

***EXHIBIT A
TO FRANCHISE
OFFERING CIRCULAR***

FRANCHISE AGREEMENT

POSTNET INTERNATIONAL FRANCHISE CORPORATION

FRANCHISE AGREEMENT

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POSTNET INTERNATIONAL FRANCHISE CORPORATION
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("**Agreement**") made and entered into on _____, 200____, ("**Effective Date**") '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 _____ ("**Store Owner**").

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. Store Owner wishes to obtain a franchise to operate a postal, business, and communications center using the System and Proprietary Marks ("**Center**"), as well as to receive the training and other assistance provided by PostNet in connection therewith; and

E. Store Owner understands and acknowledges the importance of PostNet's high standards of quality, appearance, and service, and the necessity of operating the Center in conformity with PostNet's standards and specifications.

NOW, THEREFORE, the parties agree as follows:

1. GRANT

1.1 PostNet grants to Store Owner the right, and Store Owner accepts the obligation, to use the Proprietary Marks and System, solely in connection with the operation of a Center.

1.2 The Center shall be located at _____ (“**Approved Location**”). Store Owner shall not relocate the Center without the prior written approval of PostNet. If, on the Effective Date, a location for the Center has not been approved by PostNet, PostNet shall assist Store Owner in selecting a location, as set forth in Section 4.1 of this Agreement. Store Owner shall not lease or otherwise acquire a location without PostNet’s prior approval, which approval shall be furnished by PostNet to Store Owner in a site approval letter.

1.3 During the term of this Agreement, neither PostNet nor any affiliate of PostNet shall establish or operate, or franchise any entity to establish or operate, a business using the Proprietary Marks and System at any location within the geographic area described in Attachment A to this Agreement (“**Protected Territory**”), provided however that if the Approved Location has not been selected on the Effective Date, the Protected Territory shall be determined by PostNet at the time that the Approved Location is selected.

1.4 Store Owner expressly acknowledges and agrees that, except as provided in Section 1.3, the franchise is non-exclusive. PostNet shall retain the right, among others, for itself or through any affiliate, and in any manner and on any terms and conditions PostNet deems advisable, and without granting Store Owner any rights therein:

- (a) to own, acquire, establish, and/or operate, and license others to establish and operate, Centers outside the Protected Territory regardless of their proximity to the Approved Location or their impact on the Store Owner’s Center;
- (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 Protected Territory, 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 Protected Territory and regardless of their proximity to the Approved Location or their impact on the Store Owner’s Center.

1.5 Store Owner shall have the right to sign additional franchise agreements during the term of this Agreement under the following terms and conditions:

1.5.1 Store Owner shall not be in default of any provision of this Agreement, or any other agreement between Store Owner and PostNet or PostNet's affiliates, or of any standards set forth in the Manual (as the term "Manual" is defined in Section 4.2), and Store Owner shall have complied with all such agreements and the Manual since the Effective Date;

1.5.2 Store Owner shall be current with respect to its obligations to its lessor, suppliers, and any others with whom it does business;

1.5.3 Store Owner shall execute PostNet's then-current form of franchise agreement, the terms of which may differ from the terms hereof, except that (i) the initial franchise fee payable for any additional franchise agreement shall be Ten Thousand Dollars (\$10,000) less than the fee required under the then-current form of agreement; and (ii) the initial training program to be provided by PostNet under each additional franchise agreement shall consist of a minimum of one and a maximum of three calendar days, at PostNet's discretion;

1.5.4 The Approved Location for any other Center shall not infringe upon the rights of any PostNet franchisee or Developer existing at the time that the additional franchise agreement is signed; and

1.5.5 In the event that a transfer of a type described by Section 12.2 of this Agreement occurs within one year of the date of opening of any Center established pursuant to this Section 1.5, then, in such event, Store Owner shall refund to PostNet at the time of transfer the Ten Thousand Dollar (\$10,000) discount granted pursuant to Section 1.5.3.

2. TERM AND RENEWAL

2.1 Except as otherwise provided herein, the initial term of this Agreement shall expire fifteen years from the Effective Date.

2.2 Store Owner may, at its option, renew this franchise for consecutive terms of fifteen years each, subject to the following preconditions:

2.2.1 Store Owner shall give PostNet written notice of Store Owner's election to renew no fewer than six months nor more than twelve months prior to the end of the then-current term;

2.2.2 Store Owner shall make such reasonable repairs and/or renovations to the Center as PostNet may reasonably require, to reflect the then-current standards and image of the System;

2.2.3 Store Owner shall not be in default of any provision of this Agreement, or any other agreement between Store Owner and PostNet or PostNet's affiliates, or

of any standards set forth in the Manual, and Store Owner shall have complied with all such agreements and the Manual throughout the term of this Agreement;

2.2.4 Store Owner shall be current with respect to its obligations to its lessor, suppliers, and any others with whom it does business;

2.2.5 Store Owner shall execute PostNet's then-current form of renewal franchise agreement, which agreement shall supersede this Agreement in all respects, and the terms of which may differ materially from the terms hereof and be less favorable, except that Store Owner's renewal rights shall be governed by this Agreement, and no initial franchise fee shall be payable by Store Owner;

2.2.6 At PostNet's option, Store Owner and PostNet shall execute a mutual general release, in a form prescribed by PostNet, of any and all claims which each may have against the other and their affiliates (except as to amounts then due to PostNet for royalties, advertising contributions, materials, and the like), and their respective shareholders, directors, employees, and agents in their corporate and individual capacities; and

2.2.7 Store Owner shall pay a renewal fee of fifteen percent of the then-current initial franchise fee.

3. FEES

3.1 Store Owner shall pay to PostNet an initial franchise fee of Twenty-Nine Thousand Nine Hundred Dollars (\$29,900), as follows:

3.1.1 Upon execution of this Agreement, Fifteen Thousand Dollars (\$15,000), receipt of which is hereby acknowledged by PostNet; and

3.1.2 Upon execution of the lease agreement for the Center premises, or at the time that PostNet approves a location, pursuant to Section 1.2, which is not leased, Fourteen Thousand Nine Hundred Dollars (\$14,900).

Each payment shall be fully earned and non-refundable when paid, in consideration of the administrative and other expenses incurred by PostNet in entering into this Agreement, and for PostNet's lost or deferred opportunity to enter into this Agreement with others, except as otherwise provided in Section 13.4 with respect to the payment described in Section 3.1.1 above.

3.2 During the term of this Agreement, Store Owner shall pay to PostNet a continuing weekly royalty fee in an amount equal to five percent (5%) of the Gross Sales for the Center. "**Gross Sales**" shall mean revenue from the sale of all products and services, and all other income or consideration of every kind and nature, received by the Center, whether for cash or credit, and regardless of collection in the case of credit, less: (i) any sales taxes or other taxes collected by Store Owner from its customers and thereafter paid directly to the appropriate taxing authority; and (ii) revenues received from the sale of money orders and money-wire transfers;

provided, however, that Store Owner shall furnish verification to PostNet, upon request, to substantiate any claimed deduction.

3.3 Store Owner shall make weekly contributions to advertising and promotion as specified in Section 9.1 hereof.

3.4 Store Owner shall pay PostNet a Center Development Fee of Ninety-Five Thousand Nine Hundred Dollars (\$95,900) for the services to be provided by PostNet pursuant to Section 4.3. The Center Development Fee shall be paid at the later of (i) the day the Store Owner signs a lease for the Center premises; or (ii) 90 days before PostNet's projected opening date of the Center premises.

3.5 All payments made pursuant to Sections 3.2 and 3.3 shall be made on or before Wednesday for the week ending on the preceding Sunday, on Gross Sales for the preceding week. Any royalty payment or advertising contribution not made on or before the due date shall be deemed to be overdue; in such event, Store Owner shall pay PostNet, in addition to the overdue amount, interest on such amount from the date it was due until paid, at eighteen percent per annum or the maximum rate permitted by law, whichever is less, calculated on a daily basis. Entitlement to such interest shall be in addition to any other remedies PostNet may have. All payments required in this Section 3 shall be made by electronic fund transfer to an account specified by PostNet. Store Owner shall furnish PostNet, and/or PostNet's payee, with such information and authorizations as may be necessary to permit such persons to make withdrawals by electronic fund transfer. Store Owner shall bear all expenses, if any, associated with such authorizations and payments. PostNet shall have the right to periodically specify (in the Manuals or otherwise in writing) different payees and/or payment methods, such as, but not limited to, auto-draft or check.

3.6 Store Owner shall pay to PostNet, within fifteen days of any written request by PostNet which is accompanied by reasonable substantiating material, any monies which PostNet has paid, or has paid on behalf of Store Owner, for goods, services, fees, taxes as provided in Section 6.1, etc. owed by Store Owner in connection with the operation of the Center, or as required under this Agreement.

4. DUTIES OF POSTNET

4.1 PostNet shall offer such assistance to Store Owner, as PostNet deems reasonable and necessary, in selecting a site for the Approved Location, and in advising Store Owner in negotiating an acceptable lease agreement for the Center premises. Store Owner acknowledges and agrees that PostNet's approval of a site for Store Owner's Center is not, and shall not be construed as, a guarantee or assurance that the Center will be profitable or successful.

4.2 PostNet shall loan to Store Owner for the duration of this Agreement one copy of PostNet's Operating Manual (which, in PostNet's sole discretion, may be in a written or electronic format or a combination thereof), and such other manuals as PostNet may develop and issue, all of which are collectively referred to as the "Manual."

4.3 PostNet shall provide a Center Development Package for the Center premises as described in Attachment B.

4.4 PostNet shall make available, at no charge to Store Owner, proposed plans (in the form of "blue-line drawings") and specifications for the construction of the interior design and layout of Store Owner's Center.

4.5 PostNet shall offer a classroom training program to Store Owner and/or the office manager covering basic Center operations and management. Such training shall consist of a minimum of ten and a maximum of twelve calendar days, at PostNet's discretion, at a location selected by PostNet.

4.6 PostNet shall offer an initial training program to Store Owner and to those employees selected by Store Owner who will be involved in the daily operation of the Center. Such training shall consist of a minimum of four and a maximum of seven calendar days, at PostNet's discretion, of on-site assistance at the Store Owner's Center immediately prior and subsequent to the commencement of business.

4.7 PostNet shall furnish to Store Owner, prior to the opening of the Center, an initial set of personalized forms, stationery, marketing materials and PostNet logo apparel.

4.8 Prior to the opening of the Center and upon receipt of Store Owner's written request, PostNet shall inspect the Center premises. Store Owner shall not open the Center for business without the written authorization of PostNet, which authorization may be conditioned upon Store Owner's strict compliance with the specifications of the approved final plans and System standards and completion of any pre-opening training required by PostNet.

4.9 PostNet shall provide such initial and continuing advice and assistance to Store Owner in the operation of the Center as PostNet deems appropriate.

4.10 PostNet shall (i) provide a grand opening promotional campaign for the Center; and (ii) oversee Store Owner's local marketing and promotional program during the 12-month period immediately following the opening of the Center, including the development and implementation (itself or by third parties) of programs which, in PostNet's sole discretion, are appropriate for Store Owner's Center. PostNet shall use the funds deposited with it by Store Owner pursuant to Section 9.7 hereof to pay for the costs associated with the development and implementation of the grand opening and first-year program, and within 30 days after the conclusion of the 12-month period, PostNet shall refund to Store Owner the funds, if any, remaining from Store Owner's original deposit. At Store Owner's request, PostNet shall provide Store Owner with reasonable documentation to substantiate all expenditures.

4.11 PostNet shall offer a follow-up training visit by a PostNet representative thirty to sixty days following the opening of the Center. Such training shall consist of a minimum of one and one half calendar days and a maximum of two calendar days and shall be on-site at the Store Owner's Center.

4.12 PostNet shall conduct, when and as frequently as it deems advisable, inspections of Store Owner's business premises and evaluations of the Center's management and operations, in order to assist Store Owner and to maintain the System's standards of quality, appearance, and service. During the term of this Agreement, PostNet also shall, at the time(s) and location(s) selected by it, make available such other required and optional training programs, seminars, and workshops as it deems necessary and appropriate.

4.13 Store Owner acknowledges and agrees that any duty or obligation imposed on PostNet by this Agreement may be performed by any designee of PostNet, as PostNet may direct.

5. DUTIES OF STORE OWNER

5.1 Store Owner understands and acknowledges that every detail of the System and the Center is essential to Store Owner, PostNet, and other System franchisees in order to: (i) develop and maintain quality operating standards; (ii) increase the demand for the products and services sold by all franchisees operating under the System; and (iii) protect PostNet's reputation and goodwill. Store Owner shall maintain PostNet's high standards with respect to facilities, services, products, and operations.

5.2 Store Owner shall use and occupy the Center premises solely for the operation of the business franchised hereunder and unless otherwise approved in writing by PostNet, shall refrain from using or permitting the use of the premises for any other purpose or activity, and shall keep the Center open and in normal operation for at least such minimum hours and days as PostNet may specify in the Manual or otherwise in writing, and as may be required by the lease for the Center premises.

5.3 To ensure that the highest degree of quality and service is maintained, Store Owner shall operate the Center in strict conformity with such methods, standards, and specifications as PostNet may from time to time prescribe in the Manual or otherwise in writing. Store Owner shall refrain from: (a) deviating from such standards, specifications, and procedures without PostNet's prior written consent; and (b) otherwise operating in any manner which reflects adversely on PostNet's Proprietary Marks or the System.

5.3.1 Store Owner shall purchase and install, at Store Owner's expense, (except for those items described in this paragraph which are presently installed or in use at the Center premises of Store Owners who convert an existing postal, business, and business communications business to a Center) and shall maintain in sufficient supply and use at all times, only such fixtures, furnishings, equipment, signs, and supplies which conform to PostNet's standards and specifications as set forth in the Manual or otherwise in writing; and shall refrain from using non-conforming items.

5.3.2 Store Owner shall sell or offer for sale only such products and services as have been expressly approved for sale by PostNet in the Manual or otherwise in writing, shall discontinue selling any products or services which PostNet may, in its sole

discretion, determine may adversely affect the System; and shall refrain from offering any unapproved products or services.

5.3.3 Store Owner acknowledges and agrees that PostNet may, from time to time in its sole discretion, revise the Manual to incorporate System changes. Store Owner shall implement any System changes upon receipt of notice thereof from PostNet, and shall complete their implementation within such time as PostNet may reasonably specify.

5.4 Store Owner shall purchase all products, equipment, supplies, and materials used or sold by the Center solely from suppliers (including manufacturers, wholesalers and distributors) who demonstrate, to PostNet's continuing reasonable satisfaction, the ability to meet PostNet's reasonable standards and specifications for such items; who possess adequate quality controls and capacity to supply Store Owner's needs promptly and reliably; whose approval would enable the System, in PostNet's sole opinion, to take advantage of marketplace efficiencies; and who have been approved by PostNet in the Manual or otherwise in writing and not thereafter disapproved. If Store Owner desires to make purchases from other than an approved supplier, Store Owner shall submit to PostNet a written request to approve the proposed supplier, together with such evidence of conformity with PostNet's specifications as PostNet may reasonably require. PostNet may revoke its approval at any time if PostNet determines, in its sole discretion, that the supplier no longer meets PostNet's standards. Upon receipt of written notice of such revocation, Store Owner shall cease purchasing from any disapproved supplier and selling such supplier's disapproved products or services.

5.5 Store Owner shall maintain the Center premises (including adjacent public areas) in a clean, orderly condition and in excellent repair; and, at its expense, perform any required maintenance or repairs, as PostNet may reasonably direct by written notice to Store Owner, in a timely manner. No alcohol, drugs, or pets shall at any time be permitted on the Center premises, and the premises shall not be used for child care, baby sitting, or similar activities.

5.6 Store Owner shall grant PostNet and its agents the right to enter upon the Center premises during normal business hours for the purpose of conducting inspections; shall cooperate with PostNet's representatives in such inspections by rendering such assistance as they may reasonably request; and, upon written notice from PostNet or its agents and without limiting PostNet's other rights hereunder, shall promptly correct any deficiencies discovered during any such inspection.

5.7 Prior to the opening of the Center, Store Owner (or, if Store Owner is a corporation or partnership, a principal of Store Owner acceptable to PostNet) and/or Store Owner's designated store manager, shall attend and complete to PostNet's satisfaction, the classroom training program and initial training program offered by PostNet. PostNet shall provide training, instructors, a training manual, and other materials without charge for both the classroom and initial training program; Store Owner shall be responsible for any and all other expenses incurred by it or its attendees at these training programs. If, at any time during the term of this Agreement, Store Owner wishes PostNet to train additional employees (with PostNet's prior consent), Store Owner shall pay PostNet a fee of Three Hundred Twenty Five Dollars (\$325) per day plus reasonable reimbursement for the trainer's cost of transportation, meals, and

lodging. Store Owner (unless Store Owner has acquired an existing Center) also shall complete to PostNet's satisfaction the follow-up training visit. PostNet shall provide the instructor, training and other materials for the follow-up training visit without charge. Store Owner and other employees designated by PostNet also shall attend PostNet's annual national convention of franchisees, as well as such additional training programs, seminars, and workshops as PostNet may reasonably require from time to time and at any time. PostNet shall not charge any fees for those attending required additional training programs, but may charge a reasonable fee for attending the national convention of franchisees and for optional training. Store Owner shall be responsible for any and all other expenses incurred in connection with attending the national convention or any additional training programs, including the costs of transportation, lodging, and meals.

5.8 Store Owner shall maintain a competent, conscientious, and trained staff, and shall take such steps as are necessary to ensure that its employees preserve good customer relations; render competent, prompt, courteous, and knowledgeable service; and meet such minimum standards as PostNet may establish from time to time in the Manual or otherwise in writing. Store Owner shall be solely responsible for all employment decisions and functions of the Center, including, without limitation, those related to hiring, firing, training, establishing remuneration, compliance with wage and hour requirements, personnel policies, benefits, recordkeeping, supervision, and discipline of employees, regardless of whether Store Owner has received advice from PostNet on these subjects.

5.9 Store Owner shall comply with all terms of its lease and shall refrain from any activity which may jeopardize Store Owner's right to remain in possession of the Center premises. Store Owner shall, prior to the execution of any lease, submit it to PostNet for its written approval. PostNet's approval may be conditioned upon the inclusion of any one or more of the following terms and conditions:

5.9.1 That the initial term of the lease, or the initial term together with renewal terms, shall be for at least ten years;

5.9.2 That the lessor consents to Store Owner's use of such Proprietary Marks and signage as PostNet may now or hereinafter prescribe for the Center;

5.9.3 That the use of the leased premises be restricted solely to the operation of the Center;

5.9.4 Except as otherwise approved in writing by PostNet, that Store Owner be prohibited from subleasing or assigning all or any part of its occupancy rights or extending the term of or renewing the lease without PostNet's prior written consent;

5.9.5 That the lessor provide to PostNet copies of any and all letters or notices of default given to Store Owner under the lease concurrently with providing them to Store Owner, and with at least 30 days within which to cure such default;

5.9.6 That PostNet have the right to enter the premises to make reasonable modifications necessary to protect the Proprietary Marks or the System or to cure any default under the Agreement or under the lease;

5.9.7 That, in the event of a default, expiration, or termination of the Agreement or the lease, PostNet (or PostNet's designee) shall have the option, upon notice to the lessor, to assume all of Store Owner's rights under the lease terms, including the right to assign or sublease; and

5.9.8 That no amendment shall be made to the lease without PostNet's prior written consent, which consent shall not be unreasonably withheld.

5.10 Store Owner shall furnish PostNet with a copy of any executed lease within ten days after execution thereof.

5.11 Store Owner shall furnish to PostNet, within three days after receipt thereof, a copy of any notice alleging Store Owner's failure to comply with any law, ordinance, or regulation. Store Owner also shall notify PostNet in writing within five days of the commencement of any action, suit, or proceeding, and of the issuance of any order, writ, injunction, award, or decree of any court, agency, or other governmental instrumentality, which may adversely affect the operation or financial condition of the Center.

5.12 Store Owner shall, throughout the term of this Agreement, actively and continuously engage in local promotional activities designed to enhance the Center's reputation and goodwill, and to increase Gross Sales. PostNet shall have the right to specify, in the Manual or otherwise in writing, a minimum amount of monthly time as well as the types of promotional activities required to satisfy this obligation.

5.13 PostNet may set maximum prices which may be charged based on an analysis of the market and to facilitate advertising and competitive strategies. Except to the extent that PostNet specifically designates a maximum price, Store Owner shall have the right to offer its goods and services at any prices Store Owner may determine. Any list or schedule of prices that PostNet may furnish to Store Owner shall be deemed to be a recommendation only, and Store Owner shall have the right, in its sole discretion, to accept or reject any such recommendation.

5.14 Store Owner shall be responsible for obtaining all zoning classifications and clearances, permits, licenses, and certifications required for the lawful construction, occupancy, and operation of the Center, and shall certify in writing to PostNet that all such items have been obtained.

5.15 Store Owner shall comply with all federal, state, and local laws, rules, and regulations, and shall timely obtain any and all permits, certificates, or licenses necessary for the full and proper conduct of the Center, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, and fire clearances.

5.16 Store Owner shall, at PostNet's request, accept debit cards, credit cards, stored value gift cards, or other non-cash systems specified by PostNet to enable customers to purchase the products and/or services offered by the Center. Store Owner shall acquire, at its expense, all necessary hardware and/or software used in connection with these non-cash systems.

6. TAXES

6.1 Store Owner shall promptly pay to PostNet an amount equal to all taxes levied or assessed, including, but not limited to, unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalties, or any similar taxes or levies, imposed upon or required to be collected or paid by PostNet by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by PostNet to Store Owner through the sale, license, or lease of property or property rights provided by this Agreement.

6.2 In the event of any bona fide dispute as to Store Owner's liability for taxes assessed or other indebtedness, Store Owner may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law; however, in no event shall Store Owner permit a tax sale or seizure by levy of execution or similar writ or warrant, or attachment by a creditor, to occur against the Center premises, or any improvements thereon.

7. PROPRIETARY MARKS

7.1 PostNet represents with respect to the Proprietary Marks that:

7.1.1 PostNet owns the Proprietary Marks;

7.1.2 PostNet shall take all steps reasonably necessary to preserve and protect the validity of the Proprietary Marks; and

7.1.3 PostNet shall permit Store Owner to use the Proprietary Marks only in accordance with the System and the standards and specifications attendant thereto which underlie the goodwill associated with and symbolized by the Proprietary Marks.

7.2 With respect to Store Owner's use of the Proprietary Marks, Store Owner agrees that:

7.2.1 Store Owner shall use only the Proprietary Marks designated by PostNet, and shall use them only in the manner authorized and permitted by PostNet;

7.2.2 Store Owner shall use the Proprietary Marks only for the operation of the Center, and only at the Approved Location or in PostNet-approved advertising for the Center;

7.2.3 Unless otherwise authorized or required by PostNet, Store Owner shall operate and advertise the Center only under the name "PostNet," without prefix or suffix;

7.2.4 Store Owner shall identify itself as an independent franchisee-owner of the Center in conjunction with any use of the Proprietary Marks or the operation of the Center, and shall place a written notice to such effect, in a form approved by PostNet, in a conspicuous location on the Center premises;

7.2.5 Store Owner's right to use the Proprietary Marks is limited to such uses as are authorized under this Agreement, and any unauthorized use thereof shall constitute an infringement;

7.2.6 Store Owner shall not use the Proprietary Marks to incur any obligation or indebtedness on behalf of PostNet;

7.2.7 Store Owner shall execute any documents deemed necessary by PostNet or its affiliates to obtain protection for the Proprietary Marks or to maintain their continued validity and enforceability;

7.2.8 Store Owner shall promptly notify PostNet of any suspected unauthorized use of, or any challenge to the validity or use of, the Proprietary Marks. Store Owner acknowledges that PostNet (or the owner of the Proprietary Marks) shall have the sole right to direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement thereof. PostNet shall have the right, but not the obligation, to take action against uses by others that may constitute infringement of the Proprietary Marks. PostNet (or the owner of the Proprietary Marks) shall defend Store Owner against any third-party claim, suit, or demand arising out of Store Owner's use of the Proprietary Marks. If PostNet, in its sole discretion, determines that Store Owner has used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by PostNet. If PostNet, in its sole discretion, determines that Store Owner has not used the Proprietary Marks in accordance with this Agreement, the cost of such defense, including the cost of any judgment or settlement, shall be borne by Store Owner. In the event of any litigation relating to Store Owner's use of the Proprietary Marks, Store Owner shall execute any and all documents and do such acts as may, in the opinion of PostNet, be necessary to carry out such defense or prosecution including, but not limited to, becoming a nominal party to any legal action. Except to the extent that such litigation is the result of Store Owner's use of the Proprietary Marks in a manner inconsistent with the terms of this Agreement, PostNet agrees to reimburse Store Owner for its out-of-pocket litigation costs in cooperating with PostNet with respect to the litigation; and

7.2.9 Store Owner shall not use the Proprietary Marks as part of its corporate or other legal name.

7.3 Store Owner expressly understands and acknowledges that:

7.3.1 The Proprietary Marks are valid and serve to identify the System and those who are franchised under the System;

7.3.2 During the term of this Agreement and after its expiration or termination, Store Owner shall not directly or indirectly contest the validity or ownership of the Proprietary Marks, nor take any other action which may tend to jeopardize PostNet's interest therein, or PostNet's right to use and to license others to use, the Proprietary Marks;

7.3.3 Store Owner's use of the Proprietary Marks does not give Store Owner any ownership interest or other interest in or to the Proprietary Marks, other than the license granted by this Agreement;

7.3.4 Any and all goodwill arising from Store Owner's use of the Proprietary Marks shall inure solely and exclusively to the benefit of PostNet and its affiliates and, upon expiration or termination of this Agreement, no monetary amount shall be assigned as attributable to any goodwill associated with Store Owner's use of the System or the Proprietary Marks;

7.3.5 PostNet and its affiliates shall have and retain the rights, among others: (a) to use the Proprietary Marks themselves in connection with selling products and services; (b) to grant other licenses for the Proprietary Marks, in addition to those licenses already granted to existing franchisees; and (c) to develop and establish other systems using the Proprietary Marks, similar proprietary marks, or any other proprietary marks, and to grant licenses or franchises thereto without providing any rights therein to Store Owner; and

7.3.6 PostNet reserves the right to substitute different proprietary marks for use in identifying the System and the businesses operating thereunder if the Proprietary Marks no longer can be used, or if PostNet, in its sole discretion, determines that substitution of different proprietary marks will be beneficial to the System. In such circumstances, the use of the substituted proprietary marks shall be governed by the terms of this Agreement, and PostNet shall not compensate Store Owner for such substitution, except that in the event that PostNet is required to discontinue use of a Proprietary Mark based upon a court ruling that the Proprietary Mark infringes on another trademark then, in such event, PostNet shall bear only the costs of modifying Store Owner's signs and advertising materials to conform to PostNet's new proprietary marks. Store Owner shall implement promptly any such substitution.

8. CONFIDENTIAL MANUALS AND INFORMATION

8.1 In order to protect the reputation and goodwill of PostNet and to maintain high standards of operation under the Proprietary Marks and the System, Store Owner shall conduct its business in accordance with the Manual. Store Owner shall treat the Manual, and the information contained therein, as confidential, and shall use all reasonable efforts to maintain such information as secret and confidential. Store Owner shall not at any time copy, duplicate, record, or otherwise reproduce the foregoing materials, in whole or in part, nor otherwise make the same available to any unauthorized person. The Manual shall at all times remain the sole property of PostNet.

8.2 Store Owner shall insure that its Manual is kept current; and in the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by PostNet shall be controlling.

8.3 Store Owner 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 Store Owner or of which Store Owner may be apprised by virtue of Store Owner's operation hereunder. Store Owner 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 Store Owner shall demonstrate that the information has become public knowledge.

8.4 Store Owner acknowledges that any failure to comply with the requirements of this Section 8 will cause PostNet irreparable injury for which no adequate remedy at law may be available, and Store Owner agrees that PostNet may seek, and Store Owner 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 8.

8.5 Store Owner 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 Store Owner. 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.

9. ADVERTISING

Recognizing the value of advertising and promotion, and the importance of the standardization of advertising and promotional programs to the furtherance of the goodwill and public image of the System, the parties agree as follows:

9.1 Store Owner shall contribute, each week, two percent (2%) of its Gross Sales to the System-wide fund described in Section 9.3 hereof ("**Fund**"), subject to any adjustment made pursuant to Section 9.6 hereof.

9.2 Each unit owned by PostNet or an affiliate of PostNet shall contribute, each week, two percent (2%) of its Gross Sales to the Fund, subject to any adjustment made pursuant to Section 9.6 hereof.

9.3 PostNet shall have the right to maintain and administer the Fund, in its sole discretion. The following provisions shall apply to the Fund:

9.3.1 The Fund, all contributions thereto, and any earnings thereon, shall be used exclusively to meet any and all costs of maintaining, administering, directing, conducting, and developing the preparation of advertising, marketing, public relations, and/or promotional programs and materials, and any other activities which PostNet believes will benefit the System, including, among other things, the costs of preparing and conducting advertising campaigns in various media; preparation of direct mail advertising; market research; employing advertising and/or public relations agencies to assist therein; purchasing promotional items; conducting and administering in-store promotions; providing promotional and other marketing materials and services to the businesses operating under the System; point-of-purchase materials, and supporting authorized marketing cooperatives formed by Store Owners located in the same market area. The Fund is not a trust fund, and PostNet shall not have any fiduciary duty to Store Owner with regard to the Fund's administration, activities, or expenditures;

9.3.2 PostNet shall direct all advertising and promotional programs, with sole discretion over the creative concepts, materials, and media used in such programs, and the placement and allocation thereof. Store Owner agrees and acknowledges that among the Fund's objectives is to maximize general public recognition and acceptance of the Proprietary Marks for the benefit of the System; and that PostNet is not obligated, in administering the Fund, to make expenditures for Store Owner which are equivalent or proportionate to Store Owner's contribution, or to ensure that any particular franchisee benefits directly or *pro rata* from the advertising or promotion conducted under the Fund;

9.3.3 All payments shall be made by Store Owner by separate check payable to the Fund. All sums paid to the Fund shall be maintained in an account separate from the other monies of PostNet and shall not be used to defray any expenses of PostNet, except for such reasonable costs and overhead, if any, as may be incurred in activities reasonably related to the administration or direction of the advertising programs and Fund, including, among other things, costs of personnel for creating and implementing advertising, promotional, and marketing programs. The Fund and any earnings thereon shall not otherwise inure to the benefit of PostNet. PostNet shall maintain separate bookkeeping accounts for the Fund; and

9.3.4 A statement of the operations of the Fund as shown on the books of the Fund shall be prepared annually by PostNet and furnished to each Store Owner.

9.4 All local advertising and promotion by Store Owner, including any website that Store Owner may wish to establish on the Internet, shall be conducted in a dignified manner, conform to such standards as PostNet shall establish in the Manual or otherwise in writing, and not be used without PostNet's prior approval. Store Owner shall submit to PostNet (in the manner prescribed in Section 19) samples of all advertising and promotional plans and materials prior to their use, and may commence use of such plans or materials seven days after PostNet's receipt unless, prior thereto, PostNet shall have furnished written notice to Store Owner prohibiting such use. PostNet also shall have the right at any time after Store Owner commences use of such material to prohibit further use, effective immediately upon receipt of written notice by Store Owner.

9.5 Store Owner shall, at its expense, in accordance with any standards established in the Manual, and in addition to its contributions to the Fund as required by Section 9.1 hereof, obtain advertisements in the white and yellow pages of the Bell (utility) telephone directory ("**Directory**") serving the market in which the Center is located. If PostNet, in its discretion, determines that the Center's market is served by more than one Directory and that the Center might benefit from placing advertisements in other Directories, then PostNet shall have the right to require Store Owner to also advertise in such other Directories, up to a maximum of three other individual directories. Store Owner's advertising expenditure for each individual directory advertisement shall not be less than the cost of a "Trademark Ad" based on rates published by the Yellow Pages Publisher's Association (or comparable organization). In the event that more than one Center is located within the market served by the Directory then, in such event, Store Owner shall join with other Centers (whether franchised or owned by PostNet or an affiliate) in a shared Directory advertisement of all Centers, and pay the *pro rata* share of the cost of such advertising. If there are two Centers, then the Store Owners shall mutually agree on the size and other features of the advertisement(s); if there are more than two Centers, the size and other features of the advertisement(s) shall be determined by a plurality of the Centers. In the event that the Store Owners are unable to agree about the advertisement(s), then PostNet shall make the final determination on the size and other features of the advertisement(s).

9.6 Store Owners shall have the right to periodically adjust the amount of the required contribution to the Fund, subject to the following conditions: (i) any adjustment must be approved by at least (a) a majority of the Store Owners in the System; and (b) 2/3 (two-thirds) of the Store Owners who vote; (ii) each Store Owner shall have one vote for each of its open and operating Centers; (iii) the required Fund contribution shall never be less than 2%; (iv) each adjustment shall be for a period of not less than one year; and (v) the mechanisms and procedures for recommending, considering, and voting on any adjustment shall be developed and implemented by PostNet.

9.7 Prior to the opening of the Center, Store Owner shall deposit \$7,500 with PostNet. PostNet shall use these funds in the manner described in Section 4.10 for a grand opening promotional campaign and for Store Owner's local marketing and promotional activities during the 12-month period immediately following the opening of Store Owner's Center. The deposit shall be paid to PostNet at the same time as the Center Development Fee is paid.

10. INSURANCE

10.1 Store Owner shall procure, prior to the construction of any leasehold improvements to, or the opening of, the Center, and shall maintain in full force and effect at all times during the term of this Agreement, at Store Owner's expense, an insurance policy or policies protecting Store Owner, PostNet and its affiliates, and their respective shareholders, directors, employees, and agents against any demand or claim with respect to personal and bodily injury, death, or property damage, or any loss, liability, or expense whatsoever arising or occurring at or in connection with the construction and/or operation of the Center. Such policy or policies shall: (i) be written by insurer(s) acceptable to PostNet; (ii) name PostNet and its shareholders, directors, employees, and agents, as additional insureds with primary non-contributory coverage; (iii) comply with the requirements prescribed by PostNet at the time such

policies are obtained; (iv) provide at least the types and minimum amounts of coverage specified in the Manual; and (v) contain a waiver by Store Owner and its insurers of their subrogation rights against PostNet and its affiliates, and their respective shareholders, directors, employees and agents.

10.2 All public liability and property damage policies shall contain a provision that PostNet, although named as an additional insured, shall nevertheless be entitled to recover under such policies on any loss occasioned to PostNet or its shareholders, directors, employees, and agents by reason of Store Owner's negligence.

10.3 At least ten days prior to the time any insurance is first required to be carried by Store Owner, and thereafter at least thirty days prior to the expiration of any policy, Store Owner shall deliver to PostNet Certificates of Insurance evidencing the proper types and minimum amounts of coverage. All Certificates shall expressly provide that no less than thirty days' prior written notice shall be given PostNet in the event of material alteration to or cancellation or non-renewal of the coverages evidenced by such Certificates. Certificates evidencing the insurance required by this Section shall name PostNet and its affiliates, and their respective shareholders, directors, employees, and agents, as additional insureds, and shall expressly provide that any interest of each shall not be affected by any breach by Store Owner of any policy provisions for which such Certificates evidence coverage.

11. COMPUTERS, RECORDS, AND REPORTING REQUIREMENTS

11.1 Store Owner, at its expense, shall purchase or lease, and thereafter maintain, such computer hardware (including laptops), software, and firmware, required dedicated telephone and power lines, modem(s), printer(s), and other computer-related accessories or peripheral equipment as PostNet specifies in the Manuals or otherwise in writing. Store Owner's computer systems shall have the capacity to electronically exchange information, messages, and other data with other computers, by such means (including but not limited to the Internet), and using such protocols (e.g., TCP/IP), as PostNet may reasonably prescribe in the Manual or otherwise in writing. PostNet shall have the right from time to time and at any time to retrieve data and information from Store Owner's computer system and use it for any purpose both during and after the term of this Agreement. Store Owner shall keep its computer system in good maintenance and repair and, at its expense, shall promptly install such additions, changes, modifications, substitutions, and/or replacements to the computer hardware, software, firmware, telephone and power lines, and other computer-related facilities, as PostNet directs. Store Owner shall not update, modify, enhance, or upgrade any computer hardware or software without PostNet's prior written consent.

11.2 Store Owner shall not establish any computer website including Internet and World Wide Web home pages, without PostNet's prior written approval. Any website must comply with standards specified in the Manual or otherwise in writing. PostNet may require that Store Owner establish its website only as part of any website established by PostNet, and/or require that Store Owner utilize PostNet's website.

11.3 Store Owner shall prepare, during the term of this Agreement, and shall preserve for at least two years from the dates of their preparation, complete and accurate books, records, and accounts in accordance with generally accepted accounting principles and in the form and manner prescribed by PostNet from time to time in the Manual or otherwise in writing.

11.4 Store Owner shall, at its expense, provide PostNet with a copy of Store Owner's financial statements showing the results of operations of the Center for each fiscal year during the term of this Agreement. The statements shall include a statement of income, balance sheet, and a statement of cash flows, accompanied by a review report, prepared by an independent accountant using generally accepted accounting principles, and shall be furnished to PostNet within ninety days after the end of each fiscal year of the Center.

11.5 Store Owner shall, at its expense, provide PostNet, on forms prescribed by PostNet, with a weekly statement of Gross Sales, and such other information regarding the operation of the Center as PostNet may reasonably request, including information concerning local promotional activities required by Section 5.12. The weekly statement shall be due at the same time as Store Owner's royalty payment. Each statement shall be signed by Store Owner attesting that it is true and correct.

11.6 Store Owner also shall provide to PostNet, for review or auditing, such other information as PostNet may reasonably designate, on the forms and in the manner as are reasonably designated by PostNet, including but not limited to any financial or other information required by PostNet's accountants in connection with the preparation of PostNet's audited financial statements.

11.7 PostNet or its designated agents shall have the right at all reasonable times to examine and copy, at PostNet's expense, the books, records, accounts, and business tax returns of Store Owner. PostNet shall also have the right, at any time, to have an independent audit made of the books and records of Store Owner. If an inspection or audit reveals that any payments due to PostNet have been understated in any report to PostNet, then Store Owner shall immediately pay to PostNet the amount understated upon demand, in addition to interest from the date such amount was due until paid, at the rate of eighteen percent per annum calculated monthly, or the maximum rate permitted by law, whichever is less. If an inspection or audit discloses an understatement in any report of five percent or more, Store Owner shall, in addition to repayment of monies owed with interest, reimburse PostNet for any and all costs and expenses connected with the inspection (including, without limitation, travel, lodging and wage expenses, and reasonable accounting and legal costs). The foregoing remedies shall be in addition to any other remedies PostNet may have as a result of such underreporting.

12. TRANSFER OF INTEREST

12.1 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, Store Owner 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 permit and participate in any transfer or distribution of its securities in connection with a spin-off; may merge, acquire other corporations, or be acquired by another corporation; and may undertake a financing, recapitalization, leveraged buy-out, or other economic or financial reorganization or restructuring.

12.2 Store Owner understands and acknowledges that its rights and duties are personal and that PostNet has granted this franchise in reliance on Store Owner's business skill, financial capacity, and personal character. Accordingly, neither Store Owner nor any immediate or remote successor to any part of Store Owner's interest in this Agreement, nor any individual, partnership, corporation, or other legal entity which directly or indirectly owns any interest in Store Owner shall, without the prior written consent of PostNet, sell, assign, transfer, convey, give away, pledge, mortgage, or otherwise encumber: (i) any direct or indirect interest in the rights granted in this Agreement; (ii) any direct or indirect interest which would effect a change of control of Store Owner, if Store Owner is a corporation or partnership; or (iii) all or substantially all of the assets of the Center. Any purported assignment or transfer, by operation of law or otherwise, not having the written consent of PostNet required by this Section 12.2, shall be null and void and shall constitute a material breach hereof, for which PostNet may then terminate without an opportunity to cure pursuant to Section 13.2.3 hereof.

12.2.1 PostNet shall not unreasonably withhold its consent when required pursuant to Section 12.2 provided, however, that PostNet shall have the right to require any or all of the following as conditions of its consent:

12.2.1.1 All of the transferor's accrued monetary obligations and all other outstanding obligations to PostNet and PostNet's affiliates shall have been satisfied;

12.2.1.2 PostNet and the transferor shall have executed a mutual general release, in a form prescribed by PostNet, of any and all claims which each may have against the other and their affiliates, and their respective shareholders, directors, employees, and agents in their corporate and individual capacities;

12.2.1.3 The transferee (and, if the transferee is other than an individual, such principals of the transferee as PostNet may request) shall execute, for a term ending on the expiration date of this Agreement, the standard form franchise agreement (and individual guarantees) then being offered to new Store Owners, which agreement shall supersede this Agreement in all respects and the terms of which agreement may differ materially from the terms of this Agreement and may be less favorable to the transferee, provided, however, that the transferee shall not be required to pay an initial franchise fee;

12.2.1.4 The transferee (and, if the transferee is other than an individual, such owners of a beneficial interest in the transferee as PostNet may request) shall demonstrate to PostNet's satisfaction that it meets PostNet's educational, managerial, and business standards; possesses a good moral character (if an individual), business reputation, and

credit rating; has the aptitude and ability to operate the Center, as may be evidenced by prior related business experience or otherwise; and has adequate financial resources and capital to operate the Center;

12.2.1.5 The transferee, at its expense, shall within the time specified by PostNet, upgrade the Center premises to conform to the then-current standards and specifications of the System;

12.2.1.6 The transferee and its manager, at transferee's expense and within 90 days after the transfer is consummated, shall attend the initial training program for new Store Owners as set forth in Section 5.7 of this Agreement. If they fail to do so, then PostNet shall send a trainer to transferee's Center to provide equivalent training, in which event transferee shall pay PostNet an on-site initial training fee of \$600 per day plus reasonable reimbursement for the trainer's cost of transportation, meals and lodging;

12.2.1.7 The transferor shall reimburse PostNet for its reasonable legal, accounting, management, training, and incidental expenses (not to exceed twenty-five percent (25%) of the then-current initial franchise fee but in no event less than an administrative fee of \$3,500) incurred in reviewing and approving the transfer and providing such training to the transferee as PostNet deems necessary; provided, however, that no reimbursement shall be required for transfers to a corporation formed for the convenience of ownership, where the ownership of such corporation is in the same proportion as the ownership of Store Owner before such transfer. In addition to the above-described reimbursement, if, prior to commencing serious negotiations with Store Owner or one of its Principals, a transferee (or any individual associated with any transferee entity) had contacted PostNet, a PostNet Area Franchisee or Developer, or a third-party franchise broker with whom PostNet has a referral fee arrangement, then, in such event, the transferor also shall pay an additional transfer fee of (i) \$15,000 if PostNet must pay a third-party broker, or (ii) \$10,000 in all other circumstances; and

12.2.1.8 Store Owner shall not be in default of any provision of this Agreement or any other agreement between the Store Owner and PostNet or its affiliates.

12.2.1.9 Store Owner shall, at PostNet's request, prepare and furnish to the transferee and/or PostNet such financial reports and other data relating to the Center and its operations as PostNet deems reasonably necessary or appropriate for the transferee and/or PostNet to evaluate the Center and the proposed transfer. Store Owner authorizes PostNet to confer with a proposed transferee and furnish it with information concerning the Center and the terms and conditions of the proposed transfer, and PostNet may do so without any liability, except for intentional misstatements made to a transferee.

12.2.2 Store Owner shall grant no security interest in any of the assets of the Center unless the secured party agrees that in the event of any default by Store Owner under any documents related to the security interest, PostNet shall have the right and option to be substituted as obligor to the secured party and to cure any default of Store Owner, except any acceleration of indebtedness due to Store Owner's default shall be void.

12.3 Except as otherwise required by Section 12.2, Store Owner shall have the right to effect transfers without PostNet's consent; provided, however, that Store Owner furnishes written notice of such transfer to PostNet at least seven days prior to the date of the transfer. Transfers made in the absence of such notice shall be null and void, and shall constitute a material breach hereof, for which PostNet may then terminate the Agreement without affording Store Owner an opportunity to cure pursuant to Section 13.2.3 hereof.

12.4 Upon the death or mental incapacity of Store Owner (if an individual) or of any person with a controlling interest in Store Owner or this Agreement, the executor or administrator of the estate of such person, or the personal representative of such person, shall transfer, within six months after such death or mental incapacity, such interest to a third party approved by PostNet. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions for transfer as are provided in Sections 12.2 or 12.3, as the case may be. However, in the case of a transfer by devise or inheritance governed by Section 12.2, if the heirs or beneficiaries are unable to meet the conditions in Section 12.2 hereof, the executor or administrator of the deceased Store Owner shall have a reasonable time to dispose of the deceased's interest in the franchise, which disposition shall be subject to all the terms and conditions for transfers contained herein. If the interest is not disposed of within a reasonable time, PostNet may terminate this Agreement pursuant to Section 13.2.6 hereof. PostNet shall waive reimbursement for its reasonable legal, accounting, management, training, and incidental expenses as provided for in Section 12.2.1.7 hereof, but not any additional fee that may be payable pursuant to Section 12.2.1.7.

12.5 PostNet's consent to a transfer which is the subject of this Section 12 shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of PostNet's right to demand exact compliance with any of the terms hereof by transferee.

12.6 If, for any reason, this Agreement is not terminated pursuant to Section 13.1 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 twenty 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 that the 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 Store Owner out of the consideration to be paid by such assignee for the assignment of this Agreement.

13. DEFAULT AND TERMINATION

13.1 Store Owner shall be deemed to be in default hereunder, and all rights granted herein shall automatically terminate without notice to Store Owner, if Store Owner shall become insolvent or makes a general assignment for the benefit of creditors; or, if a petition in bankruptcy is filed by Store Owner or such a petition is filed against and not opposed by Store Owner; or, if Store Owner is adjudicated as bankrupt or insolvent; or, if a bill in equity or other proceeding for the appointment of a receiver of Store Owner or other custodian for Store Owner's business or assets is filed and consented to by Store Owner; or, if a receiver or other custodian (permanent or temporary) of Store Owner's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or, if proceedings for a composition with creditors under any state or federal law should be instituted by or against Store Owner; or, if a final judgment remains unsatisfied or of record for thirty days or longer (unless a supersedeas bond is filed); or, if Store Owner is dissolved; or, if execution is levied against Store Owner's business or property; or, if the real or personal property of the Center shall be sold after levy thereupon by any sheriff, marshal, or constable.

13.2 Upon the occurrence of any of the following events, Store Owner shall be deemed to be in default and PostNet may, at its option, terminate this Agreement and all rights granted hereunder, without affording Store Owner any opportunity to cure the default, effective immediately upon the provision of notice to Store Owner (in the manner set forth under Section 20 hereof):

13.2.1 If Store Owner at any time ceases to operate or abandons the Center for a period of seven consecutive days, or otherwise forfeits the right to do or transact business in the jurisdiction where the Center is located; provided, however, that if through no fault of Store Owner, the premises are damaged or destroyed, then Store Owner shall have thirty days within which to apply for PostNet's approval to relocate or reconstruct the premises, which approval shall not be unreasonably withheld;

13.2.2 If Store Owner, or any officer, director, or partner of Store Owner, 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's interest therein;

13.2.3 If Store Owner or any partner or shareholder in Store Owner purports to transfer any rights or obligations hereunder, or any interest in Store Owner or the assets of the Center to any third party without PostNet's prior written consent or notice, contrary to the terms of Section 12 hereof;

13.2.4 If Store Owner fails to comply with the covenants in Section 15.2 hereof or fails to deliver to PostNet executed covenants required under Section 15.9 hereof;

13.2.5 If, contrary to the terms of Section 8, Store Owner or any principal of Store Owner discloses or divulges the contents of the Manual or other confidential information provided to Store Owner by PostNet;

13.2.6 If an approved transfer is not effected following Store Owner's death or mental incapacity as required by Section 12.4 hereof;

13.2.7 If Store Owner knowingly maintains false books or records, or knowingly submits any false reports to PostNet;

13.2.8 If the lease for the Center premises expires without being renewed or for any reason is terminated;

13.2.9 If Store Owner, after curing a default pursuant to Section 13.3 hereof, commits a similar or different default within two years thereafter, whether or not cured after notice;

13.2.10 If Store Owner does not pay any monies owing to PostNet or PostNet's affiliates, or Store Owner's suppliers, at the time that payment is required;

13.2.11 If Store Owner or any principal of Store Owner has made any material misrepresentations in connection with Store Owner's application to PostNet for the franchise granted herein;

13.2.12 If Store Owner understates any payment to PostNet by five percent or more, or understates any such payment in any amount, twice in any two year period

13.2.13 If Store Owner fails to obtain or maintain required insurance coverage;

13.2.14 If Store Owner permits alcohol, drugs, or pets on the Center premises, or the Center premises is used for any activities prohibited by Section 5.5;

13.2.15 If Store Owner fails to attend and successfully complete any required training or PostNet's annual convention for franchisees, as specified in Section 5.7;

13.2.16 If Store Owner or any affiliate of Store Owner commits any act of default under any agreement with PostNet for which such agreement is terminated, except that this provision shall not apply to a default by Store Owner or its affiliate under any Development Agreement;

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

13.3. Except as provided in Sections 13.1 and 13.2 hereof, Store Owner shall have thirty days after PostNet provides written notice of termination (in the manner specified in

Section 20, hereof) within which to remedy any default hereunder and to provide evidence thereof to PostNet. If any such default is not cured within such time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to Store Owner, effective immediately upon expiration of such period. Store Owner shall be in default hereunder for any failure substantially to comply with any of the requirements imposed by this Agreement, as they may from time to time be supplemented in writing as permitted herein, or to carry out the terms hereof in good faith.

13.4 If one year after the Effective Date of this Agreement, (a) a location for the Center which meets PostNet's then-current site selection criteria has not been offered by PostNet to Store Owner or otherwise secured by Store Owner and approved by PostNet; or (b) a lease containing terms that are commercially reasonable for the market area in which the proposed Center premises is located (as well as any terms requested by PostNet pursuant to Section 5.9 herein) has not been presented to Store Owner for execution, then either party, at any time thereafter and by written notice to the other, may terminate this Agreement, effective three days after notice has been given. In the event of such termination, and provided that PostNet has not paid a referral fee to a third-party broker for referring Store Owner to PostNet, PostNet shall refund Ten Thousand Dollars (\$10,000) to Store Owner. Any refund due to Store Owner shall be paid within ninety days after the date on which this Agreement is terminated. Payment by PostNet and acceptance by Store Owner of such refund shall constitute a release of any and all claims which each may have against the other and their affiliates, and their respective shareholders, directors, employees, and agents, arising out of or in connection with the entering into, performance or termination of this Agreement.

14. OBLIGATIONS UPON TERMINATION OR EXPIRATION

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

14.1 Store Owner shall immediately cease to operate the Center, and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or former franchisee of PostNet.

14.2 Store Owner shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, procedures, and techniques associated with the System; the Proprietary Marks; and all other proprietary marks and distinctive forms, slogans, signs, symbols, and devices associated with the System.

14.3 Store Owner shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Proprietary Marks, and Store Owner shall furnish PostNet with evidence satisfactory to PostNet of compliance with this obligation within thirty days after termination or expiration hereof.

14.4 Store Owner shall, at PostNet's option, immediately assign to PostNet any interest which Store Owner has in any lease for the Center premises. In the event PostNet does not elect to exercise its option to acquire the lease for the Center premises, then, to the extent, if any, the

Store Owner is permitted to conduct any business at the Approved Location pursuant to Section 15.3, and acknowledging the distinctiveness of PostNet's interior design and décor, Store Owner shall make such modifications or alterations to the premises (including, at PostNet's option, the assignment of the telephone number to PostNet) immediately upon termination or expiration hereof as may be necessary to distinguish the appearance of such premises from that of other Centers operating under the System and Proprietary Marks, and shall make such specific additional changes thereto as PostNet may reasonably request for that purpose. In the event Store Owner fails or refuses to comply with the requirements of this Section 14.4, PostNet shall have the right to enter upon the Center premises without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required, at the expense of Store Owner, which expense Store Owner agrees to pay upon demand.

14.5 Store Owner agrees, in the event it continues to operate or subsequently begins to operate any other business, not to use any reproduction, counterfeit copy, or colorable imitation of the Proprietary Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake, or deception, or which is likely to dilute PostNet's rights in and to the Proprietary Marks, and further agrees not to use any designation of origin, description, representation, trademark, or trade name which suggests or represents a past or present association or connection with PostNet, the System, or the Proprietary Marks.

14.6 Store Owner shall promptly pay all sums owing to PostNet and its affiliates. In the event of termination for any default of Store Owner, such sums shall include all damages, costs, and expenses, including reasonable attorneys' fees, incurred by PostNet as a result of the default, which obligation shall give rise to and remain, until paid in full, a lien in favor of PostNet against any and all of the personal property, furnishings, equipment, signs, and fixtures, owned by Store Owner and on the Center premises at the time of default.

14.7 Store Owner shall pay to PostNet all damages, costs, and expenses, including reasonable attorneys' fees, incurred by PostNet subsequent to the termination or expiration hereof in obtaining injunctive or other relief for the enforcement of any provisions of this Section 14.

14.8 Store Owner shall immediately return the Manual and all other documents which contain confidential information relating to the operation of the Center.

14.9 PostNet shall have the option, to be exercised within thirty days after termination or expiration hereof, to purchase from Store Owner any or all of the furnishings, equipment, signs, fixtures, or supplies related to the operation of the Center, at their fair market value. If the parties cannot agree on the price of any such items within 15 days after the exercise of the option, an independent appraiser shall be designated by PostNet and Store Owner and his determination shall be binding. If PostNet and Store Owner cannot agree on an appraiser within 15 days, each party shall designate an independent appraiser and each appraiser shall make its own assessment of fair market value. If the valuations set by the two appraisers differ by more than 10%, the two appraisers shall select a third professionally certified appraiser who also shall appraise the fair market value. The average value set by the appraisers (whether two or three appraisers, as the case may be) shall be conclusive and shall be the final purchase price. PostNet

and Store Owner shall share equally in the cost of any independent appraiser(s). If PostNet elects to exercise any option to purchase herein provided, the closing shall take place within 15 days after the purchase price shall have been established. PostNet shall have the right to set off all amounts due from Store Owner, and the cost of the appraisal, if any, against the payment price of such items.

14.10 All covenants, obligations, and agreements of Store Owner which by their terms or by reasonable implication are to be performed, in whole or in part, after the termination or expiration of this Agreement, shall survive such termination or expiration.

14.11 Store Owner shall comply with the covenants contained in Section 15.3 hereof.

15. COVENANTS

15.1 Store Owner covenants that during the term hereof, except as otherwise approved in writing by PostNet, Store Owner (or if Store Owner is a corporation or partnership, a principal of Store Owner) or Store Owner's office manager shall devote its full time and best efforts to the management and operation of the Center.

15.2 Store Owner acknowledges that it shall receive valuable specialized training and confidential information, including, without limitation, information regarding the operational, sales, promotional, and marketing methods and techniques of PostNet and the System. Store Owner covenants that during the term hereof it shall not, either directly or indirectly, except as otherwise approved in writing by PostNet, for itself, or through, on behalf of, or in conjunction with, any person, persons, or legal entity:

15.2.1 Divert or attempt to divert any business or customer of the 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; and

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

15.3 Store Owner covenants that it shall not, without PostNet's prior written consent, for a continuous, uninterrupted one year period commencing upon the date of: (a) a transfer permitted under Section 12 of this Agreement; (b) expiration of this Agreement; (c) termination of this Agreement (regardless of the cause for termination); or (d) a final decision of an arbitrator or a court of competent jurisdiction (after all appeals have been taken) with respect to any of the foregoing events or with respect to enforcement of this Section 15.3; 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 Store Owner), 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 or similar products or services as those offered by the Center, and which is located: (i) at the

Approved Location; (ii) within ten miles of the Approved Location; or (iii) within ten miles of any Center open or under construction on the Effective Date of this Agreement.

15.4 Sections 15.2 and 15.3 shall not apply to the beneficial ownership by Store Owner of less than a five percent of the outstanding equity securities of any company registered under the Securities Act of 1933 or the Securities Exchange Act of 1934.

15.5 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision hereof. If all or any portion of a covenant in this Section 15 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which PostNet is a party, Store Owner expressly agrees to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 15.

15.6 Store Owner agrees and acknowledges that PostNet shall have the right, in its sole discretion, to reduce the scope of any covenant or any portion thereof set forth in Sections 15.2 and 15.3 hereof, without Store Owner's consent, effective immediately upon receipt by Store Owner of written notice thereof; and Store Owner agrees that it shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 21 hereof.

15.7 Store Owner 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 15.

15.8 Store Owner acknowledges that Store Owner's violation of the terms of this Section 15 would result in irreparable injury to PostNet for which no adequate remedy at law may be available, and agrees to pay all court costs and reasonable attorneys' fees incurred by PostNet in obtaining any injunctive or other equitable or legal relief with respect to such conduct or action.

15.9 Store Owner shall obtain execution of covenants similar to those set forth in this Section 15 (including covenants applicable upon the termination of a person's relationship with Store Owner and covenants incorporating the terms of Section 14 hereof, as modified to apply to an individual) from any or all of the following persons: (1) all employees of Store Owner who have received training from PostNet; (2) all officers, directors, and holders of a beneficial interest of five percent or more of the securities of Store Owner, and of any corporation directly or indirectly controlling Store Owner, if Store Owner is a corporation; (3) the general 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 partner), if Store Owner is a partnership; and (4) all officers', directors', and shareholders' spouses and children over the age of 18 years. Store Owner shall furnish copies of such covenants to PostNet upon request. Every covenant required by this Section 15.9 shall be in a form approved by PostNet, including, without limitation, specific identification of PostNet as a third party beneficiary of such covenants with the independent right to enforce them.

16. STORE OWNER AS A CORPORATION, PARTNERSHIP, OR LIMITED LIABILITY COMPANY

16.1 Except as otherwise approved in writing by PostNet, if Store Owner is a corporation, it shall: (i) confine its activities, and its governing documents shall at all times provide that its activities are confined, exclusively to operating the Center; (ii) maintain stop transfer instructions on its records (unless Store Owner is publicly held) against the transfer of any equity securities and shall only issue securities upon the face of which a legend, in a form satisfactory to PostNet, appears which references the transfer restrictions imposed by this Agreement; and (iii) maintain a current list of all owners of record and all beneficial owners of any class of voting stock of Store Owner and furnish the list to PostNet upon request.

16.2 If Store Owner is a partnership it shall (i) furnish PostNet with its partnership agreement as well as such other documents as PostNet may reasonably request, and any amendments thereto; and (ii) prepare and furnish to PostNet, upon request, a current list of all general and limited partners in Store Owner.

16.3 If Store Owner is a limited liability company, it shall: (i) confine its activities exclusively to operating the Center; (ii) furnish PostNet with its articles of organization and operating agreement, as well as such other documents as PostNet may reasonably request and any amendments thereto; (iii) prepare and furnish to PostNet, upon request, a current list of all members and managers in Store Owner; and (iv) maintain stop transfer instructions on its records against the transfer of any equity securities and shall only issue securities which bear a legend, in a form satisfactory to PostNet, which references the transfer restrictions imposed by this Agreement.

16.4 Each present and future shareholder or member, and each present and future general and limited partner, of Store Owner shall jointly and severally guarantee Store Owner's performance of each and every provision of this Agreement, by executing a Guarantee in the form annexed hereto as Attachment C.

17. INDEPENDENT CONTRACTOR AND INDEMNIFICATION

17.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them; that Store Owner shall be an independent contractor; and, that nothing herein is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, employer, joint employer, enterprise, or servant of the other for any purpose whatsoever.

17.2 During the term hereof, Store Owner shall hold itself out to the public as an independent contractor operating the business pursuant to a franchise from PostNet. Store Owner agrees to take such action as may be necessary to do so, including, as set forth in Section 7.2.4, exhibiting a notice of that fact in a conspicuous place on the Center premises.

17.3 Store Owner acknowledges and agrees that it is not authorized to make any contract, agreement, warranty, or representation on PostNet's behalf, or to incur any debt or other obligation in PostNet's name; 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 Store Owner in its conduct of the Center or for any claim or judgment arising therefrom against Store Owner or PostNet. Store Owner shall indemnify and hold PostNet and its 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 Store Owner's operation of the Center, as well as the costs, including attorneys' fees, of defending against them.

18. APPROVALS AND WAIVERS

18.1 PostNet makes no warranties or guarantees upon which Store Owner may rely, and assumes no liability or obligation to Store Owner, by providing any waiver, approval, consent, or suggestion to Store Owner in connection with this Agreement, or by reason of any neglect, delay, or denial of any request therefor. 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 Store Owner, or any other franchisee, or any breach or default by Store Owner, or by any other franchisee, 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 Store Owner, or as to a subsequent breach or default by Store Owner. Subsequent acceptance by PostNet of any payments due to it hereunder shall not be deemed to be a waiver by PostNet of any preceding or succeeding breach by, or obligations of, Store Owner of any terms, covenants, or conditions of this Agreement.

19. NOTICES

19.1 Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered, sent by telecopier, mailed by certified mail, return receipt requested, 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 the time of delivery; by overnight delivery service -- on the next business day following the date on which the Notice was given to the overnight delivery service; certified mail -- three days after the date of mailing.

20. ENTIRE AGREEMENT

20.1 This Agreement, and any attachments hereto, constitute the entire and complete agreement between PostNet and Store Owner concerning the subject matter hereof, and supersede any and all prior agreements. Except for those permitted hereunder to be made unilaterally by PostNet, no amendment, change, or variance 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.

21. SEVERABILITY AND CONSTRUCTION

21.1 Except as expressly provided to the contrary herein, each portion, section, part, term, and/or provision hereof shall be considered severable; and if, for any reason, any portion, section, part, term, and/or provision 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, and/or provisions hereof 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, and/or provisions shall be deemed not to be a part hereof.

21.2 Store Owner 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 hereof, that may result from striking from any of the provisions hereof any portion or portions which a court may hold to be unreasonable and unenforceable in a 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 court order.

21.3 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.

21.4 Store Owner acknowledges and agrees that PostNet has the right to enter into agreements with other store owners 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 store owners 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.

22. DISPUTE RESOLUTION

22.1 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 Center is located outside of Colorado and such provision would be enforceable under the laws of the state in which the Center is located, then such provision shall be interpreted and construed under the laws of that state. Nothing in this Section 22.1 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.

22.2 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 13.

22.3 No arbitration or litigation may be commenced on any claim which is subject to mediation under Section 22.2 prior to the mediation termination date, as defined in Section 22.3.3, whether or not the mediation has been commenced. Mediation under this Section 22.3 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.

22.3.1 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.

22.3.2 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.

22.3.3 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.

22.4 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 Store Owner 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 Store Owner and shall not be expanded to include any other Store Owner as a party, or include the adjudication of class action claims.

22.5 To the extent that a judicial action is permitted by the Agreement, any such action brought by Store Owner against PostNet shall be brought exclusively, and any such action brought by PostNet against Store Owner 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 Store Owner), 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.

22.6 No right or remedy conferred upon or reserved to PostNet or Store Owner 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.

22.7 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 Store Owner's customers or to the public, or which may impair the goodwill associated with the Proprietary Marks. The prevailing party shall be entitled to recover its costs and reasonable attorneys' fees incurred by it in obtaining such relief.

22.8 POSTNET AND STORE OWNER 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 STORE OWNER 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.

