

POSTNET INTERNATIONAL FRANCHISE CORPORATION

DEVELOPMENT AGREEMENT

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POSTNET INTERNATIONAL FRANCHISE CORPORATION

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT ("**Agreement**"), made and entered into on _____, 200_, by and between PostNet International Franchise Corporation., a Nevada corporation, with its principal place of business at 1819 Wazee Street, Denver, Colorado 80202 ("**PostNet**"), and _____, a _____, with its principal place of business at _____ ("**Developer**").

RECITALS:

A. PostNet, as the result of the expenditure of time, skill, effort, and money, has developed and owns a unique and distinctive system relating to the establishment and operation of retail stores which provide business and consumer services and products ("**System**"). Among the services and products typically offered are black and white/color photocopying, digital photocopy and scanning, computer and Internet services, printing and finishing services, overnight air express and ground shipping (domestic and international), packaging services and supplies, private mailbox rentals, facsimile services, notary public services, and office supplies;

B. The distinguishing characteristics of the System include, without limitation, a distinctive design, interior décor, and layout, and training, management, and promotional assistance, in connection with the establishment and ongoing operation of postal, business, and communications centers, all of which may be changed, improved, and further developed by PostNet from time to time;

C. PostNet identifies the System by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin, including the mark POSTNET and such other trade names, service marks, and trademarks as are now designated, or may hereafter be designated by PostNet in writing, for use in connection with the System ("**Proprietary Marks**");

D. Developer desires to obtain certain development rights to operate business under the System which use the Proprietary Marks ("**Centers**"), and wishes to obtain franchises from PostNet for that purpose.

E. PostNet has decided, based on the information provided by Developer to PostNet, to grant such development rights to Developer, pursuant to the terms and conditions set forth in this Agreement.

The parties agree as follows:

1. GRANT

1.1 Grant: PostNet hereby grants to Developer the right, and Developer accepts the obligation, pursuant to the terms and conditions of this Agreement, to establish and operate Centers pursuant to the development schedule set forth in Attachment A hereto ("**Development Schedule**"). Each Center shall be located in the area described in Attachment B ("**Development Area**") and at a specific site approved by PostNet within the Development Area ("**Approved Location**"), and shall be established and operated pursuant to a separate franchise agreement ("**Franchise Agreement**") to be entered into between Developer and PostNet in accordance with Section 3.1 hereof. Each Center shall be established and operated by Developer or by an entity controlling, controlled by, or under common control with, Developer.

1.2 Protected Development Area: During the term of this Agreement, PostNet shall not establish or operate, or franchise other persons to establish or operate, a Center which is located within the Development Area. Except as specifically provided in the preceding sentence, Developer's rights under this Agreement are not exclusive, and PostNet retains the right, among others, in any manner and on any terms and conditions that PostNet deems advisable, and without granting Developer any rights therein:

(a) to own, acquire, establish and/or operate, and license others to establish and operate, Centers outside the Development Area, regardless of their proximity to or their impact on any Center located within the Development Area;

(b) to own, acquire, establish and/or operate, and license others to establish and operate, businesses under other proprietary marks or other systems, including (i) businesses which provide products and/or services similar to those provided by a Center; and/or (ii) PostNet Express businesses, at any location within or outside the Protected Territory and regardless, in either circumstance, of their proximity to the Approved Location or their impact on the Store Owner's Center; and

(c) to sell or distribute through any distribution channel including, but not limited to, computerized and other remote-entry ordering systems (such as the Internet) capable of accepting orders placed within or outside the Development Area, direct mail, mail order catalogues and telemarketing, at retail or wholesale, directly or indirectly, or license others to sell or distribute, any products which bear any proprietary marks, including the Proprietary Marks, whether within or outside the Development Area, and regardless of their proximity to or their impact on any Center located within the Development Area.

1.3 No Right to Use Proprietary Marks or System: This Agreement is not a franchise agreement, and does not grant Developer any right to use or to franchise the use of, the Proprietary Marks or the System.

2. DEVELOPMENT FEE

2.1 Development Fee: Upon execution of this Agreement, Developer shall pay PostNet a development fee of \$15,000 for each Center to be developed pursuant to this Agreement, which fee has been fully earned and is non-refundable, in consideration of administrative and other expenses incurred by PostNet and for the development opportunities lost or deferred as a result of the rights granted Developer herein.

3. DEVELOPMENT OBLIGATIONS

3.1 Execution of Franchise Agreements: Developer shall execute a Franchise Agreement for each Center to be franchised, the form of which shall be that which is then being offered by PostNet to new franchisees for Centers, except that (i) the franchise fee for each Center shall be the current initial franchise fee less \$15,000 for each Franchise Agreement plus an additional deduction, if any, that may then be available to existing PostNet franchisees who sign additional Franchise Agreements, but only if the additional deduction is set forth in the then-current form of Franchise Agreement then being signed by Developer; and (ii) Section 1.5 of the current form of franchise agreement or any provision of any different form of current agreement which permits a franchisee to enter into additional franchise agreements, shall be null and void. The current form of franchise agreement is attached as Attachment C hereto.

3.2 Development Schedule: Recognizing that time is of the essence, Developer agrees to satisfy the Development Schedule by executing Franchise Agreements within the time established in the Development Schedule. Failure by Developer to adhere to the Development Schedule shall constitute a default under this Agreement, as provided in Section 7.1.

4. TERM

4.1 Term: Unless sooner terminated as hereinafter provided, the term of this Agreement, and all rights granted hereunder, shall expire on the date set forth in the Development Schedule as the date on which the final Franchise Agreement is to be signed.

5. DEVELOPER'S CONFIDENTIALITY AND NON-COMPETITION COVENANTS

5.1 Confidential Information: Developer shall not, during or after the term hereof, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation, any confidential information, knowledge, or know-how concerning the methods of operation of the Center which may be communicated to Developer or of which Developer may be apprised by virtue of Developer's operation hereunder. Developer shall divulge such confidential information only to those employees who must have access to it in order to perform their employment responsibilities. Any and all information, knowledge, know-how, and techniques which PostNet designates as confidential shall be deemed confidential for purposes hereof, unless and until Developer shall demonstrate that the information has become public knowledge. Developer acknowledges that any failure to comply with the requirements of this Section 5 will cause PostNet irreparable injury for which no adequate remedy at law may be available, and Developer agrees that PostNet may seek, and

Developer agrees to pay, all court costs and reasonable attorneys' fees incurred by PostNet in obtaining, without posting a bond, an *ex parte* order for injunctive or other legal or equitable relief with respect to the requirements of this Section 5. Developer shall require anyone who may have access to confidential information to execute covenants that they shall maintain the confidentiality of information they receive in connection with their association with Developer. Such covenants shall be in a form satisfactory to PostNet including, without limitation, specific identification of PostNet as a third party beneficiary of such covenants with the independent right to enforce them.

5.2 Non-Competition During Term of Agreement: Developer specifically acknowledges that, pursuant to this Agreement, Developer will receive and confidential information including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of PostNet and the System. Developer (or, if Developer is a corporation, limited liability company, or partnership, all principals of Developer) covenants that during the term of this Agreement, except as otherwise approved in writing by PostNet, Developer and its principals shall not, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with, any person or legal entity:

5.2.1 Divert or attempt to divert any present or prospective business or customer of a Center to any competitor, by inducement or otherwise, or do or perform any other act injurious or prejudicial to the goodwill associated with the Proprietary Marks and the System; or

5.2.2 Own, maintain, advise, operate, engage in, be employed by, make loans to, invest in, provide any assistance to, or have any interest in or relationship or association with, any business which offers the same or similar products or services as those offered by a Center.

5.3 Non-Competition After Expiration or Termination of Agreement: Commencing upon the date of: (a) a transfer permitted under Section 6 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); or (d) a final arbitration or court order (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 5.3, and continuing for an uninterrupted period of one year thereafter, Developer shall not, without PostNet's prior written consent, either directly or indirectly, for itself, or through, on behalf of, or in conjunction with any person, persons, or legal entity (including legal entities which own, are owned by, or are under common ownership with Developer), own, maintain, advise, operate, engage in, lease to, be employed by, make loans to, or have any interest in or relationship or association with a business which offers the same as or similar products or services as those offered by a Center, and is located in or within a ten mile radius of the Development Area.

5.4 Exceptions to Non-Compete Covenants: Sections 5.2 and 5.3 shall not apply to the ownership by Developer of a less than five percent beneficial interest in the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

5.5 Reducing Scope of Covenants: Developer understands and acknowledges that PostNet shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in

Sections 5.2 and 5.3, or any portion thereof, without Developer's consent, effective immediately upon receipt by Developer of written notice thereof, and Developer agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 12 hereof.

5.6 Enforceability of Covenants Not Affected by Developer Claims: Developer expressly agrees that the existence of any claims it may have against PostNet, whether or not arising hereunder, shall not constitute a defense to the enforcement by PostNet of the covenants in this Section 5. Developer agrees to pay all costs and expenses (including reasonable attorneys' fees) incurred by PostNet in connection with the enforcement of this Section 5.

5.7 Breach of Covenants Causes Irreparable Injury to PostNet: Developer acknowledges that Developer's violation of any covenant of this Section 5 would result in irreparable injury to PostNet for which no adequate remedy at law may be available, and Developer consents to the issuance of, and agrees to pay all court costs and reasonable attorneys' fees incurred by PostNet in obtaining, an injunction prohibiting any conduct by Developer in violation of any covenant contained in this Section 5.

5.8 Covenants From Individuals: Developer shall obtain and furnish to PostNet executed covenants similar in substance to those set forth in this Section 5 (including covenants applicable upon the termination of a person's relationship with Developer) from any or all of the following persons: (1) all officers, directors, members, and holders of a beneficial interest in five percent or more of the securities of Developer, and of any corporation directly or indirectly controlling Developer, if Developer is a corporation or limited liability company; (2) the general partners and any limited partners (including any corporation, and the officers, directors, and holders of a beneficial interest of five percent or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if Developer is a partnership; and (3) all officers', directors', and shareholders' spouses and children over the age of 18 years. Every covenant required by this Section 5.8 shall be in a form approved by PostNet including, without limitation, specific identification of PostNet as a third party beneficiary of such covenant with the independent right to enforce them.

6. TRANSFER OF INTEREST

6.1 Transfer by PostNet: PostNet shall have the right to transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity. With respect to any assignment which results in the subsequent performance by the assignee of all of PostNet's obligations under this Agreement, the assignee shall expressly assume and agree to perform such obligations, and shall become solely responsible for all obligations of PostNet under this Agreement from the date of assignment. In addition, and without limitation to the foregoing, Developer expressly affirms and agrees that PostNet may sell its assets, its Proprietary Marks, or its System; may sell its securities in a public offering or in a private placement; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a refinancing, recapitalization, leveraged buy-out, or other economic or financial reorganization or restructuring.

6.2 Transfer by Developer: Developer shall not transfer or assign all or any part of its rights or obligations under this Agreement to any person or legal entity without PostNet's prior written consent, which consent may be denied, with or without cause, by PostNet in its sole and absolute discretion.

6.3 No Waiver: PostNet consent to a transfer shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of PostNet right to demand exact compliance with any of the terms of this Agreement by the transferor or transferee.

6.4 Transfer by Developer Bankruptcy-Right of First Refusal: If, for any reason, this Agreement is not terminated pursuant to Section 7.1.6 and this Agreement is assumed, or assignment of the same to any person or entity who has made a bona fide offer to accept an assignment of this Agreement is contemplated, pursuant to the United States Bankruptcy Code, then notice of such proposed assignment or assumption, setting forth (a) the name and address of the proposed assignee, and (b) all of the terms and conditions of the proposed assignment and assumption, shall be given to PostNet within 20 days after receipt of such proposed assignee's offer to accept assignment of this Agreement, and, in any event, within ten days prior to the date application is made to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption, and PostNet shall thereupon have the prior right and option, to be exercised by notice given at any time prior to the effective date of such proposed assignment and assumption, to accept an assignment of this Agreement to PostNet itself upon the same terms and conditions and for the same consideration, if any, as in the bona fide offer made by the proposed assignee, less any brokerage commissions which may be payable by Developer out of the consideration to be paid by such assignee for the assignment of this Agreement.

7. DEFAULT AND TERMINATION

7.1 Termination With Notice and Without Opportunity to Cure: Developer shall be in default hereunder, and PostNet may, at its option, terminate this Agreement and all rights granted hereunder, without affording Developer any opportunity to cure the default, effective immediately upon receipt of notice by Developer upon the occurrence of any of the following events:

7.1.1 If Developer (or an officer, director, shareholder, general or limited partner, or member) is convicted of a felony, a crime or offense involving moral turpitude, or engages in conduct that, in PostNet's reasonable judgment, is morally offensive to community standards and is reasonably likely to have an adverse effect on the System, the Proprietary Marks, the goodwill associated therewith, or PostNet interest therein;

7.1.2 If Developer fails to comply with the Development Schedule;

7.1.3 If any Franchise Agreement executed pursuant to this Agreement or any other agreement between Developer and PostNet or any PostNet affiliate is terminated due to a breach or default by the franchisee;

7.1.4 If any purported assignment or transfer of any direct or indirect interest in this Agreement, in Developer, or in all or substantially all of Developer's assets is made to any third party without PostNet prior written consent, contrary to the terms of Section 7 hereof;

7.1.5 If, contrary to the terms of Section 5.1 of this Agreement, Developer or any principal or employee of Developer discloses or divulges the contents of the Manual or other confidential information provided to Developer by PostNet;

7.1.6 If Developer becomes insolvent, makes a general assignment for the benefit of creditors, files a petition in bankruptcy, or a petition in bankruptcy is filed against (and not opposed by) Developer;

7.1.7 If Developer fails to comply with, or obtain execution of and deliver, the covenants described in Section 5 hereof;

7.1.8 If Developer or any principal of Developer has made any material misrepresentations to PostNet prior to the execution of this Agreement;

7.1.9 If Developer, after curing a default pursuant to Section 7.2 hereof, commits the same, similar, or different default, whether or not cured after notice;

7.1.10 If Developer's assets, property, or interests are "blocked" under any Anti-Terrorism Law or if Developer is otherwise in violation of any such law.

7.2 Termination With Notice and Opportunity to Cure: Except as provided in Section 7.1 herein, Developer shall have 30 days after its receipt from PostNet of a written Notice of Termination within which to (i) remedy any default under this Agreement; (ii) comply with any federal, state, or local law or regulation; or (iii) carry out the terms of this Agreement in good faith, and to provide evidence thereof to PostNet. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Developer effective immediately upon expiration of the 30 day period or such longer period as applicable law may require.

8. OBLIGATIONS UPON TERMINATION OR EXPIRATION

Upon termination or expiration of this Agreement, all rights granted hereunder to Developer shall forthwith terminate, and:

8.1 No Right to Open Additional Centers: Developer shall have no right to establish or operate any Center for which a Franchise Agreement has not been executed by PostNet at the time of termination.

8.2 PostNet's Right to Establish Centers: PostNet shall have the right to establish, and to franchise others to establish, Centers in the Development Area except as may be otherwise provided under any Franchise Agreement in effect between PostNet and Developer.

8.3 PostNet's Right to Terminate Existing Franchise Agreements and Purchase Assets: In the event of termination for any default by Developer, PostNet shall have the option, to be exercised within 30 days after this Agreement is terminated, to terminate the Franchise Agreement executed pursuant to this Agreement, and purchase Developer's interest in, any or all Centers regardless of whether such Center(s) are under construction or are open and operating, and all of the furnishings, equipment, signs, fixtures, supplies, inventory, or other tangible personal property of Developer related to such Center(s), at the lesser of the Center's net book value or fair market value. If the parties cannot agree on the purchase price within 30 days after PostNet exercises such option, a qualified independent appraiser shall be designated by PostNet, and the appraiser's determination of the appropriate purchase price shall be final and binding. If PostNet elects to exercise such option to purchase, it shall have the right to set off any and all amounts due from Developer and the cost of the appraisal, if any, against any payment therefor.

8.4 Irreparable Injury to PostNet: Developer agrees and acknowledges that Developer's failure to comply with the provisions of this Section 8 will result in irreparable harm to PostNet and to the Proprietary Marks, and Developer agrees to pay all damages, expenses, court costs and reasonable attorneys' fees incurred by PostNet in obtaining specific performance of, or an injunction against violation of, and/or damages resulting from a violation of, the requirements of this Section 8.

8.5 Development Agreement Default Does Not Constitute a Default Under Any Franchise Agreement: Default under this Development Agreement shall not constitute a default under any Franchise Agreement unless the action or inaction giving rise to the default hereunder also gives rise to a default under such Franchise Agreement.

8.6 Return of Materials and Other Confidential Information: Developer shall immediately deliver to PostNet records, correspondence, files, and any instructions containing confidential information relating to the PostNet System or Centers which are in Developer's possession; and all copies thereof (all of which are acknowledged to be the property of PostNet).

9. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

9.1 No Fiduciary Relationship: This Agreement does not create a fiduciary relationship between PostNet and Developer. Developer shall be an independent contractor; and nothing in this Agreement is intended to constitute or appoint either party an agent, legal representative, subsidiary, joint venturer, partner, employee, or servant of the other for any purpose whatsoever.

9.2 Independent Contractor and Indemnification: Developer acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on behalf of PostNet, or to incur any debt or other obligations in the name of PostNet; and that PostNet shall in no event assume liability for, or be deemed liable hereunder as a result of, any such action; nor shall PostNet be liable by reason of any act or omission of Developer or for any claim or judgment arising therefrom against Developer. Developer shall indemnify and hold PostNet and any affiliates and their respective shareholders, directors, employees and agents,

harmless against any and all claims arising directly or indirectly from, as a result of, or in connection with Developer's actions.

10. APPROVALS AND WAIVERS

10.1 Obtaining Approvals: Whenever this Agreement requires the prior approval or consent of PostNet, Developer shall make a timely written request to PostNet therefor, and such approval or consent must be obtained in writing. PostNet makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer, by providing any waiver, approval, consent, or suggestion to Developer in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor.

10.2 No Waiver: No delay, waiver, omission, or forbearance on the part of PostNet to exercise any right, option, duty, or power arising out of this Agreement against Developer or any other developer, or any breach or default by Developer, or by any other developer, of any of the terms, provisions, or covenants thereof, and no custom or practice by the parties at variance with the terms hereof, shall constitute a waiver by PostNet to enforce any such right, option, or power as against Developer, or as to a subsequent breach or default by Developer.

11. NOTICES

11.1 Notices: Any and all notices furnished pursuant to this Agreement shall be in writing and shall be personally delivered, sent by telecopier, or dispatched by overnight delivery envelope to the respective parties at the addresses set forth on the signature page of this Agreement, unless and until a different address has been designated by written notice to the other party. Notices shall be deemed to have been received as follows: by personal delivery or telecopier -- at time of delivery; and by overnight delivery service -- on the third business day following the date on which the Notice was given to the overnight delivery service. Notices furnished by telecopier shall be confirmed by overnight delivery service.

12. ENTIRE AGREEMENT

12.1 Entire Agreement: This Agreement and any attachments hereto constitutes the entire and complete agreement between PostNet and Developer concerning the subject matter thereof, and supersedes all prior agreements. Developer acknowledges that it is entering into this Agreement as a result of its own independent investigation and not as a result of any representation made by PostNet or persons associated with PostNet which are contrary to the terms herein set forth or which are contrary to the terms of any offering circular, or other similar document required or permitted to be given to Developer pursuant to applicable law. Except for those permitted hereunder to be made unilaterally by PostNet, no amendment, change, or variation from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

13. SEVERABILITY AND CONSTRUCTION

13.1 Severability and Construction: Except as expressly provided to the contrary herein, each section, part, term, and provision of this Agreement shall be considered severable; and if, for any reason, any section, part, term, provision, and/or covenant herein is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, such shall not impair the operation of, or have any other effect upon, such other portions, sections, parts, terms, provisions, and/or covenants of this Agreement as may remain otherwise intelligible; and the latter shall continue to be given full force and effect and bind the parties hereto; and the invalid portions, sections, parts, terms, provisions, and/or covenants shall be deemed not to be a part of this Agreement.

13.2 Survival of Obligations After Expiration or Termination of Agreement: Any provision or covenant of this Agreement which expressly or by its nature imposes obligations beyond the expiration or termination of this Agreement shall survive such expiration or termination.

13.3 Survival of Modified Provisions: Developer expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is subsumed within the terms of any provision hereof, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions hereof any portion or portions which a court or agency having valid jurisdiction may hold to be unreasonable and unenforceable in an unappealed final decision to which PostNet is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court or agency order.

13.4 Captions: All captions in this Agreement are intended for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof.

13.5 "Affiliate" and "Principal" Defined: For purposes of this Agreement, the term "**affiliate**" shall mean any person or legal entity that directly or indirectly controls, is controlled by, or is under common control with the specified person or legal entity; the term "**principal**" shall mean a shareholder of a corporation, a general or limited partner of a partnership, or a member of a limited liability company.

14. DISPUTE RESOLUTION

14.1 Choice of Law: Any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, shall be interpreted and construed exclusively under the laws of Colorado. In the event of any conflict of law, the laws of Colorado shall prevail, without regard to the application of Colorado conflict of law rules. If, however, any provision of this Agreement would not be enforceable under the laws of Colorado, and if the Development Area is located outside of Colorado and such provision would be enforceable under the laws of the state in which the Development Area is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this

Section 14.1 is intended by the parties to subject this Agreement to any franchise or similar law, rule, or regulation of the State of Colorado to which it would not otherwise be subject.

14.2 Mediation of Disputes: Except as otherwise provided in this Agreement, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, except for any actions brought with respect to: (i) the Proprietary Marks; (ii) issues concerning the alleged violations of federal or state antitrust laws; (iii) securing injunctive relief or specific performance; or (iv) the right to indemnification or the manner in which it is exercised, shall first be subject to non-binding mediation in Denver, Colorado, or, if PostNet's principal place of business shall be at another location at the time that mediation is sought, in the city of PostNet's then principal place of business. Mediation shall not defer or suspend PostNet's exercise of any termination right under Section 7.

14.3 Mediation Procedures: No arbitration or litigation may be commenced on any claim which is subject to mediation under Section 14.2 prior to the mediation termination date, as defined in Section 14.3.3, whether or not the mediation has been commenced. Mediation under this Section 14.3 is not intended to alter or suspend the rights or obligations of the parties under this Agreement or to determine the validity or effect of any provision of this Agreement, but is intended to furnish the parties an opportunity to resolve disputes amicably, expeditiously and in a cost-effective manner on mutually acceptable terms.

14.3.1 The non-binding mediation provided for hereunder shall be commenced by the party requesting mediation giving written notice of the request for mediation to the party with whom mediation is sought. The request shall specify with reasonable particularity the matters for which non-binding mediation is sought.

14.3.2 Non-binding mediation hereunder shall be conducted by a mediator or mediation program designated by PostNet in writing. PostNet shall make the designation within a reasonable time after issuance of the request.

14.3.3 Non-binding mediation hereunder shall be concluded within 60 days of the issuance of the request, or such longer period as may be agreed upon by the parties in writing ("**mediation termination date**"). All aspects of the mediation process shall be treated as confidential, shall not be disclosed to others, and shall not be offered or admissible in any other proceeding or legal action whatsoever. The parties shall bear their own costs of mediation, and shall share equally in the cost of the mediator or mediation service.

14.4 Arbitration: Except for any actions brought with respect to: (i) the Proprietary Marks; (ii) issues concerning the alleged violations of federal or state antitrust laws; (iii) securing injunctive relief or specific performance; or (iv) the right to indemnification or the manner in which it is exercised, any claim or controversy arising out of or related to this Agreement, or the making, performance, breach, interpretation, or termination thereof, shall be finally settled by arbitration pursuant to the then-prevailing Commercial Arbitration Rules of the American Arbitration Association or any successor thereto, by one arbitrator appointed in accordance with such rules. PostNet and Developer waive, to the fullest extent permitted by law, any right or claim to any punitive or exemplary damages against the other, and agree that any award shall be

limited to the recovery of any actual damages sustained by them. The prevailing party also shall be entitled to recover its expenses, including reasonable attorneys' fees and accounting fees, in addition to any other relief to which it is found entitled. All arbitration proceedings shall take place in Denver, Colorado, or, if PostNet's principal place of business shall be at another location at the time that arbitration is sought, in the city of PostNet's then principal place of business. The arbitration award shall be binding upon the parties and may be entered and enforced in any court of competent jurisdiction. Any arbitration proceeding shall be limited to controversies between PostNet and Developer and shall not be expanded to include any other Developer as a party, or include the adjudication of class action claims.

14.5 Judicial Actions: To the extent that a judicial action is permitted by the Agreement, any such action brought by Developer against PostNet shall be brought exclusively, and any such action brought by PostNet against Developer may be brought, in the federal district court covering the location at which PostNet has its principal place of business at the time the action is commenced; provided, however, that if the federal court would not have subject matter jurisdiction had the action been commenced in such court, then, in such event, the action shall (with respect to actions commenced by Developer), and may (with respect to actions commenced by PostNet), be brought in the state court within the judicial district in which PostNet has its principal place of business at the time the action is commenced. The parties waive all questions of personal jurisdiction or venue for the purpose of carrying out this provision.

14.6 Non-Exclusive Remedy: No right or remedy conferred upon or reserved to PostNet or Developer hereby is intended to be, nor shall be deemed, exclusive of any other right or remedy herein or by law or equity provided or permitted, but each shall be cumulative of every other right or remedy.

14.7 Injunctive Relief: Nothing in this Agreement shall bar either party's right to seek injunctive relief without the posting of any bond or security to obtain the entry of temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement. Either party also shall be able to seek injunctive relief to prohibit any act or omission by the other party or its employees that constitutes a violation of any applicable law, is dishonest or misleading to the public, or which may impair the goodwill associated with the Proprietary Marks or System; and the prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred in obtaining such relief.

14.8 Limitations on Actions: **POSTNET AND DEVELOPER IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM AGAINST THE OTHER, WHETHER OR NOT THERE ARE OTHER PARTIES IN SUCH ACTION OR PROCEEDING. ANY CLAIM OR CONTROVERSY ARISING OUT OF OR RELATED TO THIS AGREEMENT, OR THE MAKING, PERFORMANCE, BREACH, INTERPRETATION, OR TERMINATION THEREOF, BROUGHT BY ANY PARTY HERETO AGAINST THE OTHER, SHALL BE COMMENCED WITHIN ONE YEAR FROM THE OCCURRENCE OF THE FACTS GIVING RISE TO SUCH CLAIM OR ACTION, OR SUCH CLAIM OR ACTION SHALL BE BARRED. POSTNET AND DEVELOPER HEREBY WAIVE IN ANY ARBITRATION OR JUDICIAL ACTION, TO**

THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM OF ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM, EACH SHALL BE LIMITED TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY IT.

15. ACKNOWLEDGMENTS

15.1 Recognition of Business Risks: Developer acknowledges that it has conducted an independent investigation of the rights granted hereunder, and recognizes that the business venture contemplated by this Agreement involves business risks and that its success will be largely dependent upon Developer's own abilities. PostNet expressly disclaims the making of, and Developer acknowledges that it has not received, any representation, express or implied, as to the past, current, or potential sales, income, profits, or success of existing or future Centers or Developers.

15.2 Receipt of PostNet Offering Materials: Developer acknowledges that Developer has received a copy of the complete PostNet Development Agreement for PostNet Centers, the attachments thereto, and agreements relating thereto, if any, at least five business days prior to the date on which this Agreement was executed. Developer further acknowledges that it has received the disclosure document required by the Trade Regulation Rule of the Federal Trade Commission entitled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures," at least ten business days prior to the date on which this Agreement was executed.

15.3 Atypical Arrangements: Developer acknowledges and agrees that PostNet has the right to enter into agreements with other developers that may contain provisions, conditions, and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that existing or future developers may have different rights and obligations shall not in any manner eliminate, modify, or affect the duties of the parties to this Agreement to comply with the terms of this Agreement.

IN WITNESS WHEREOF, the parties hereto have duly executed and delivered this Agreement on the day and year first above written.

Address For Notices Pursuant to
Section 11.1 of This Agreement

PostNet Address

1819 Wazee Street
Denver, Colorado 80202
Attn: Executive Vice President/COO

Signatures

POSTNET INTERNATIONAL FRANCHISE
CORPORATION

By: _____

Title: _____

Developer Address

DEVELOPER

By: _____

Title: _____

DEVELOPMENT SCHEDULE

**Developer's Date of Execution
of Franchise Agreement**

1. _____, 200__
2. _____, 200__
3. _____, 200__
4. _____, 200__

PostNet's Initials _____

Developer's Initials _____

DEVELOPMENT AREA

PostNet's Initials _____

Developer's Initials _____

**CURRENT FORM OF
POSTNET
FRANCHISE AGREEMENT**