Money Mailer Director of Training
	Ad Layout and Offers	Day ^2	[See Note 5]	3	0	Money Mailer Director of Training
	Product Knowledge and Sales Skills	Day ^3-6	[See Note 5]	^26	0	Money Mailer Director of Training

NOTES:

1. This training is primarily conducted by Money Mailer's Franchise Development Staff.
2. Training is usually at Money Mailer's headquarters in Orange County, California, but may be at another location designated by Money Mailer.
3. Training is usually held once every 6 to 8 weeks. Money Mailer may cancel a training class if less than 3 trainees are scheduled to attend that class. Those trainees scheduled in a class that is later canceled must attend the next scheduled class.
4. Training is primarily conducted by Money Mailer's Director of Training & Field Services, supervised by the Vice President of Franchise Development.
5. The primary instructional materials are the New Franchisee Training Manual (Phase 2) and various Sales Materials. Money Mailer may change or supplement the training materials.
6. The cost of Phase 2 training is included in your initial franchise fee. If you obtain the franchise as a transfer from an existing franchisee, you or the existing franchisee will pay a training and transfer fee for this training. You must pay all costs of transportation, meals and lodging and other incidental costs and expenses incurred during your attendance at Phase 2 training.
7. We may terminate your franchise agreement if you do not satisfactorily complete or attend any initial training, as reasonably determined by Money Mailer.
8. Money Mailer provides additional training at its Annual Convention for all franchisees. The Annual Convention lasts for approximately 4 days and is held at different locations in the United States, at Money Mailer's discretion. Attendance by you or your representative, approved by us, at the Annual Convention is mandatory. You must pay all expenses incurred in attending the Annual Convention.

9. We or Money Mailer may schedule additional training as we both (jointly or individually) deem necessary.

INITIAL SALES MATERIALS

We will provide you with a package of initial sales materials, at no additional charge, within 60 days after you sign the Franchise Agreement (see Exhibit B of the Franchise Agreement). The initial sales materials we will provide you includes business cards, letterhead, envelopes, sample rate cards, maps and related items for you to use in your Business. We are not required to provide these initial materials if you are already a Money Mailer franchisee under a separate franchise agreement when you sign the Franchise Agreement. The initial sales materials do not constitute all of the sales materials, supplies, artwork and printing services you will need to conduct a Direct Mail Advertising Business. **(Section 5.2)**

If you want additional sales materials, you may order them through us from our approved suppliers. You may develop sales materials in compliance with Money Mailer brand identity standards and specifications for your own use at your cost. Money Mailer and we must approve any self-developed sales materials before you may order them. **(Section 5.2)**

MANUAL

Before you start your Business, we will loan you 1 copy of each of Money Mailer's Local Operations Manual, Sales and Marketing Manual, and Local Ad Fund Manual (^collectively the "Manuals" ^). In addition to the printed Manuals, Money Mailer will provide you with an online electronic copy of the AdBooks User's Guide accessed via the AdBooks software and through Money Mailer's Intranet. You must sign a software license agreement in addition to the Franchise Agreement to use this Software. (You must accept the terms of the software license agreement online before you first use of the software.) See Exhibit E to the franchise agreement. The term "Manuals" includes all the Manuals delivered to you , as well as all amendments and supplemental bulletins, notices and memoranda that modify or update the Money Mailer policies and procedures related to the operation of your Direct Mail Advertising Business. Money Mailer's or our update of the Manuals will not materially alter your status and rights under the Franchise Agreement. The table of contents from the Local Operations Manual and Sales and Marketing Manual is attached to this Offering Circular as Attachment D. **(Section 5.3)**

PRINTING AND MAILING SERVICES

If you are in full compliance with all of your obligations under the Franchise Agreement and any other agreement with us, we will make available for your purchase Money Mailer's printing and mailing services, including printing, collating, folding, cutting and perforating, insertion into envelopes, mapping, mail list creation and procurement and addressing of envelopes and delivery to the U.S. Post Office, and materials required for these services, including coupons, envelopes, post cards, self mailers and fliers. We will make services available to you at Money Mailer's customary prices, rates, terms and conditions for similar purchasers, which are subject to change periodically upon 30 days written notice. **(Section 5.4)**

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ACCELERATED DEVELOPMENT PROGRAM

As a part of Money Mailer's Accelerated Development Program (ADP), we will provide you with benefits described below, provided you satisfy all conditions of the ADP also set forth below.

Under the ADP, we will provide the following services and financial credits:

1. We will waive payment by you of the costs in 1.a and b below and Money Mailer will waive payment by you of the costs in 1.c below for 1 standard mailing zone (i.e., mailings to 10,000 households) in each of the 1st, 3rd, 5th and 7th Co-op Mailings you mail.

^ a. Charges for art work, but only to the extent that we ^perform the artwork; and

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^ b. 60% of all Money Mailer production charges for the ^1st and 3rd mailings (which include printing, inserting, addressing and mailing with the United States Postal Service ("USPS")) subject to 1.d below;

^ c. Money Mailer will waive the other 40% ^of the production charges for 1 free zone in your 1st and 3rd mailing. Money Mailer will waive 100% of the production costs above for 1 free zone in your 5th and 7th mailing (7th); subject to 1.d below.

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^ d. We ^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 ^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. You must pay all production ^

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charges for any advertisements in excess of the 25 display ad limit per mailing zone and any difference in amount between a "D1" Display ad and any other type of ad.

2. We will also credit you an amount equal to the "Regional Royalties" that you must pay for the first 12 cumulative mailing zones that you mail in your territory (which will be all 10 zones in your first 4 mailings and 2 zones in your 5th mailing). We will also waive the "Regional Royalty" for 1 zone in your 7th mailing.

3. 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 3 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 sales 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 3 mailings is \$2,800. Money Mailer will calculate these credits on a mailing-by-mailing basis.

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To qualify for the ADP, you must meet the following conditions:

1. Unless both we and Money Mailer waive this requirement in writing, ADP is only available if no other party (including us) has conducted a "Co-op" Mailing in any portion of your territory within 1 year of the date that you acquire the territory.

2. All "free mailing" benefits are limited to your 1st, 3rd, 5th and 7th "Co-op Mailings," all of which must be printed and produced solely by Money Mailer.

3. You must comply with the Franchise Agreement and all Money Mailer Manuals, including the minimum mailing schedule requirements.

4. The waiver of "Regional Royalties" and production costs (in the free mailing zones) applies only to mailing zones up to 10,000 households each.

5. You may not transfer, sell or assign any rights related to the ADP.

6. Neither we nor Money Mailer will apply any credits under the ADP to any of your other obligations. You are not entitled to any refund or other credit if you do not use all available credits.

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

8. You must comply with all obligations under your Franchise Agreement and with all other ADP program requirements described in the Manuals (including written bulletins or notices that serve to update the Manuals).

9. You must use Money Mailer's "Marathon Maker" training tool and agree to perform all sales activities, provide all reports to us and Money Mailer in a timely fashion, including a "check up" report, current mailing log and new business calculator report that you must complete weekly and a revised business plan, mailing log and "Mail Mail 33" report that you must complete at the end of each mailing.

^ 10. You agree to use and pay for a Money Mailer approved telemarketer to help you acquire sales leads during your first 3 mailings (no less than 24 hours for each ^mailing). We estimate the cost of these services to range from \$480 to \$720 in each of your first 3 mailings.

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^ 11. You must remain in "good standing." ^"Good standing" means in compliance with all terms and conditions of all agreements with Money Mailer or us, including all mailing or development schedules, as well as in compliance with all Money Mailer or Regional policies and procedures.

12. You must attend all required franchisee training and cooperate with all of our or Money Mailer's Field Trainers and other staff.

13. We or Money Mailer may suspend or cancel any of the benefits or financial credits made available under the ADP without notice if you are in default under your Franchise Agreement or any other agreement between you and us or Money Mailer.

14. You must use Money Mailer's proprietary software program, AdBooks (for managing your mailings and business). You must also use the Quickbooks software integration feature of AdBooks to handle billing, collections and report generation, as well as manage all other accounting related to your business. You must input accurate information into the AdBooks program. We and Money Mailer may examine and audit your books and records at your home office or business office on at least 24 hours' written or email notice. We and Money Mailer may at any time logon to your AdBooks account housed on Money Mailer's database servers without notice.

15. Your participation under the ADP does not mean that you are 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 Franchise Agreement.

ADVERTISING AND PROMOTION

We (along with other participating regional, direct and local franchisees) have established a local advertising co-op (“Local Co-op”) within your contiguous advertising market. We conduct a program where all participating members in the Local Co-op make various contributions to their local Ad Fund to fund national, regional and local advertising, promotional and public relations programs. You must participate in the Local Co-op. Local Co-ops are usually made up of regional, local and direct franchisees in a particular “Designated Market Area” or DMA.

Money Mailer has established a Local Advertising Board (the “LAB”) to provide advertising guidelines and aids, which Money Mailer forwards to the Local Co-ops to help them plan their advertising activities. As a member of your Local Co-op, you (along with the Money Mailer regional franchisees, direct franchisees and local franchisees) may be required to serve on the LAB.

The LAB is made up of 9 persons, including 5 members selected from the presidents of participating Money Mailer Local Co-ops, 2 members selected from participating Money Mailer regional franchisees and 2 members appointed by Money Mailer. Money Mailer will appoint the 5 members representing the presidents of the Local Co-ops on a geographic rotation basis, one from each major sector of the country (Northeast, Southeast, Central, Southwest, and Northwest), each having 1 vote. The 2 members representing Money Mailer regional franchisees are elected on a democratic basis by the participating regional franchisees, with each regional franchisee having 1 vote. The members are not limited in the length of time or the frequency in which they may serve on the LAB. The structure and operation of the LAB is based upon bylaws that LAB may modify through a democratic voting process and upon approval of Money Mailer. You may, upon request, review the bylaws and other organizational documents associated with the LAB and/or associated with any regional or local advertising co-op in which you must participate.

With the consent of Money Mailer and in consultation with an advertising consulting firm the LAB may hire, the LAB shall establish advertising and promotional guidelines and aids which will then be forwarded to each Local Co-op to help them plan their local advertising activities. The LAB shall have the authority to conduct all appropriate activities to produce these guidelines and aids, including advertising and marketing research, test marketing, surveys, public relations and similar activities. The LAB in setting the advertising plan for the year has the reasonable discretion to suggest which media (e.g., print, radio, direct mail, Internet, etc.) the Local Co-op should use in conducting the various advertising and promotions at the Local Co-op level. The LAB may update these guidelines each year to reflect any changes in advertising plans or programs from year to year. To pay for the above activities, each Local Co-op will reimburse the LAB pro rata from each Local Co-op contribution to the total of all local Ad Fund contributions for research and development costs, production costs, media costs, advertising agency commissions, administrative costs and related advertising and promotional expenditures. Money Mailer does not plan to use any funds directly for soliciting new Money Mailer franchisees.

Money Mailer has established a separate legal entity, Money Mailer Ad Corp (“AdCorp”) to manage the contributions of each Local Co-op as the administrative agent for the LAB. Except for the reimbursement of its administrative expenses and any tax payments, AdCorp receives and distributes monies exclusively for placement of and development (through the LAB) of advertising by the local advertising cooperatives. AdCorp reimburses its direct expenses pro rata from each local Ad Fund. Money Mailer expects that outside advertising agencies and other parties will provide some of the creative and production work for various advertising and promotional campaigns. However, in consultation with the LAB, Money Mailer may perform these services “in house”. The Ad Fund does not pay for any indirect or administrative overhead expenses of Money Mailer, any regional franchisee, you or any other participating Money Mailer party. 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 is not required to pay any invoice that requires payment of an amount in excess of the cash balance in the Local Co-op’s Ad Fund account. Neither Money Mailer, AdCorp nor the LAB will be liable for any act or omission relating to an Ad Fund that is consistent with your Franchise Agreement or done in good faith.

You must contribute the amounts described in Item 6 to your local Ad Fund. Money Mailer regional franchisees, direct franchisees and local franchisees contribute to the local Ad Fund on an equal basis. Each regional franchisee contributes an amount equal to all contributions made by its local franchisees and Money Mailer matches our contribution. If a regional franchisee mails its own zones it pays \$42 per zone (the \$21 local franchise contribution plus the \$21 regional match). Money Mailer matches the \$21 contribution of direct franchisees for a total \$42 contribution in direct zones.

The Ad Fund is audited annually. You may request a copy of the audited financial statements by notifying the LAB. If the Local Co-op does not spend all local Ad Fund dollars in the fiscal year it receives the funds, the Local Co-op may carry these funds over and use them in the succeeding year. These funds may be subject to federal or state income taxes. Each Local Co-op is exclusively responsible for its decision to carry over any funds from year to year and any tax consequences that it may incur. AdCorp will produce an unaudited annual report for each Local Co-op each year. The fiscal year begins on December 1st and ends November 30th.

The operating structure and procedures for each Local Co-op are governed by democratic principles with each contributing entity having one vote. Money Mailer has established reasonable guidelines for the establishment and operation of these Local Co-ops, which it may update periodically.

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, to protect its “Money Mailer” brand image and associated goodwill. (**Section 4.6**)

Under the ADP, you will be obligated to obtain additional telemarketing services at your expense, as described above in the section entitled “Accelerated Development Program” in this Item 11 and in Item 7. (**Section 5.5**)

COMPUTER EQUIPMENT

You must purchase computer equipment and related software before you open for business according to the specifications described in Exhibit B of the Franchise Agreement from any supplier you choose. This equipment is used to order Money Mailer's products and services as well as perform other general day-to-day business functions. In addition, Money Mailer will provide you with an online electronic copy of the AdBooks[^] and FME User's Guide[^]. To use this software you must agree to the terms of Money Mailer's Limited Software License Agreement. (You will be required to accept the terms of the software license agreement online before your first use of the software.) See Exhibit E to the Franchise Agreement. We and Money Mailer have unlimited independent access to view your AdBooks information.

Money Mailer and we require this equipment to maintain uniformity throughout the franchise system and to ensure your capability to operate the Business. You must upgrade your hardware and software, without any limitation of the frequency or cost of these upgrades. Neither Money Mailer nor we have a contractual right or obligation to provide ongoing maintenance, repairs, upgrades or updates. (Section 7.2)

Money Mailer has used the required computer equipment and software (and subsequent updated equipment and software) since 1985. We have used the required computer equipment (and subsequent updated equipment and software) since we started the Region. The estimated current annual cost of maintaining and upgrading this required equipment is \$2,000.

SITE SELECTION

^If your Territory contains fewer than 80,000 mailable domiciles, you may conduct the Business from your home ^and must set up a home office that meets our standards and specifications^ (Section 7.3). ^If your Territory ^contains 80,000 or more ^mailable domiciles, you must lease or purchase suitable office space consisting of not less than 500 square feet that meets our standards. Whether from your home office or outside office, you 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. We may require you to obtain additional office space if we determine that additional office space is necessary to properly conduct the Business. See Item 12 for details regarding selection of your Territory.

12. TERRITORY

TERRITORY RIGHTS

We grant you a license to use Money Mailer's techniques, systems, procedures, trade secrets, and selected trademarks, service marks and logotypes in the operation of a Money Mailer Direct Mail Advertising Business. You must perform your Co-op Mailings within your Territory described in Paragraph 2.4 of the Franchise Agreement.

The Territory will consist of a geographic area identified by United States Postal Service Zip Codes, but also may be supplemented by actual street or highway boundary descriptions where zip codes must be

split between franchisees. Your Territory will always be defined by the area within the zip codes and street/highway boundaries described in Section 2.4 of the Franchise Agreement. We may substitute a graphic map of your Territory in lieu or in addition to a zip code description. If new zip codes are created within your Territory, then these zip codes become part of your Territory. The size of the Territory will be determined by mutual agreement between you and us, based on criteria such as your goals and financial resources, the existence of competitors, population density, the need for direct mailing services within the area, and the territorial rights we have given to existing franchises in the surrounding areas. We rely heavily on your experience as an independent businessperson and your familiarity with the geographic area to determine the Territory. The Territory will be of a size to cover our standard 50,000. domiciles or the appropriate number of domiciles given market conditions as referenced in Item 5. However, our acceptance of the geographic area as your Territory is not a guarantee that your Territory will be successful. You must follow a mailing schedule in order to maintain your franchise rights (see Item 9 and Franchise Agreement Paragraph 7.1).

We both must agree in writing to any changes to your Territory. If you wish to acquire additional territory, you must be in compliance with your existing Franchise Agreement before entering into a new Franchise Agreement or an amendment to your current Franchise Agreement, at our option. A franchise fee is charged for each additional 10,000 domicile zone beyond the Territory you already own as described in Item 5 above at then-current rates that may be higher than those that are now in effect. If you qualify, we may offer a Zone Expansion Promotion, where we will provide additional territory at no charge as well as certain mailing credits towards the first few mailings in the new territory. We are not obligated to provide this promotion and may terminate it at any time.

Your Co-^{op} Business is limited to mailing advertising materials to domiciles (i.e., personal residences) located within your Territory and expressly does not include the right to mail advertising material to businesses. You may solicit clients worldwide to advertise in Co-op Mailings within your Territory. We, Money Mailer and other of our or Money Mailer's franchisees may solicit businesses located within or outside your Territory without your prior consent. However, they may not mail in your Territory without your consent or solicit your "existing" clients, as this term is defined below and in the Manuals. In general, an "existing" client is a client that is mailing with a Money Mailer franchisee under and advertising agreement with that franchisee or has mailed with that franchisee in the previous 12 months. Money Mailer may update this definition at any time in the Manuals.

Money Mailer mailings may have been conducted in your Territory by a former franchisee. We make no representations or warranties regarding the impact this may have on your business.

You may solicit clients worldwide to advertise in Segmented Co-^{op} Mailings and ^{Solo} Mailings to be delivered anywhere in the United States. We, Money Mailer and any other Money Mailer franchisee may solicit clients for Segmented Co-^{op} Mailings and Individual Mailings anywhere without your consent. You will coordinate your Co-op Mailings to coincide with the mailings of other franchisees in the regional territory as directed by us. You may not solicit existing Direct Mail Advertising Business clients of other Money Mailer franchisees, without the express written consent from the other Money Mailer franchisees.

INSERT RIGHTS RESERVED BY US

An “Insert” consists of a single article, without regard to size, configuration, number of advertisers, number of offers by such advertisers or the manner in which the article is folded. A single Insert includes any product sample inserted in an envelope that relates or is referred to in any advertisement described or contained in an Insert. As also described in Item 16 below, the Franchise Agreement reserves the following rights to us regarding your Co-op Mailings:

CATEGORY INSERT RIGHT

We have the exclusive right (“Category Insert Right”) to insert 1 Insert in each Co-op envelope you mail or that are mailed on your behalf, limited to the reserved or exclusive categories we select, as identified in the Manual, (“Category Insert”), currently Air Conditioning and Heating and Roofing, subject to change upon consent of a majority of the franchisees in our regional territory.

ROYALTY INSERTS RIGHTS

In addition to the Category Insert Right described above and without compensation to you, we may insert up to 6 additional Inserts (on average per zone) into each Co-op Mailing envelope you mail or that are mailed on your behalf (“Royalty Inserts”). We may place up to 8 Royalty Inserts into any Co-op Mailing envelope in any one zone you mail, ^provided that the average number of Inserts we place into your applicable mailing ^will not exceed 6 Royalty Inserts per Zone.

Except for the categories identified on Exhibit C to your Franchise Agreement (which will not exceed 20 Money Mailer categories) (“Categories Not to be Solicited By Region for Royalty Inserts”) (which list does not include food or auto categories, in which we may sell a maximum of 2 inserts in each of these categories), we will not be restricted as to the category of product or service to be sold by us under our Royalty Insert Rights; provided however, that sales by us must be: (i) for at least 10 zones or more or (ii) in the case of an isolated franchisee (or isolated franchisees) operating a territory (or territories) with less than 10 total zones, for the maximum number of zones being mailed by that franchisee (or those franchisees) within DMA or MSA. An isolated or “island” franchisee is a franchisee whose territory is not directly adjacent to the territory of any other franchisee and usually comprises its own “Designated Market Area” (“DMA”) or “Metropolitan Statistical Area (“MSA”). Additional details regarding “island” franchisees are described in the Manuals. If we sell any advertisements in the categories listed in Exhibit C to your Franchise Agreement, we will pay the applicable Cross Sale fee. Other criteria and details regarding Royalty Inserts are set forth in the Manuals.

PROMOTIONAL ADVERTISEMENT INSERT RIGHTS

We may insert any number or type of promotional advertisements, which directly or indirectly promote the “Money Mailer” name, system, Marks or Direct Mail Advertising Business, including advertising which: (1) solicits advertisers who may be interested in our Regional Category Insert Rights, Royalty Insert Rights or Envelope Space Rights; (2) solicits prospects who may be interested in acquiring a franchise; (3) is placed on behalf of a media company (such as a radio or television station or other print media); or (4) is placed on behalf of a local, regional or national business in exchange for advertising the

Money Mailer name, system, Marks or Direct Mail Advertising Business on a media company's broadcast or in print.

OTHER RIGHTS RESERVED BY US

ENVELOPE SPACE RIGHTS

We have the exclusive right to sell advertising that may be printed on the inside and back of the Co-op Mailing envelopes you mail. ("Envelope Space Rights"). We may charge you a cross sale fee if we allow you to use the Envelope Space Rights. The back of the envelope includes the back flap. We may, in our reasonable discretion, allow Money Mailer to use all or a portion of the Envelope Space Rights for national promotions or sweepstakes, without payment of a cross sale or similar fee.

BUSINESS MAILING RIGHTS

We may perform Co-op Mailings that are delivered to business addresses.

INSERT RIGHTS RESERVED BY MONEY MAILER

NATIONAL INSERT RIGHTS

Money Mailer may include up to 15 advertising Inserts ("National Inserts") in each Co-op Mailing envelope you mail. Money Mailer shall use its best efforts to exclude all National Inserts that would be competitive with any advertisement that you are inserting in the same envelope. Other details and criteria regarding the National Inserts are set forth in the Manuals. For purposes of these National Insert rights, an advertisement is "competitive" if the inserted advertisement is for a specific product substantially the same as the product offered by another advertisement. 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 you must allow both advertisements to appear in the same mailing.

If a competitive advertisement is inserted by Money Mailer despite using its best efforts, and you complied with our and Money Mailer's advertising submission procedures, Money Mailer will provide you a credit towards your production charges invoiced by Money Mailer, equal to the amount you must reimburse the affected advertiser, up to the full price you charged that advertiser for the applicable zone. This is your only remedy. We will not give you any remedy if you fail to comply with the advertisement submission procedures contained in the Manuals, including failing to review and verify the accuracy of the category list before sending in your mailing for production or keying in an incorrect category.

PROMOTIONAL ADVERTISING INSERT RIGHTS

Money Mailer may insert any number or type of promotional advertisements, which directly or indirectly promote the "Money Mailer" name, system, Marks, or Direct Mail Advertising Business, including advertising which: (1) solicits advertisers who may be interested in Money Mailer's National Insert Rights; (2) solicits prospects who may be interested in acquiring a franchise; (3) is placed on behalf of a media company (such as a radio or television station or other print media); or (4) is placed on behalf of a local, regional or national business in exchange for advertising the Money Mailer name, system Marks or

Direct Mail Advertising Business or any of its affiliate companies, on a media company's broadcast or in print.

OTHER RIGHTS RESERVED BY MONEY MAILER

SEGMENTED CO-OP MAILINGS

Money Mailer may conduct Segmented Co-Op Mailings for any advertiser(s) located anywhere. The current Segmented Co-op Mailing categories are: (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. Money Mailer may make the Segmented Co-op Mailings available to us and other regional sub-franchisors and may authorize us to make the Segmented Co-op Mailings available to you. The Segmented Co-Op Mailings (and any other cooperative mailings to a particular demographic category (e.g. parties that have recently moved)) is a subset of the Co-op Mailings, except you do not have an exclusive territory regarding these mailings. Money Mailer may conduct the Segmented Co-Op Mailings under a mark similar to or different from the "Money Mailer" trade name or service mark. If you are in compliance with your agreements with us, you may participate in these Segmented Co-Op Mailings by offering this service to clients in accordance with policies and procedures established by Money Mailer and us. You must pay us a fee to participate in the Segmented Co-op Mailings. We can arrange for Money Mailer to provide production services for these mailings. Should you wish to use an alternative production facility ("APF"), this APF must be approved by Money Mailer. See Item 8 for more details on this APF approval process.

INDIVIDUAL MAILINGS

Only Money Mailer and we may conduct individual mailings for any advertiser(s) (in conjunction with our and your limited right to conduct the same as permitted under our franchise agreements and described in the Manuals) regardless of the location of the advertiser or the nature of the advertisement, the product or service in the advertisement. Individual Mailings may not be co-operative mailings to domiciles in your Territory without your prior written consent. You must pay us a fee when you conduct Individual Mailings. If you wish to use APF, this APF must be approved by Money Mailer and us, as set forth in the Manuals.

RIGHT TO ASSIGN THESE RIGHTS

The Franchise Agreement specifically provides that only we and Money Mailer may assign any or all of our applicable Insert Rights and Other Reserved Rights, including the National Insert Rights, Category Insert Rights, Royalty Insert Rights, Envelope Space Rights, Promotional Advertising Insert Rights, Segmented Co-Op Mailings and Individual Mailing to any party, including a party having ownership in, or an economic relationship with us, Money Mailer or another of our or Money Mailer's franchises, shareholders, directors, officers, or employees, though a business relationship is not a condition for assignment of these rights.

CROSS-SALES AND DESIGNATION OF CATEGORY INCLUSIVITY

You are permitted to supplement your revenues by selling Co-op advertising within the territories of other Money Mailer franchisees ("Cross Sales"). We will enforce required Cross Sale policies set by

Money Mailer, or us, including, the recommendation of actual Cross Sale fees and the setting of limits on these fees (as allowed by law), as well as the establishment of category inclusivity guidelines. All Cross Sale and category inclusivity policies are contained in the Local Operations Manual.

In good faith, we will establish one or more “all-inclusive” categories or products or services for which Money Mailer, other Money Mailer franchisees and we may sell advertising to be included in your Co-op mailings within your Territory. All food and automotive categories will be nationally all-inclusive at all times (subject to certain limitations for our Inserts). Occasionally, we establish and modify policies and procedures concerning the manner in which this advertising will be conducted. If we are not all-inclusive for all categories, then we and the franchisees in our region will designate the maximum number of ads of a certain category (those categories not identified as all-inclusive) to be allowed in your envelope (a “managed-inclusive” category). As with any other Cross Sales, if you are the receiving franchisee of any advertisements in “all-inclusive” or “managed-inclusive” categories described above, you will receive Cross Sales fees according to the then-current Cross Sale policies.

You will coordinate your Co-op Mailings to coincide with the Co-op Mailings of other franchisees in our regional territory as directed by us.

INTERNET ADVERTISING

Money Mailer makes available Internet advertising on its moneymailer.com, hotcoupons.com and other “co-branded” websites (web sites hosted on Money Mailer servers, containing the same content on moneymailer.com (but branded with third party trademarks and logos)) (“Web Sites”). We allow you, if you wish, to make available Money Mailer’s Internet advertising to your Money Mailer customers. Money Mailer will place electronic versions of the coupons advertised by Money Mailer customers on the Web Sites, if your customers wish to do so. If you want to make available Money Mailer’s Internet advertising you must sign the Authorization to Offer Electronic Advertising (Exhibit D to the Franchise Agreement) and comply with the practices and procedures prescribed by Money Mailer for placement of advertising on the Web Sites and pay the then-current fee to Money Mailer for this Internet advertising. You are not obligated to offer Money Mailer’s Internet advertising. We and Money Mailer may discontinue this Internet advertising at any time.

Money Mailer charges for any advertising you may elect to purchase for your customers in accordance with its published price list. Money Mailer does not currently charge for this service, but may do so in the future upon 30 days notice to you. We may, but currently do not, charge fees for processing this Internet advertising.

Your right to make available Money Mailer’s Internet advertising is non-exclusive and you have no protected territorial rights, either as to the customers or categories of businesses who you may solicit. Money Mailer has the unrestricted right to market and sell Internet advertising and to appoint others (including any regional subfranchisor, including us and other franchisees) to market and sell Internet advertising to any customer or account wherever located, and without regard to the effect it may have on your sales efforts or your Business

13.
TRADEMARKS

We sub-license to you the revocable right to use and display certain selected service marks, trademarks and logos (“Marks”) in the operation of your Franchise. We sub-license to you the right to use (according to our brand identity and trademark usage policies contained in the Manuals) the following Marks registered on the principal register with the United States Patent and Trademark Office (“PTO”):

MARK	REGISTRATION NUMBER	REGISTRATION DATE
Money Mailer® (w/logo) (Standard)	1,215,176	November 2, 1982
“Like Getting Money in Your Mailbox”®	2,613,673	September 3, 2002
SmartZones®	2,117,628	December 2, 1997
“Helping Businesses Get and Keep More Customers”®	2,278,143	September 14, 1998

If you sign the “Authorization to Offer Electronic Advertising” attached as Exhibit D to the Franchise Agreement, we (through an agreement we have with Money Mailer) will permit you to use (according to our brand identity and trademark usage policies contained in the Manuals) the following service marks, which have been registered on the principal register with the PTO:

MARK	REGISTRATION NUMBER	REGISTRATION DATE
H.O.T! Coupons Logo® (w logo and w/www.hotcoupons.com)	2,138,190	February 24, 1998

We and Money Mailer have no knowledge of any judgments from the PTO or any trademark administrator of any state, or any court proceedings which limit or restrict our revocable right or Money Mailer’s right to use the above Marks relevant to the operation of your Franchise.

Except as described below, neither we nor Money Mailer have entered into any agreements which would effectively limit our or Money Mailer’s right to use or license the use of the Marks in a manner that may affect your Business. However, Money Mailer and New Holdings have pledged their respective assets, including the Marks, as security under a loan agreement with a major lending institution related to the May 30, 2003 acquisition by New Holdings.

If you receive information that any third party is making unauthorized use of the above Marks, you must promptly notify Money Mailer of the facts surrounding this infringing use. At their discretion, Money Mailer will determine whether to take action against the third party for the alleged infringement. You have no right to make any demand against the alleged infringer or to prosecute any claim against this alleged infringement.

Money Mailer and we have no knowledge of any infringement that would materially affect your use of the Marks, licensed to you in this State

Neither we nor Money Mailer can guarantee that a business is not operating somewhere in your Territory or elsewhere using the “Money Mailer” or “H.O.T! Coupons” names, service marks or logotypes similar

to the Marks used by Money Mailer, or having the right to continued use of name, service mark, or logotypes if used for a sufficiently long period of time.

If you are prevented from using the Marks for your Franchise as a result of a court order, you must operate under alternative names, service marks or logotypes approved by Money Mailer. You must waive your right to bring any claim against Money Mailer or us and accept Money Mailer's alternative conditions as your sole remedy.

Money Mailer may exclude individuals from using Money Mailer's Marks or substantially similar marks, for products or services which are comparable to those Money Mailer provides within an area where we, Money Mailer or other franchises make use the Marks, or within an area Money Mailer anticipates future expansion.

Money Mailer may add, delete, or modify any of the Marks in the Manuals. At your own expense, you will accept, use, or cease using the Marks, including any modified or additional trade names, trademarks, service marks, logotypes and commercial symbols, according to the policies and procedures contained in the Manual, as though they were incorporated into the Franchise Agreement. The Franchise Agreement does not provide you with compensation as a result of any discontinuation or modification of the Marks.

14.

PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

PATENTS AND COPYRIGHTS

We and Money Mailer provide you with certain specimen advertisements, coupons, flyers and other promotional literature and related materials, including text and graphics, which you will use in operating your Direct Mail Advertising Business (collectively "Sales Materials"). Money Mailer owns exclusively the copyrights and all other proprietary intellectual property rights related to the Sales Materials, including all derivative works, and modifications and variations that you or we may develop. However, Money Mailer and we (through our sublicense) permit you to use and reproduce the Sales Materials on a non-exclusive basis necessary to operate your Direct Mail Advertising Business.

We will also permit you to make Money Mailer's Internet advertising available to your customers under the "Authorization to Offer Electronic Advertising."

Money Mailer has an annual renewable license to use three patents from Response Reward Systems, L.C. specifically; U.S. Patent No. 5,128,752, issued on July 7, 1992 ("system and method for generating and redeeming tokens"), U.S. Patent No. 5,27,874, issued on July 13, 1993 ("method for measuring the effectiveness of stimuli on decisions of shoppers"), and U.S. Patent No. 5,249,044, issued on September 28, 1993 ("product information storage, display and coupon dispensing system").

On or about November 18, 1998, Interactive Coupon Marketing Group, Inc. dba CoolSavings (now coolsavings.com, inc.) ("ICM") filed suit in the United States District Court for the Northern District of Illinois, Case No. 98C7408 against HCI alleging patent infringement. ICM claimed that the methods used by HCI, infringed on the plaintiff's patent, U.S. Patent No. 5,761,648, issued on June 2, 1998 ("interactive marketing network and process using electronic certificates"). HC and ICM settled this

case on February 15, 2001, and ICM granted HC an annual renewable license to use the above-referenced patent, which MMH assigned to Money Mailer on May 29, 2003.

MANUALS

You must operate the Business in accordance with the Manuals, copies of which we will loan to you before you start operating. The information contained in the Manuals and any other supplemental material we supply is confidential. Accordingly, you must not disclose this confidential information. The Manuals (and the information within them) are the sole property of Money Mailer and you may not duplicate or disseminate the contents of the Manuals at any time, without the prior consent of Money Mailer. Money Mailer or we may modify or supplement the Manuals periodically. These modifications will become effective upon 30 days written notice to you. You must keep the Manuals current at all times. Upon the termination, expiration, or non-renewal of your Franchise, you must return the Manuals to Money Mailer or us.

PROPRIETARY INFORMATION

You must not communicate, divulge or use any confidential information concerning Money Mailer's methods, techniques, prices, practices or procedures during or after the term of the Franchise Agreement. You may only disclose this confidential information to your employees on a "need-to-know" basis in the operation of your Franchise. You must not make known to any other person, firm or corporation information related to the preparation and delivery of advertising, customer lists or any method, process, programs, promotions, techniques or production prices involved in the Direct Mail Advertising Business. You will require your executives, employees or any other person with access to this information to enter into a confidentiality agreement to maintain our and Money Mailer's proprietary interest in this information. Neither Money Mailer nor we must protect you from any infringement activity.

BUSINESS WEB SITE

You must not create, develop or set up a business web site (as defined in the franchise agreement) using the Marks without the prior written consent of us and Money Mailer. You must conform to Money Mailer's policies and procedures regarding the set up of business web sites.

15.

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Unless we in our discretion otherwise give our consent in writing during the term of your Franchise Agreement, you, or at least one partner in a partnership or a principal shareholder if you are a corporation or member/unit holder if you are a limited liability company or similar entity, must personally devote full time attention and best efforts to the management and day-to-day operation of the Business and be responsible and exercise ultimate authority with respect to all aspects of the Business. Unless we, in our discretion, allow otherwise, the spouse of a franchisee, if an individual, or person with an equity or voting interest in the franchise must sign the Franchise Agreement and be bound by the terms, conditions and obligations of the franchisee and the Franchise Agreement.

You (all partners in a partnership (including spouses) or the principal shareholder in a corporation or member/unit holder in a limited liability company or similar entity) must successfully complete initial training (Phase I through ^IV). You must complete Phase ^I and ^II before beginning operations. Money Mailer or we may require that other individuals you employ or in your organization (for corporate, LLC or similar entities) complete initial training depending on their role in the Business (see Item 11).

You must not compete with Money Mailer or us in a business similar to the Direct Mail Advertising Business during the term of your Franchise Agreement with us and for two years after its termination. You, or in the case of an entity or partnership, all equity and voting owners, must not disclose confidential information during and after the operation of your Franchise (see Item 14).

16.

RESTRICTIONS ON WHAT YOU MAY SELL

You may offer and sell only those goods and services that have been approved by Money Mailer and us. During your operation of the Direct Mail Advertising Business, you must refrain from engaging in any business substantially similar to the Direct Mail Advertising Business without our prior consent.

ADVERTISING SALES

You must perform Co-op Mailings. You may also perform Segmented Co-Op Mailings and Individual Mailings and sell other approved products Money Mailer and we introduce under the “Money Mailer” name according to Money Mailer’s policies and procedures for such approved products. You must offer all approved products and services under your Direct Mail Advertising Business in accordance with the Manuals. You must purchase all materials or services required to conduct the Business from Money Mailer or an approved supplier of Money Mailer. Money Mailer and we may make any changes to the type and methods of advertising that you may sell as well as how such advertising may be sold.

Only Money Mailer and we may, in our sole discretion, refuse to authorize the printing and inserting of any advertising (including advertising of a political, religious or sexually provocative nature) that Money Mailer or we believe to be objectionable, controversial or that in any way may have a negative affect on the goodwill associated with the “Money Mailer” name or Marks, Money Mailer or us.

MINIMUM DISTRIBUTIONS

You must strictly conform to the Mailing Schedule we establish, including dates, areas mailed, numbers of domiciles mailed and annual frequency of your Co-op Mailings. Your initial Mailing Schedule showing how many zones must be mailed in each of your first several mailings is in Paragraph 2.5 to the Franchise Agreement. After the mailings described in this initial Mailing Schedule, we will establish the Mailing Schedule for future periods, which may call for more frequent Co-op Mailings than set out in your initial schedule. You must mail according to the Co-op Mailing Frequency we set each year (in our reasonable discretion), all licensed zones in your Territory which will not be less than 8 mailings per year starting January 1st of the first calendar year following the one year anniversary of the Effective Date of your franchise agreement. We may change your schedule to reflect internal zone increases in your territory from market growth (increase in the number of households within the territory). You must mail any additional zones resulting from this internal growth according to your revised mailing schedule.

Your Co-op Mailings must meet the standards established by Money Mailer and us. Repeated failure within the same 12-month period to mail scheduled zones in a particular mailing or failure to mail scheduled mailings is grounds for default under Paragraph 11.1 of your Franchise Agreement. If you acquire additional licensed zones (from Money Mailer or another regional, direct or local franchisee), then at that time, your mailing schedule will be changed to reflect the new total licensed zone amount.

RESERVED ADVERTISING RIGHTS OF US AND MONEY MAILER

Your sale of advertising is subject to certain rights held by Money Mailer and/or us. Our Insert Rights may limit the number or degree of advertising that you may sell in specific mailings. However, these advertising rights will not alter or change any of your rights to conduct a Direct Mail Advertising Business under the Franchise Agreement. (see Item 12 above)

MAILING COORDINATION

You will coordinate your Co-op Mailings to coincide with the Co-op Mailings of other franchisees in the regional territory as directed by us.

17.

RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

This table lists certain important provisions of the Franchise Agreement and related agreements. You should read these provisions in the agreements attached to the Offering Circular.

PROVISION		SECTION IN FRANCHISE AGREEMENT	SUMMARY
a.	Term of Franchise	Section 1	10 years
b.	Renewal or extension of the term	Section 10.5	10 years
c.	Requirements for you to renew or extend	Section 10.5	Fulfill obligations under the agreement, pay all sums due, receive no more than 2 notices of default during any 12 month period, sign a general release, and pay renewal fee
d.	Termination by you	None	We do not require you to waive any rights available to you if we default
e.	Termination by us without notice	Section 11.2	Abandonment of Franchise, failure to meet financial obligations and other grounds
f.	Termination by us with notice	Section 11.1	Breach of Franchise Agreement; we must give you 30 days prior written notice (less if financial) and you have right to cure to prevent termination
g.	“Good cause “ defined - defaults which can be cured	Section 11.1	Breach of Franchise Agreement; you may cure the breach to prevent termination
h.	“Good cause “ defined - defaults which cannot be cured	Section 11.2	Abandonment of Franchise, failure to meet financial obligations and other grounds
i.	Your obligations on termination/non renewal	Section 12	Obligations include paying amounts due, returning materials, maintaining confidentiality, non-compete, and fulfillment of other obligations
j.	Assignment of contract by us	Section 10.1 and Section 6 of the	No restriction on right to transfer. However

PROVISION		SECTION IN FRANCHISE AGREEMENT	SUMMARY
		Authorization to Offer Electronic Advertising	no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our duties under the Franchise Agreement
k.	"Transfer" by you - definition	[^] Sections 5.5 and 10.2	Includes transfer of underlying assets of Franchise and interest in Franchise Agreement. <u>You may not transfer your rights under the ADP.</u>
l.	Our approval of transfer by you	Section 10.2	We must approve transfers
m.	Conditions of our approval of transfer	Section 10.2(a)	Includes transferee meeting qualifications, signing new agreement, paying transfer fee, signing release and completing initial training program. Also includes you assisting transferee for a minimum period of time, paying monies owed, curing defaults and signing release.
n.	Our right of first refusal to acquire your business	Section 10.3	We may match offer for 14 days after receipt of notice from you
o.	Our option to purchase your business	Section 10.3	We may match offer for 14 days after receipt of notice from you.
p.	Your death or disability	Section 10.2	Your interest will pass to your designee (non-corporate entity), who must be trained, and pay training and transfer fee.
q.	Non-competition covenant during the term of the franchise	Section 7.13	Includes prohibition of owning, operating, etc. a business similar to the Direct Mail Advertising Business.
r.	Non-competition covenants after the franchise is terminated or expires	Section 7.13	Includes 2-year prohibition similar to q. within a particular geography.
s.	Modification of the Agreement	Section [^] 5.5 and <u>15.6</u> ; Section 6.c of the Authorization to Offer Electronic Advertising [^]	Only with our prior consent
t.	Integration/merger clause	[^] Sections 5.5 and <u>15.6</u> ; Section 6.c of the Authorization to Offer Electronic Advertising [^]	Agreement and all ancillary agreements signed contemporaneously are considered the entire agreement
u.	Dispute resolution by arbitration or mediation	Section 13.1	Submission to Arbitration, trademark and equity exceptions; AAA Optional Rules for Emergency Measures of Protection apply
v.	Choice of forum	Section 13.1	To be held in Los Angeles, California
w.	Choice of law	Section 15.1	According to California Law

^

The provision in the Franchise Agreement which provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. §101, et seq).

These States have statutes which may supersede the Franchise Agreement in your relationship with the franchisor, including the areas of termination and renewal of your franchise: ARKANSAS [Stat. §170-807], CALIFORNIA [Bus. & Prof. Code §§20000-20043], CONNECTICUT [Gen. Stat. §42-133e et

seq.], DELAWARE [Code, tit.], HAWAII [Rev. Stat. §482E-1], ILLINOIS [815 ILCS 705/19 and 705/20], INDIANA [Stat. §23-2-2.7], IOWA [Code §§523H.1-523H.17], MICHIGAN [Stat. §19.854(27)], MINNESOTA (stat. §80C.14), MISSISSIPPI [Code §75-24-51], MISSOURI [Stat. §407.400], NEBRASKA [Rev. Stat. §87-401], NEW JERSEY [Stat. §56:10-1], SOUTH DAKOTA [Codified Laws §37-5a-51], VIRGINIA [Code 13.1-557-574-13.1-564], WASHINGTON [Code §19.100.180], WISCONSIN [Stat. §135.03]. We reserve the right to challenge these statutes. These and other States may have court decisions which may supersede the Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

Please refer to Attachment F for information on California law.

**18.
PUBLIC FIGURES**

Money Mailer does not use any public figure to promote its franchise.

**19.
EARNINGS CLAIMS**

We do not furnish, or authorize our salespersons to furnish, any oral or written information concerning the actual or potential sales, costs, income or profits of a Money Mailer franchise business in connection with the offer and sale of its franchises. Actual figures vary from unit to unit and we cannot estimate the results of any individual franchise.

**20.
LIST OF FRANCHISES**

A. Our Franchise Status Summary December 31, 2001/2002/2003:

State	Transfers	Canceled or Terminated	Not Renewed	Re-acquired By Us	Left the System - Other	Total from Left Columns	Franchises Operating At Year End
California	⁰ / ₀ / ₂			[^]		⁰ / ₀ / ₂	⁷ / ₇ / ₇

B. Our "Company-Owned Direct Mail Advertising Business" includes all areas within our region for which we have not granted a franchise. We have actively operated our region throughout our last three fiscal years.

C. Our Projected Openings for our fiscal year ending December 31, [^]2005:

State	Franchise Agreements Signed But Business Not Open	Projected Franchised New Franchise Agreements in the Next Fiscal Year	Projected Company Owned Openings in Next Fiscal Year*
California	0	[^] 4	N/A

* See paragraph B immediately above.

D. Following is a list of the names, address and telephone numbers of each of our franchises as of March 31, [^]2005:

#315.01 M.M. OF THE FOOTHILLS
Ray Yuen
1150 N. Mountain #108
Upland, CA 91786
(909) 981-3388

#315-[^]72 M.M. [^]SANTA CLARITA VALLEY
^
^
^
Steven J. Marchessault
Heather Frymyer
29654 Kings Canyon Lane
Canyon Country, CA 91387
(661) [^]298-8000

#315-60 M.M. OF CENTRAL S.F. VALLEY
Zohar & Riki Regev
6911 Topanga Canyon Blvd., #203
Canoga Park, CA 91303
(818) 999-6680

#315-64 M.M. OF WEST SF VALLEY
Edward & Karen Sinderman
18232 Index Street
Northridge, CA 91326
(818) 366-8493

#315-68 M.M. INLAND EMPIRE
Mark Sharp
1707 Kyle Lane
Redlands, CA 92373
(909) 389-0853

#315-69 M.M. TEMECULA VALLEY
Richard Simpson
29651 Pebble Beach Drive
Murrieta, CA 92563
(909) 600-9749

#315-70 M.M. RIVERSIDE
^
^
^
^
Marci Rainbolt
5198 Arlington Ave., #344
Riverside, CA 92504
(951) 787-8875

E. ^Following are the names, addresses, and last known telephone number of all franchisees who have had a franchise agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement with us during our last fiscal year or who has not communicated with us within 10 weeks of the date of this Offering Circular.

#315-57 M.M. OF SANTA CLARITA VALLEY
Darren & Kari Bessey
25706 Floral Court
Valencia, CA 91355
(661) 799-9796

#315-70 M.M. RIVERSIDE
Mark Domangue
3428 N. Carnation Ave.
Rialto, CA 92377
(909) 427-8684

F. Money Mailer's Regional Franchise Status Summary as of November 30, ^2002/^2003/2004.

State	Transfers			Cancelled/ Termination			Not Renewed			Reacquired by Region			Left for Other Reasons			TOTALS			Operating at Year End		
	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4
Alabama	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Arizona	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2
California	0	0	0	^0	0	0	0	0	0	0	0	0	0	0	^0	0	0	6	^5	5	
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Connecticut	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Delaware	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Florida	0	0	0	0	0	0	0	0	0	^2	2	^0	0	0	^2	2	^0	5	^3	3	
Georgia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Hawaii	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Idaho	0	0	0	0	0	0	0	0	0	0	^1	^0	0	0	0	0	0	1	1	1	
Illinois	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Kansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Maryland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2	
Massachusetts	0	0	0	^1	^0	0	0	0	0	0	0	0	0	0	^1	^0	0	0	0	0	
Michigan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Minnesota	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Missouri	0	0	0	0	0	0	0	0	0	^0	0	^1	0	0	^0	0	0	1	^2	^1	
New Hampshire	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
New Jersey	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
New Mexico	0	0	0	^0	0	0	0	0	0	0	0	0	0	0	^0	0	0	0	0	0	
Nevada	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	^1	1	
New York	0	0	0	^0	0	0	0	0	0	0	0	0	0	0	^0	0	0	2	^3	3	
North Carolina	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Ohio	0	0	0	0	0	0	0	0	0	0	^1	^0	0	0	0	0	^1	^0	0	0	
Oklahoma	0	0	0	0	0	0	0	0	0	0	0	0	^1	1	^0	^1	1	^0	^0	0	
Pennsylvania	^1	^0	0	0	0	0	0	0	0	0	0	0	^1	1	^0	^2	^1	^0	^1	1	
^Tennessee	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	^0	0	0	
Texas	0	0	0	^1	^0	0	0	0	0	0	0	0	0	0	^1	^0	0	5	5	5	
Utah	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Virginia	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Washington	0	0	0	0	0	0	0	0	0	^0	0	0	0	0	^0	0	0	1	1	1	
Wisconsin	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
TOTALS:	^1	^0	0	^2	^0	0	0	0	0	2	^4	^1	^2	2	^0	^7	^6	^0	^38	38	^37

G. Money Mailer's Direct Franchise Status Summary as of November 30, ^2002/^2003/2004.
 (These are Money Mailer original direct franchises offered primarily between 1980 and 1985.
 These "directs" operate franchises similar to the franchises we offer under this Offering Circular)

State	Transfers ^A			Canceled/ Terminated			Not Renewed			Reacquired by Region			Left for Other Reasons			TOTALS			Operating at Year End		
	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 4	^200 2	^200 3	^200 04
Arkansas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
California	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4	4	4	
Colorado	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
Florida	0	0	0	^0	0	0	0	0	0	0	0	0	0	0	^0	0	0	1	1	1	
Illinois	0	0	^1	0	0	0	0	0	0	0	0	0	0	0	0	0	^1	1	1	^0	
Maryland	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2	
Mississippi	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Michigan	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	1	1	
New Mexico	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Texas	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2	2	2	

I. Money Mailer projected openings of regional and direct franchisees for its Fiscal Year Ending November 30, ^2005:

State	Franchise Agreements Signed But Business Not Open	Projected Franchised New Franchise Agreements in the Next Fiscal Year	Projected Company Owned Openings in Next Fiscal Year
Region	0	^0	0
Direct	0	0	0

J. Projected openings of local franchisees for all Money Mailer Regions throughout the United States during Money Mailer's fiscal year ending November 30, ^2005:

	Franchise Agreements Signed but Store Not Opened	Projected Franchised New Store in the Next Fiscal Year	Projected Company Owned Opening in Next Fiscal Year
Alabama Total	0	0	0
Arizona Total	0	0	0
California Total	0	^8	0
Colorado Total	0	^2	0
Connecticut Total	0	0	0
Delaware Total	0	0	0
Florida Total	0	^5	0
Georgia Total	0	0	0
Idaho Total	0	0	0
Illinois Total	0	1	0
Indiana Total	0	1	0
Iowa Total	0	1	0
Kansas Total	0	2	0
Kentucky Total	0	^0	0
Louisiana Total	0	0	0
Maryland Total	0	0	0
Massachusetts Total	0	^6	0
Michigan Total	0	^6	0
Minnesota Total	0	^5	0
Missouri Total	0	^0	0
Nebraska Total	0	1	0
Nevada Total	0	^4	0
New Hampshire Total	0	^1	0
New Jersey Total	0	1	0
New York Total	0	^4	0
North Carolina Total	0	1	0
Ohio Total	0	4	0
Oklahoma Total	0	0	0
Oregon Total	0	^2	0
Pennsylvania Total	0	^4	0
South Carolina Total	0	2	0
Tennessee Total	0	2	0
Texas Total	0	^2	0
Utah Total	0	0	0
Virginia Total	0	^1	0
Wash. DC Total	0	0	0
Washington Total	0	^3	0
Wisconsin Total	^0	1	0

	Franchise Agreements Signed but Store Not Opened	Projected Franchised New Store in the Next Fiscal Year	Projected Company Owned Opening in Next Fiscal Year
^TOTAL:	^0	^70	0

- K. Attachment C is the name and last known address and phone number of every Money Mailer franchisee who has been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the last fiscal year or who has not communicated with Money Mailer or its other Regions operating in the United States within 10 weeks of the date of this Offering Circular.
- L. Also attached as Attachment C is the name and last known address and phone number of every Money Mailer Region in the United States who has been terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under a franchise agreement during the last fiscal year or who has not communicated with Money Mailer within 10 weeks of the date of this Offering Circular.

21. FINANCIAL STATEMENTS

Our audited financial statements, including related statements of operations, shareholders equity and cash flow for the last three years, are Attachment "A". The consolidated audited financial statements for Money Mailer Holding Corporation from December 1, 2003 to November 30, 2004 and from May 31, 2003 to November 30, 2003, the unaudited financial statements of Money Mailer, LLC from December 1, 2002 to May 30, 2003 and the audited financial statements of Money Mailer, LLC ^for its fiscal year ended November 30, 2002 are all attached as Attachment "A-1". Money Mailer's financial statements are for informational purposes only. Neither Money Mailer nor any of its affiliates guarantee our obligations or any obligations of its independent regions to their franchisees, except Money Mailer may guarantee the obligations of its affiliates, MMDM, where MMDM acts as a subfranchisor.

22. CONTRACTS

All agreements proposed for use in the offering of a franchise:

- Attachment B: Current Franchise Agreement
- Exhibit D to current Franchise Agreement (Attachment B):
 - Current Authorization to Offer Electronic Advertising (optional)
- Exhibit E to current Franchise Agreement (Attachment B):
 - Current Form of Money Mailer Limited Software License Agreement (accepted online prior to first use of software)

^
^

- Attachment G: Sample Form of Asset Purchase Agreement (transfer of developed territory)

23.
RECEIPT

Two copies of an acknowledgment of your receipt are attached as the last page of this Offering Circular. Please sign and return one copy to us upon receipt of this Offering Circular.