# POSTNET INTERNATIONAL FRANCHISE CORPORATION
# FRANCHISE OFFERING CIRCULAR

## ITEM 1
## THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

### The Franchisor

PostNet International Franchise Corporation (**"we," "us,"** or **"our"**) is the franchisor of the franchise program described in this offering circular. We were incorporated in Nevada on October 27, 1992. Our principal business address is 1819 Wazee Street, Denver, Colorado 80202. We do not conduct business under any other name. Since our incorporation in 1992, we have offered franchises for retail stores which offer business and consumer services and products, and do not engage in any other business. We do not operate any business of the type offered in this offering circular. Our agents for service of process are listed in Exhibit J to this offering circular.

Unless otherwise noted, we will refer to a prospective franchisee, area franchisee, or developer as "**you**," whether you are an individual, a partnership, a corporation or other entity, including the owner or owners of those entities. This offering circular is not applicable to the offer and sale of area franchises. PostNet has a separate California registration and franchise offering circular for use in offering and selling area franchises. If you are interested in considering the purchase of an area franchise, please request a copy of our area franchise offering.

### Predecessors and Affiliates

PostNet International, Inc., our Predecessor, merged into us in October 1999, and thereafter dissolved. It was inactive from 1993 until its dissolution in 1999.

We have no affiliates.

### The Franchise Offered

We offer franchises for a retail business which provides business and consumer services and products pursuant to a unique and distinctive marketing program (**"System"**). Among the services and products the businesses typically sell 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. We identify businesses by means of certain trade names, service marks, trademarks, logos, emblems, and indicia of origin owned by us, including the trade name "PostNet" (collectively, **"Proprietary Marks"**). Businesses operating under the System and Proprietary Marks are referred to in this offering circular as **"Centers."**

The franchise agreement (**"Franchise Agreement"**) (a copy of which is attached to this offering circular as Exhibit A) gives you the right to establish and operate a Center. Most Centers will be located in high traffic areas that provide ample parking, significant foot traffic, and exposure to a public thoroughfare. We also offer to existing independent businesses who provide postal, business, and/or communications goods and services to the public, the opportunity to convert their businesses to Centers. To be eligible to convert, you must have operated your business for at least six months at the time of conversion (**"Conversion Owners"**). Conversion Owners will sign, in addition to a Franchise Agreement, an Addendum for Conversion Owners, which is Attachment B to the Franchise Agreement. Conversion Owners must conform their business premises to our prototype plans and specifications, use our Proprietary Marks, and complete our training as described in Item 11 below.

We may, on occasion, offer to certain franchisees and Conversion Owners the right to become an Area Franchisee under an area franchise agreement (**"Area Franchise Agreement"**). Area Franchisees will have the right and obligation to service certain Centers operated by franchisees in an exclusive territory (**"Territory"**) defined in the Area Franchise Agreement. Area Franchisees will also have the obligation to solicit franchisees for the Territory in accordance with a schedule set forth in the Area Franchise Agreement. Our Area Franchise Agreement is attached to the offering circular as Exhibit B. Our Area Franchise Agreement requires the Area Franchisee to simultaneously own and operate a PostNet Center, but we have occasionally waived that obligation under special circumstances. See Item 15 for details.

Finally, we may, on occasion, offer you the right to become a Developer under a development agreement (**"Development Agreement"**) which grants the right to establish and operate a certain number of Centers in a specified area (**"Development Area"**). A Developer will sign a separate Franchise Agreement for each Center in accordance with the Development Schedule set forth in the Development Agreement. Each Center must be established and operated by the Developer or by an entity controlling, controlled by, or under common control with, the Developer. Our Development Agreement is attached to this offering circular as Exhibit C.

**Competition**

The market for the goods and services offered by a Center is well established and very competitive. Most Centers will be located in high traffic areas that provide ample parking, significant foot traffic, and exposure to a public thoroughfare. You will compete with other businesses which offer postal, shipping, business and/or communications goods or services. In addition, we have established and franchised 16 businesses in supermarkets in Nevada and Pennsylvania which (i) provide some of the services and products that are provided by a Center and (ii) use the name "PostNet Express." These businesses are typically appreciably smaller and offer significantly fewer products than Centers. We reserve the right to open additional PostNet Express businesses in supermarkets, regional malls, airports, and other host retail locations, and may do so in 2006.

## Industry-Specific Laws and Regulations

Our Centers operate as a Commercial Mail Receiving Agency which is described in the U.S. Postal Service Domestic Mail Manual. You will also have to comply with government and state shipping regulations regarding interstate shipping of certain materials or items (alcohol, tobacco, hazardous materials, etc.). You will also be required to comply with your state's regulations and application procedures for becoming a notary public. You may also be required to be bonded for other services, most notably money order and money wire transfer services. You also should investigate whether there are state or local regulations and/or requirements that may apply in the geographic area in which you intend to operate your Center, and consider both the effect and cost of compliance.

# ITEM 2
# BUSINESS EXPERIENCE

Director, President and CEO: Steven J. Greenbaum, CFE

Mr. Greenbaum has been our President, Chief Executive Officer and a Director since we were organized in October 1992. In March 1997, Mr. Greenbaum was elected to the Board of Directors of the International Franchise Association ("IFA") and in February 2003, Mr. Greenbaum was awarded IFA's 2003 Entrepreneur of the Year Award. Mr. Greenbaum also earned his Certified Franchise Executive designation from the IFA's educational foundation.

Director, Executive Vice President, Secretary/Treasurer and COO: Brian E. Spindel, CFE

Mr. Spindel has been our Executive Vice President, Chief Operating Officer and a Director since we were organized in October 1992. He became our Secretary/Treasurer in September 1999. In March 1997, Mr. Spindel earned his Certified Franchise Executive designation from IFA's Educational Foundation.

## Franchise Brokers

As indicated in Item 1, an Area Franchisee solicits prospective franchisees within the Area Franchisee's Territory. In performing this obligation, the Area Franchisee may be deemed to be a "franchise broker." Exhibit D to this offering circular contains a list of our current Area Franchisees as well as their employment histories during the past five years.

We utilize the services of two groups of franchise brokers: "FranNet" and "FranChoice." Both brokers, through their nationwide network of independent contractors, solicit prospective franchisees for franchise companies, and assist us in identifying prospective PostNet franchisees, area franchisees and developers. Once a prospect is referred to us, we conduct all further sales activities. No FranNet or FranChoice independent contractor has the authority to negotiate the sale of, or sell, PostNet franchises, area franchises or development rights. We will pay a fee to a franchise broker in the event that a prospect refereed by it to us signs a PostNet franchise, area franchise, or development agreement.

FranNet

Because FranNet is an association of independent brokers, rather than an incorporated entity, there are no officers and directors to be listed. Attached to this Offering Circular as Exhibit K is a list of the current FranNet independent contractors and their employment histories.

FranChoice

FranChoice, Inc. is a corporation organized in March 2000 under the laws of the State of Minnesota. Its principal place of business is 7500 Flying Cloud Drive, Suite 600, Eden Prairie Minnesota 55344. A list of their officers and directors, and their employment histories, is set forth below. Attached as Exhibit L is a list of current FranChoice independent contractors and their employment histories.

Stephen K. Hockett: President

Mr. Hockett has been the President of FranChoice since January 2003. From January 2002 through January 2003, he was an independent franchise consultant working with FranChoice. From January 1993 to February 2002, he was a Vice President of Great Clips, Inc., located in Minneapolis, Minnesota.

Lori L. Kiser-Block: Vice President

Ms. Kiser-Block joined FranChoice as a Consultant Development Manager in April 2003 and became Vice President of FranChoice in November 2003. Ms. Kiser-Block was Vice President of eFrame Technology in Omaha, Nebraska from March 2002 to December 2002. From February 1993 to December 2001, Ms. Kiser-Block worked in various positions for Carlson Leisure Group in Minnetonka, Minnesota, including Franchise Sales Manager, Director of Franchise Sales, and Senior Director of Franchise Services.

Tony Verbeten: Director

Mr. Verbeten joined FranChoice in December 2002 as Chief Financial Officer, and became a Director in November 2005. He also is currently Chief Financial Officer of Capistar Franchise Holdings, parent company of FranChoice and also based in Eden Prairie, Minnesota. Mr. Verbeten was Controller for Digital River in Eden Prairie from August 2001 to November 2002; an independent financial planner from June through August 2001; and Vice President of Finance and Controller for Dantis in Minnetonka, Minnesota from January 2000 to May 2001.

## ITEM 3
## LITIGATION

**Concluded Against PostNet:**

Merna Fremstad and Michael Fremstad v. PostNet International Franchise Corporation, PostNet International, Inc., Coserco Corporation, Steven J. Greenbaum, Brian E. Spindel and Dale Harelik, U.S. District Court for the Western District of Wisconsin (Case No. 97C0331C). In April 1997, plaintiffs, a former franchisee which was terminated by us for various breaches of the Franchise Agreement, commenced this action which alleged violation of the Wisconsin Franchise Investment Law, fraud, negligence, and other alleged wrongful conduct, and sought rescission and compensatory, punitive, special, and statutory multiple damages of an unspecified amount. In November 1997, the Court granted our motion to dismiss the Complaint based upon the Franchise Agreement provisions which required franchisees to mediate and arbitrate disputes of this nature in Nevada. Plaintiffs filed a notice of appeal in February 1998, and while the appeal was pending, we settled the action. Our decision to settle was motivated by a desire to avoid the litigation costs associated with the pending legal appeal and anticipated subsequent legal proceedings, as well as the anticipated drain on management resources. Under the terms of the settlement, we paid the plaintiffs $62,500 as partial reimbursement for a portion of their investment in their franchised business, and exchanged general releases.

**Litigation Involving Franchise Brokers:**

Taylor, et al. v. Buchanan & Ingersoll, Jeffrey Shafritz, et al. (Superior Court of the State of California, Case No. B C222649). Mr. Shafritz is an independent contractor associated with FranChoice. He was employed in several franchise sales positions by The Athlete's Foot Group, Inc., from March 1993 until January 2001, his most recent position being Director of Franchise Sales for Athlete's Foot Marketing Associates, Inc. ("AFMAI"). Plaintiffs' Complaint alleged that the AFMAI offering circular received by the plaintiffs contained untrue statements. The Complaint further alleged that AFMAI's former employees, including Mr. Shafritz, violated the California Franchise Investment Law by participating in the sale of an unregistered franchise and delivering a disclosure document that did not comply with the law, and that these alleged acts violated the California Unfair Trade Practices Act. The Complaint sought injunctive relief and compensatory, exemplary and punitive damages in an undisclosed amount. In 2000, this action was transferred to the U.S. District Court for the Northern District of Georgia, and consolidated with Athlete's Foot Marketing Associates, Inc. v. Inner Reach Corporation, C.O.I. Corp. and Blair H. Taylor (U.S. District Court for the Northern District of Georgia File No. 1:99CV-2928). In that action, the complaint, as amended, alleged that AFMAI had been fraudulently induced by the defendants, Inner Reach Corporation, C.O.I. Corporation, and one of the principals of the corporate franchisees, Blair H. Taylor, to enter into certain franchise agreements at various dates during the period of April 1996 to June 1998 and for breach of the franchise agreements, actions on account for merchandise ordered and delivered but not paid for and claims against Mr. Taylor personally on his guaranty of the obligations of the two corporations under the franchise agreements. The allegations were based upon certain alleged misrepresentations made to AFMAI by the defendants prior to the signing of the franchise agreements. AFMAI contended in its complaint that if accurate representations had been made, it would not have entered into the franchise agreements. AFMAI sought damages. On February 13, 2001, the Court entered an

Order covering all pending motions made by the parties. In summary, the rulings by the Court had the effect of dividing the entire litigation into an arbitration proceeding in Pittsburgh, Pennsylvania, with respect to certain claims of the parties relating solely to an Area Development Agreement and proceedings before the Court in Atlanta, Georgia, with respect to the remainder of the claims of the parties. On March 14, 2002, the arbitrator in the arbitration proceeding issued an award in favor of AFMAI on all but the breach of contract claim. On that claim, the arbitrator granted the request of C.O.I. Corporation and Blair H. Taylor for rescission of the Area Development Agreement and awarded the amount of $1,591,513.31 plus interest at the rate of 6% per annum beginning on May 16, 1997 to the date of the arbitration award, for a total of $2,124,906.06. Execution on the arbitration award was stayed pending trial in the proceedings before the Court. On August 19, 2002, the Court vacated the arbitration award. On the same date, C.O.I. Corporation, Inner Reach Corporation, Blair H. Taylor and AFMAI reached a global settlement of all claims. Pursuant to the settlement agreement, AFMAI agreed to pay to C.O.I. Corporation, Inner Reach Corporation and Blair H. Taylor the sum of $985,000, ending all litigation among the parties, including Mr. Shafritz.

Michael Larrimore v. The Franchise Group, Inc. and Terry Rost (Oregon Circuit Court, Case No. C0214556CV, filed May 2002). Mr. Rost is an individual contractor associated with FranNet. The plaintiff alleged that defendants, a franchise broker and its president, engaged in negligent misrepresentation and fraud while serving as a franchise broker in connection with plaintiff's purchase of a Red Brick Pizza master franchise, and sought, as damages, disgorgement of defendants' brokerage fees. That master franchise purchase transaction was subject to a separate legal proceeding brought by plaintiff against the franchisor. Defendants denied all wrongdoing and filed a third-party complaint against the franchisor and its president, seeking indemnification, costs, and attorneys' fees relating to plaintiff's claims. The action was settled in July 2003, with defendants agreeing to make a nominal $2,500 refund to plaintiffs in return for the dismissal of all claims.

Other than the 1 action involving PostNet and the 2 actions involving franchise brokers, no litigation or arbitration proceedings are required to be disclosed in this offering circular.

Neither we, nor any person or franchise broker in Item 2 above, is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a *et seq.*, suspending or expelling such person from membership in such association or exchange.

## ITEM 4
## BANKRUPTCY

No person identified in Item 1 or officer identified in Item 2 has been involved as a debtor in proceedings under the U.S. Bankruptcy Code required to be disclosed in this Item 4.

# ITEM 5
# INITIAL FRANCHISE FEE

**Franchise Agreement**

When you sign the Franchise Agreement, you must pay us an initial franchise fee. Generally, the initial franchise fee is $29,900. You will pay an initial installment of $15,000 when you sign the Franchise Agreement and will pay the remaining $14,900 when you sign the lease for the Center premises or, if the premises will not be leased, when we approve the location for the Center premises.

You will pay a lower initial franchise fee under the following circumstances:

(1) If you are a Conversion Owner, you will pay a non-refundable initial franchise fee ranging from $7,500 to $19,500 when the Franchise Agreement is signed. We may, on a case-by-case basis, permit existing franchisees who acquire existing businesses which they then convert to a PostNet franchise to also take advantage of this reduced initial franchise fee. In either circumstance, the fee will be based on the size of the unit, your experience, the length of time in business, sales volume, growth and future potential.

(2) If you exercise your right under Section 1.5 of your Franchise Agreement to sign additional franchise agreements, you will receive a discount of $10,000 from the initial franchise fee that we are charging under the then-current Franchise Agreement. You must refund this discount to us if you transfer the Center within the first year that you operate the Center.

Your initial franchise fee of $29,900 is fully earned and non-refundable when paid. If you were referred to us by a franchise broker to whom we paid a referral fee at the time you signed the Franchise Agreement, we will not refund any portion of your initial franchise fee under any circumstances; in other circumstances, we will refund $10,000 of the initial $15,000 payment if we or you terminate the Franchise Agreement before the remaining payment of $14,900 is due, because (a) we have not offered a location to you for the Center premises which meets our then-current site-selection criteria, or your own efforts to find a location have which we have approved (**"Approved Location"**) have been unsuccessful or (b) you have not been offered a lease for the Center premises that contains terms (including terms required under the Franchise Agreement) which are commercially reasonable for the market area in which your proposed Center is located. In addition, and although we are not required to do so, we also may (but are not obligated to) refund $10,000 of the initial franchise fee if you are unable to secure financing, provided that you diligently seek financing for the Center and submit to us written letters of rejection from three credible lending institutions. You must sign a mutual general release before we will make any refund to you.

You also must pay us a Center Development Fee of $95,900. This Fee covers the pre-opening construction and installation of leasehold improvements, computer system, certain equipment, fixtures and supplies for your Center, and an inventory package (**"Center Development Package"**). Please refer to Attachment B to the Franchise Agreement for a complete description of the items and services included in the Center Development Package. The Center Development Fee is not refundable, and is payable when you sign the lease for your Center's premises, or 90 days before the projected opening date of the Center, whichever date is later. Conversion Owners must conform their Centers to our Center standards but are not required to pay a Center Development Fee. To the extent that Conversion Owners' Centers require any components of the Center Development Package, they may use any contractor; if they wish to use us, our fee will be determined on a case-by-case basis, depending on the specific Center's needs.

You also must deposit $7,500 with us to cover the cost of your Center's grand opening promotional program, as well as certain marketing and promotional activities which we will provide and/or secure on behalf of your Center during the first 12 months of Center operations. Your deposit is due at the same time that you pay your Center Development Fee. We will refund any unspent monies after the end of the year. Please refer to Item 11 for further details.

We participate in the VetFran program. Under this program, qualified veterans of the United States armed forces receive a 15% discount on our initial franchise fee. If you qualify, your initial franchise fee will be $25,415, a savings of $4,485.

**Area Franchise Agreement**

If you sign an Area Franchise Agreement, you must pay us a non-refundable fee when you sign it. This fee will vary among Area Franchisees and will be based on factors such as the size of the Territory (as described in Item 12), the market for customers of Centers, the number of Centers potentially to be franchised in the Territory, income levels, availability of locations, competition from businesses similar to Centers, and related factors. We estimate that Area Franchise Fees are likely to range from $75,000 to $250,000.

**Development Agreement**

If you sign a Development Agreement, you must pay a development fee of $15,000 for each Center to be developed. The development fee is payable in full when the Development Agreement is signed, and is not refundable. The initial franchise fee for franchise agreements signed under the Development Agreement will be the then-current initial franchise fee at the time the franchise agreement is signed, less $15,000 for each franchise agreement plus an additional deduction, if any, that may then be available to existing PostNet Store Owners who sign additional franchise agreements, but only if the additional deduction is set forth in the then-current form of franchise agreement then being signed by the Developer under the Development Schedule. The number of Centers to be developed will be set forth in the Development Schedule which is a part of the Development Agreement.

## ITEM 6
## OTHER FEES

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee | 5% of gross sales | On or before Wednesday for the week ending on the preceding Sunday | Gross sales includes all revenue from the Center minus sales and other taxes collected by you, and revenues from money orders and money-wire transfers. |
| National Advertising Fund Contribution | 2% of gross sales | On or before Wednesday for the week ending on the preceding Sunday | Franchisees may choose to increase this contribution. Please see Item 11 for details. |
| Interest on Late Payments | Lesser of 18% per annum, calculated daily, or highest legal rate | Upon demand | Payable on overdue royalty payments and advertising contributions. |
| Transfer | \$3,500 to \$22,475 | Upon demand | See Note 4 |
| Audit | Amount of underpayment, interest, and cost of audit | Upon demand | Cost of audit is payable only if the understatement exceeds 5%. Audit costs could range from \$1,500 to \$5,000. |
| Music Service Fee for the Center | \$38 | Monthly | See Note 5 |
| Additional Training | \$325 per day plus reimbursement of the trainer's expenses, which are estimated to be between \$75 to \$150 per day | Upon demand | This expense is optional. Please see Item 11 for details. |
| Franchise Renewal Fee | 15% of the then-current Initial Franchise Fee | When you sign a renewal agreement | Payable if you sign a renewal Franchise Agreement. |
| Area Franchisee Renewal Fee (applies to Area Franchisees only) | 15% of the Area Franchise Fee originally paid by you | When you sign a renewal agreement | Payable if you sign a renewal Area Franchise Agreement. |

| Name of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Indemnification (applies to Franchisees, Area Franchisees and Developers) | Will vary under circumstances | As incurred | You must indemnify us against claims resulting from your operation of the Center and our costs of defending against them. |
| Local Advertising | Varies each year | Annually | You must purchase telephone directory listings, the estimated annual cost of which will likely range from $3,600 to $6,000. Please see Item 11 for details. |
| National Franchisee Convention Fee (applies to Franchisees, Area Franchisees and Developers) | Varies each year | Annually | This fee covers some of the convention expenses. In 2006, the fee is $349 per attendee. |
| Reimbursement of monies paid by us on your behalf | Varies | Upon request | Covers payments you fail to make and that we make on your behalf. |

NOTES

1. The fees are imposed by and payable to us, except for the Music Services Fee described in Note 5. All fees paid to us are non-refundable.

2. A Conversion Owner is obligated to pay royalties and advertising fees beginning 30 days from the date the Franchise Agreement is signed.

3. All fees apply only to Franchisees unless otherwise noted.

4. Except for transfers (i) to a corporation you control where the percentage of ownership remains the same; or (ii) necessitated by the death of incapacity of you or certain employees, you must reimburse us for our reasonable legal, accounting, management, training, and incidental expenses associated with transfer, subject to a minimum fee of $3,500 and a maximum of 25% of the then-current initial franchise fee. In addition, if, prior to commencing serious negotiations with you or one of your principals, a transferee (or any individual associated with any transferee entity) had contacted us, one of our Area Franchisees or Developers, or a third-party franchise broker with whom we have a referral fee arrangement, then you also must pay us an additional transfer fee of (i) $15,000 if we must pay a third-party broker, or (ii) $10,000 in all other circumstances.

5. Centers are required to enter into a Music Service Agreement with Muzak LLC, in the form attached to this offering circular as Exhibit H. The agreement enables Centers to provide subscription music programming in the Center. We will assume the cost of installing the leased equipment needed to provide the music at your Center. You must pay the monthly fee. Centers established under Franchise Agreements signed after February 1, 2004 must sign the Music Service Agreement with Muzak LLC; all other Centers are not obligated, but are strongly encouraged, to do so.

## ITEM 7
## INITIAL INVESTMENT

FRANCHISE AGREEMENT

| Item | Estimated Cost | When Due | To Whom Paid |
|---|---|---|---|
| Initial Franchise Fee[1] | $29,900 | $15,000 upon signing the Franchise Agreement; the remainder upon signing lease or, if no lease will be signed, at site approval | Us |
| Center Development Fee[2] | $95,900 | When you sign your lease for the Center premises or 90 days before our projected opening date for your Center, whichever date is later | Us |
| Lease of Center Premises[3] | $1,375 to $6,000 | Monthly | Landlord |
| Equipment Lease Payments[4] | $800 | Monthly | Equipment lessors |
| Security Deposit Fees[5] | $3,000 to $8,000 | Prior to opening | Landlord, utilities |
| Insurance[6] | $900 to $2,000 | Annually | Insurers |
| Classroom Training[7] | $1,000 to $2,000 | As incurred | Providers of transportation, food and lodging |
| Deposit for Center Opening Promotional Activities and Local Promotional Activities During First Year of Center Operations[8] | $7,500 | Prior to opening | Us |
| Miscellaneous Pre-Opening Expenses[9] | $5,500 | As incurred | Government agencies, craftsmen, etc. |

| Item | Estimated Cost | When Due | To Whom Paid |
|---|---|---|---|
| Additional Funds[10] (during the first 8-12 months) | $30,000 to $40,000 | As required during the first 8-12 months | Various |
| TOTAL: | $175,875 to $197,600 | | |

NOTES:

Except as described below, all fees are non-refundable.

1. The initial franchise fee is described in Item 5 and, as described in Item 5, is partially refundable only under certain circumstances. The initial franchise fee for Conversion Owners and, in some circumstances, for existing franchisees who acquire an existing business and convert it to a PostNet franchise, ranges from $7,500 to $19,500 and is also described in Item 5. Neither we nor any affiliate provides financing for the initial franchise fee.

2. Please refer to Item 5 for details, and Attachment B to the Franchise Agreement, for a complete description of the items and services provided by our Center Development Package. All new Store Owners must pay this fee except for Conversion Owners, who may not need the complete Center Development Package and, therefore, have the option to obtain needed items and services from other sources.

3. We anticipate that you will lease retail space. We estimate that the Center will require approximately 1,000 to 1,600 square feet of retail space, and that the cost should range between $16.50 to $45 per annum per square foot, depending on a variety of factors, the most important being location and market conditions. This estimate does not include security deposits or prepaid rent which the landlord may require. In a few states (e.g., Hawaii, Texas, California and, possibly, a few others), if you wish to locate your Center in newly constructed retail space, local construction practices may result in a "gray shell" for the first tenant to occupy the space, thus requiring significantly greater additional expenditures to cover necessary leasehold improvements such as for ceiling, walls, flooring, etc. No franchisee is required to lease newly constructed space in any state.

4. You will need to lease the following equipment which is not furnished as part of our Center Development Package: two copiers (one for black and white and the other for color), and a postal scale/meter.

5. Security deposits generally are required by utilities, the landlord, and the equipment lessors. Amounts will vary depending on the provisions of various leases, utilities' policies, and your credit rating. The estimated cost includes a one-month deposit to the

landlord. It is not likely that Conversion Owners will incur any expense for security deposits.

6. The estimated cost covers the first year's insurance premium for required coverages for equipment and business liability insurance.

7. The cost will vary depending upon the distance traveled, the mode of transportation, the cost of meals and accommodations. The estimate is for one person. Training is described in Item 11.

8. Grand opening and first-year promotional activities are described in Item 11. We will refund any unspent monies from your deposit.

9. You will incur expenses in connection with any leasehold improvements to your Center which are not included in our Center Development Package, such as local requirements for architectural plans, taxes on leasehold improvements, miscellaneous electrical and other expenses, as well as various licenses and permits to operate your business.

10. During the initial phase of your operation, which we estimate to be 8 to 12 months, you will need capital to support on-going expenses, such as payroll (excluding your salary or draws), supplies, rent, royalties, advertising and utilities, to the extent that these costs are not covered by Gross Sales. Your working capital needs may vary widely from working capital needs of other franchisees. Your costs will depend on factors such as: how well you follow our methods and procedures; your management skill, experience and business acumen; local economic conditions; the local market for our products and services; the prevailing wage rate; competition; and the sales level reached during the initial period. It is expected that new businesses usually will generate a negative cash flow. The amount we show is the minimum we recommend at the opening of the Center. There is no assurance that you will not need additional working capital. These amounts do not include sums necessary for living or personal expenses, nor payments for debt service. This estimate is based on the reported experiences of existing franchisees.

## AREA FRANCHISE AGREEMENT

| Item | Estimated Cost | When Due | To Whom Paid |
|---|---|---|---|
| Area Franchise Fee[1] | $75,000 to $250,000 | Upon signing the Area Franchise Agreement | Us |
| Travel and Living Expenses for Initial Area Franchisee Training[2] | $1,450 to $2,475 | As Arranged | Vendors |
| Local Advertising and Promotion[3] | $500 to $3,000 | Monthly | Various |

| Item | Estimated Cost | When Due | To Whom Paid |
|---|---|---|---|
| State Franchise Registration Expenses[4] | $12,000 | As Arranged | California Department of Corporations, Accountants, and Attorneys |
| TOTAL: | $76,950 to $267,475 | | |

NOTES:

Except as described below, all fees are non-refundable.

1. This fee varies among Area Franchisees, depending on a variety of factors, as described in Item 5. Neither we nor any affiliate provides financing for the Area Franchise Fee.

2. The cost range varies greatly depending upon the distance traveled, the mode of transportation, the cost of meals and accommodations selected, and the duration of the training course. This estimate is for one person. Area Franchisee training is described in Item 11.

3. See Item 11, "Advertising for Area Franchisees," for details.

4. This estimate includes a $675.00 filing fee to the State of California and an estimate of legal fees to be incurred in preparing the required franchise offering materials, assuming our offering circular is used as a basis for you offering materials and you use the same law firm. You also will need a current audited financial statement, if you don't already have it. Audit costs, which are not included in this estimate, vary widely, based on the number and type of financial transactions covered by the audit.

## DEVELOPMENT AGREEMENT

| Item | Estimated Cost | When Due | To Whom Paid |
|---|---|---|---|
| Development Fee | $15,000 for each Center to be opened | When Development Agreement is signed | Us; non-refundable, but see Item 5 for further details |
| TOTAL: | $15,000 multiplied by the number of Centers to be opened | | |

## ITEM 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Standards and Specifications**

To insure that the highest degree of quality and service is maintained, you must operate the Center in strict conformity with the methods, standards, and specifications that we set forth in the Operating Manual ("**Manual**") or otherwise in writing. You must not (i) deviate from these standards, specifications, and procedures without our prior written consent, or (ii) otherwise operate in any manner which reflects adversely on our Proprietary Marks or the System.

You must purchase and install at your expense, maintain in sufficient supply, and use at all times, only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Manual or otherwise in writing; you must not use nonconforming items. In addition, you must sell or offer for sale only products and services that we have expressly approved for sale in the Manual or otherwise in writing and discontinue selling any products or services that we, in our discretion, determine may adversely affect the System. You must not offer any unapproved products or services.

**Purchases from Approved Suppliers**

Except for the Center Development Package that we provide, as described in Items 5 and 7 of this offering circular, the grand opening and local advertising and promotional activities we provide or secure on your behalf during the first year of your Center's operations, as described in Items 5 and 11 of this offering circular, and the Muzak subscription music programming described in Notes 5 of Item 6 and in Exhibit H, you are not required, either by the Franchise Agreement or by any other device or practice, to purchase or lease from us or our designees, any goods, services, supplies, fixtures, equipment, inventory, or real estate for the establishment or operation of the Center. You must, however, purchase all products, equipment, supplies, and materials used or sold by the Center, solely from suppliers (including manufacturers, wholesalers, and distributors) (i) who demonstrate, to our continuing reasonable satisfaction, the ability to meet our reasonable standards and specifications for these items; (ii) who possess adequate quality controls and capacity to supply your needs promptly and reliably; (iii) whose approval would enable the System, in our opinion, to take advantage of marketplace efficiencies; and (iv) who have been approved by us in the Manual or otherwise in writing and not later disapproved. The items you are required to purchase or lease from approved suppliers include business equipment such as postage meter, copier, facsimile machine, mailboxes, computers and manifest software; inventory such as corrugated cartons, stationery and greeting cards; and fixed assets such as counters, cabinets and signs.

We estimate that approximately 90% of purchases required to open your Center and 75% of purchases required to operate your Center will be from approved suppliers or, at your option, from us.

Except as described above, as of the date of this offering circular, we are not an approved supplier of goods and services to you. According to our audited financial statements, in our 2005 fiscal year we had total revenues of $10,767,654, of which amount $4,838,713 (approximately

45%) consisted of revenues from new franchisees for our Center Development Package for their Centers. We also received $264,683 (approximately 2% of our revenues of $10,767,654) in gross sales to our franchisees of other equipment and supplies.

We have negotiated purchase arrangements with suppliers under which our franchisees obtain discounts of 5% to 55% from standard prices for items such as shipping costs, inventory, equipment, insurance and credit card processing. We have not negotiated any agreements with suppliers which gives us a better price than the price the supplier charges to franchisees. Some suppliers pay directly into our national advertising fund a percentage of their gross sales to franchisees. These percentages range from 1% to 5% of the suppliers' sales to franchisees.

**Approval of New Suppliers**

Periodically, we will update the list of approved suppliers in the Manual and provide you with the updated list. If you desire to use a supplier that has not been approved by us, that supplier may become an approved supplier if that supplier's products meet our specifications and requirements. To secure approval, you must submit a written request to us to approve the supplier, together with evidence of conformity with our specifications as we may reasonably require. We do not charge a fee for the evaluation of the proposed supplier. We generally respond to a request for an additional approved supplier within 7 days. Our written approval must be received before you use products that were not purchased from an approved supplier. We may revoke our approval at any time if we determine, in our discretion, that the supplier no longer meets our standards. When you receive written notice of a revocation, you must stop selling any disapproved products, and stop purchasing from any disapproved supplier.

We consider a variety of factors when determining whether to renew or grant additional franchises. Among the factors we consider is compliance with the requirements described above. We do not provide any material benefits to any franchisees (for example, additional franchise rights or renewal rights) based on their use of designated or approved suppliers.

## ITEM 9
## FRANCHISEE'S OBLIGATIONS

THIS TABLE LISTS YOUR PRINCIPAL OBLIGATIONS UNDER THE FRANCHISE, AREA FRANCHISE, AND DEVELOPMENT AGREEMENTS. IT WILL HELP YOU FIND MORE DETAILED INFORMATION ABOUT YOUR OBLIGATIONS IN THESE AGREEMENTS AND IN ITEMS OF THIS OFFERING CIRCULAR.

Note: If an Agreement section is not listed for the obligation, then the Agreement does not contain a specific provision related to the obligation.

| | Obligation | Section in Agreement | Item in Offering Circular |
|---|---|---|---|
| a. | Site selection and acquisition/lease | Franchise Agreement §§ 1, 5; Development Agreement § 1 and Attachment B | Items 7 and 11 |

| | Obligation | Section in Agreement | Item in Offering Circular |
|---|---|---|---|
| b. | Pre-opening purchase/lease | Franchise Agreement §§ 3, 5 | Items 5, 7, and 8 |
| c. | Site development and other pre-opening requirements | Franchise Agreement §§ 4, 5 | Items 6, 7, and 11 |
| d. | Initial and ongoing training | Franchise Agreement § 5; Area Franchise Agreement § 5.1 | Item 11 |
| e. | Opening | Franchise Agreement §§ 4, 9; Development Agreement § 3 and Attachment A | Item 11 |
| f. | Fees | Franchise Agreement §§ 2, 3; Area Franchise Agreement § 4; Development Agreement § 2, and Attachment A | Items 5, 6 and 7 |
| g. | Compliance with standards and policies/Operations Manual | Franchise Agreement §§ 5, 7, 8; Area Franchise Agreement § 5 | Items 11 and 14 |
| h. | Trademarks and proprietary information | Franchise Agreement §§ 7, 8, and Guarantee and Covenants; Area Franchise Agreement § 6; Development Agreement § 1; Confidentiality and Non-Competition Covenant (Exhibit G) | Items 13 and 14 |
| i. | Restrictions on products/services offered | Franchise Agreement §§ 5, 8 | Item 16 |
| j. | Warranty and customer service requirements | Area Franchise Agreement §5 | |
| k. | Territorial development and sales quotas | Area Franchise Agreement § 1; Development Agreement § 1, 3 and Attachments A and B | Item 11 |
| l. | Ongoing product/services purchases | Franchise Agreement §§ 5, 7 | Item 8 |
| m. | Maintenance, appearance and remodeling requirements | Franchise Agreement §§ 5, 12 | Item 11 |
| n. | Insurance | Franchise Agreement §§ 5, 10; Area Franchise Agreement § 9 | Item 7 |
| o. | Advertising | Franchise Agreement §§ 3, 4, 9; Area Franchise Agreement § 8 | Items 6 and 11 |

| | Obligation | Section in Agreement | Item in Offering Circular |
|---|---|---|---|
| p. | Indemnification | Franchise Agreement § 17; Area Franchise Agreement § 13; Development Agreement § 9 | Item 6 |
| q. | Owner's participation/ management/staffing | Franchise Agreement § 5 | Items 11 and 15 |
| r. | Records/reports | Franchise Agreement § 11; Area Franchise Agreement § 5 | Item 6 |
| s. | Inspections/audits | Franchise Agreement §§ 5, 11 | Items 6 and 11 |
| t. | Transfer | Franchise Agreement § 12; Area Franchise Agreement § 10; Development Agreement § 6 | Items 6 and 17 |
| u. | Renewal | Franchise Agreement § 2; Area Franchise Agreement § 2; | Item 17 |
| v. | Post-termination obligations | Franchise Agreement § 14; Area Franchise Agreement § 12; Development Agreement § 8 | Item 17 |
| w. | Non-competition covenants | Franchise Agreement § 15 and Guarantee and Covenants; Development Agreement § 5; Confidentiality and Non-Competition Covenant (Exhibit G) | Item 17 |
| x. | Dispute resolution | Franchise Agreement § 22; Area Franchise Agreement § 18; Development Agreement § 14 | Item 17 |
| y. | Promotion of PostNet Franchises | Franchise Agreement § 5; Area Franchise Agreement § 5 | Item 11 |
| z. | Monitoring of PostNet Franchises | Area Franchise Agreement §5 | |
| aa. | Opening Centers | Development Agreement § 1 and Attachments A and B | N/A |
| bb. | Securing new Franchisees | Area Franchise Agreement § 1 and Development Schedule | N/A |
| cc. | Continued ownership and personal participation in Center | Area Franchise Agreement § 5 | Item 15 |

## ITEM 10
## FINANCING ARRANGEMENTS

We do not presently offer either direct or indirect financing. We do not guarantee your note, lease or other obligation.

## ITEM 11
## FRANCHISOR'S OBLIGATIONS

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

**Pre-Opening Obligations to Franchisees**

Before you open your Center, we or our designee will provide the following assistance and services to you:

1. Except for Conversion Owners, assist you, as we deem reasonable and necessary, in selecting a site for the Approved Location and in negotiating an acceptable lease agreement for the site. (Franchise Agreement Section 4.1)

2. Loan to you for the duration of the Franchise Agreement one copy of our Manual, and any other manuals that we may develop and issue. At our option, we may provide you with either a paper or electronic version of the Manual and other manuals. The Table of Contents of the Manual is attached as Exhibit F to this offering circular. (Franchise Agreement Section 4.2)

3. Provide, at a cost of $95,900 to you, the Center Development Package described in Attachment B to the Franchise Agreement. (Franchise Agreement Section 4.3)

4. Provide, at no charge to you, proposed plans (in the form of "blue-line drawings") and specifications for the construction of the interior design and layout of your Center. (Franchise Agreement Section 4.4)

5. Offer a classroom training program to you covering basic Center operations and management. (Franchise Agreement Section 4.5.)

6. Offer, at your Center's premises, an initial training program to you and those employees you select who will be involved in the daily operation of the Center. (Franchise Agreement Section 4.6)

7. Furnish to you an initial set of personalized forms, stationary, marketing materials, and PostNet logo apparel. (Franchise Agreement Section 4.7)

8. After receiving your request for inspection, conduct a final required inspection of the Center before it opens for business. (Franchise Agreement Section 4.8)

9. Provide initial advice and assistance to you in operating the Center, as we deem appropriate. (Franchise Agreement Section 4.9)

10. Provide, at your expense, a grand opening campaign for your Center. (Franchise Agreement Section 4.10)

**Pre-Opening Obligations to Area Franchisees**

Before you act as an Area Franchisee, we will provide the following assistance and services to you:

1. Provide an initial training program for Area Franchisees within 3 months after execution of the Area Franchise Agreement. (Area Franchise Agreement Section 3.1)

2. Provide, on loan, our guidelines for screening prospective PostNet franchisees, various forms to be used in reporting to us, advertising materials, and other materials developed for Area Franchisees ("**Area Franchise Manual**"). (Area Franchise Agreement Section 3.3)

**Pre-Opening Obligations to Developers**

None.

**Continuing Obligations to Franchisees**

After you have opened your Center, we or our designee will provide the following assistance and services to you:

1. Provide continuing advice and assistance to you, as we deem appropriate, in operating and promoting the Center. (Franchise Agreement Section 4.9)

2. Oversee, at your expense, your local marketing and promotional activities during the first year of Center operations. (Franchise Agreement Section 4.10)

3. Offer a follow-up on-site training visit to you. (Franchise Agreement Section 4.11)

4. Offer, as we deem necessary, additional required and optional training programs, seminars, and workshops, at the times and locations selected by us. (Franchise Agreement Section 4.12)

5. When and as frequently as we deem advisable, inspect your business premises and evaluate your Center's management and operations, in order to assist you and to maintain the System's standards of quality, appearance, and service. (Franchise Agreement Section 4.12)

**Continuing Obligations to Area Franchisees**

After you begin acting as an Area Franchisee, we or our designee will provide the following assistance and services to you:

1. Refer to you inquiries we receive regarding the establishment of Centers in the Territory. (Area Franchise Agreement Section 3.4)

2. Promptly process all referrals we receive from you regarding prospective Franchisees in the Territory. (Area Franchise Agreement Section 3.4)

**Continuing Obligations to Developers**

None.

**Training for Franchisees**

Before you open your Center, you and/or your Center manager must attend and complete, to our satisfaction, our classroom training program (**"Classroom Training Program"**) and our initial on-site training program (**"Initial Training Program"**). (Franchise Agreement Section 5.7)

Your Classroom Training Program will last for approximately 10 to 12 calendar days (at our discretion). Training will be held at our corporate headquarters in Denver, Colorado. Training will cover basic customer service and Center operations. We will provide training instructors, a training manual, and other materials without charge. You must pay all other expenses incurred during the Classroom Training Program, such as travel, lodging and meal costs of you and/or your Center manager.

Your Initial Training Program will be held at your Center at the time your Center opens. Our trainer will be a PostNet Certified Trainer who usually will be one of our Area Franchisees, and the training will cover Center set-up, daily operations, use and maintenance of equipment, service fulfillment, advertising, merchandising, and marketing. Training will last for 4 to 6 calendar days, of which 1 to 3 days will be after the Center is open for business. In the typical case, your Center will be open for 45 to 60 days before beginning your grand opening promotional activities, so that you will have had some actual operational experience before a major marketing effort begins. We will provide the Initial Training Program and any materials associated with it at no charge to you. We modify the Initial Training Program for franchisees who sign additional Franchise Agreements to reflect their prior experience and knowledge of our System. The modified initial training program will last approximately 1 to 3 calendar days, at our discretion.

A Conversion Owner must attend and complete to our satisfaction our Initial Training Program. We recommend that a Conversion Owner also attend and complete the Classroom Training Program, but he or she is not required to attend. (Conversion Addendum Section 2.1) The Initial Training Program will be shorter and less detailed than the program for new franchisees, and will be customized for each Conversion Owner to reflect the Conversion Owner's prior business experience.

Your follow-up training visit will occur approximately 60 days after your Center's opening (**"Follow-Up Training Visit"**), and will be conducted by a PostNet Certified trainer who may be one of our Area Franchisees. The trainer will work with you for 1½ to 2 days (at our discretion) to follow-up on questions or needs identified since the conclusion of the Initial Training Program, and also to provide advanced training on the store management system, marketing techniques, advertising and promotion. We will provide the trainer and all materials without charge. There will be no Follow-Up Training Visit for Conversion Owners or transferees.

If, during the term of the Franchise Agreement, you want us to train additional employees, you must pay us a training fee of $325 per day plus reasonable reimbursement for the trainer's cost of transportation, meals, and lodging. (Franchise Agreement Section 5.7)

A transferee and its manager must attend the same initial classroom training program that other new Store Owners attend, and must do so within 90 days after the transfer is completed. The classroom training will be held at our corporate headquarters in Denver, Colorado. PostNet will provide the trainers and materials at no cost, but the transferee must pay for travel, lodging, meals, and related expenses. In the event that a transferee does not attend the initial classroom training within the required first 90 days, then PostNet will send a trainer to the transferee's Center to conduct equivalent classroom training, in which event, the transferee must pay PostNet $600 per day plus reasonable reimbursement for the trainer's cost of transportation, meals and lodging. Transferees also are required to complete the on-site training phase of the initial training program that is provided to new Store Owners. PostNet will not charge the transferees for PostNet's expenses related to the on-site portion of the initial training, including travel costs.

You and other employees we designate, must attend any additional required training program we may conduct. Although we have reserved (and continue to reserve) the right to require you to attend additional training programs, we have never conducted any required training program in the 14 years that we have engaged in franchising activities and, thus, cannot specify the duration, frequency, or content of any program. We would consider conducting a required training program only if an important business development arose that would have a material impact on our entire System. The program would likely be conducted in Denver, Colorado, and would last as long as necessary to provide the necessary training to you. You, and other employees you designate, also must attend our annual national convention for franchisees as well as additional training programs that we may reasonably require. You must pay us a convention fee to help defray our costs of conducting the convention; this fee must be paid even if you fail to attend the convention. The convention fee for 2006 is $349 for each attendee. We will not charge a fee for any required additional training programs or the convention, but $299 for each attendee. Finally, we occasionally conduct optional training programs. You are not obligated to attend any optional training program. We may charge a reasonable fee (which will vary depending on the nature of the training and could range from $100 to $500 per person) for any optional training which you may choose to take. You will be responsible for the expenses incurred in attending the national convention each year or for additional, required, or optional training programs, including the costs of transportation, lodging, and meals. The convention and all training will be at the time(s) and location(s) we select. (Franchise Agreement Section 5.7)

**Classroom Training**

| Subject | Duration (in hours) | Description |
|---|---|---|
| Introduction | 1.0 | Introduction to the training program and PostNet. |
| The PostNet System | 2.0 | In-depth discussion of the PostNet System. |
| Franchisee Web Site | 1.5 | Review of the Franchisee Web Site. |
| System and Standards | 1.5 | In-depth discussion of PostNet method of operations to provide consistency from store to store. |
| Basic Bookkeeping | 1.0 | Learn about debits and credits, common ratios. |
| Shipping Overview | 7.5 | Overview of shipping, including locating regulations resources, domestic and international, insurance, tips and tricks, marketing and advertising shipping services. |
| POS Training | 12.0 | Detailed training on the POS system. Includes configuring POS for personal preferences, ringing customer transactions, in-depth shipping procedures and regulations, Private Mailbox rentals and regulations, packaging estimator, entering and maintaining inventory, modifying pricing, reporting, exporting to Excel and manipulating data. |
| Packaging Lab | 3.0 | Learn packing skills hands-on and create custom boxes. |
| Store Simulation Workshop | 3.0 | Hands-on workshop where students experience unique situations and learn how to fulfill customer requests in a "store-like" environment. |
| Copy Services | 1.5 | Discuss copy services, the available equipment and how to price and market these services. |
| Printing Services | 1.0 | Discuss different printing options, including marketing and advertising these services and also cross-selling finishing services. |
| Digital Services | 1.0 | Overview of the digital services offered (training on services in Week 2). |
| Franchisee Message Board | 1.0 | Practice session on the Franchisee Message Board. |
| Store Buildout Process<br>Transfer Process | 1.0 | New stores learn about the buildout process.<br>Transfer stores learn about the transfer process. |
| Finance | 3.0 | Examines the "Four Pillars of Profitability" for PostNet owners. |
| Basic QuickBooks | 3.5 | An introduction to the bookkeeping software. |
| Equipment Lab | 3.0 | Understand folder, slitter, commercial cutter, padding press, passport camera, and Unibind equipment. |
| Paper Workshop | 1.5 | Specialty papers, their uses, pricing and marketing. |
| International Shipping | 1.5 | Specialized overview of shipping, including locating regulations, resources, and paperwork. |

| Subject | Duration (in hours) | Description |
|---|---|---|
| Inventory Control | 1.5 | Understand how to effectively take inventory and gauge how well items are selling. Compute Cost of Goods Sold. |
| Pricing Standards | 2.0 | Understand the process of conducting needs assessments and developing job costing. |
| Human Resources | 1.5 | In-depth discussion of human resources. |
| Vendor Relations | 1.5 | Provides an overview and hands-on tutorial of the approved vendors of PostNet. |
| Journey of a Package with UPS | 1.0 | A discussion of the shipping process through the UPS system. |
| Marketing | 9.0 | In-depth marketing, effective advertising, role plays, grand opening, marketing plans, |
| Introduction to FedEx | 1.0 | Offers an overview of the FedEx shipping system. |
| Final Exam and Course Evaluation | 1.0 | Complete final exam and online course evaluation. |
| **Total** | **69** | |

| Materials | Description |
|---|---|
| *Printed Manuals* | |
| Getting Started Guide | Provides the purchasing owner of a new PostNet Center with all of the information needed to prepare for a store buildout and opening. |
| *Online Manuals* | |
| Responsibilities | Details the responsibilities of both the franchisee and PostNet, and also the procedure for dispute resolution. |
| Marketing & Advertising | Discusses the PostNet System for successful marketing and advertising programs. |
| Human Resources Training | Materials to assist a franchisee with recruitment, selection, retention, training and orientation of staff. |
| Cooperative Guide | Guidelines for establishing and operating an Advertising Cooperative. |
| Transfer Guide | Guidelines for completing a store transfer. |
| *Online Interactive Software Training* | |
| QuickBooks | PostNet-specific QuickBooks software training. |
| ReSource POS | PostNet-specific ReSource POS software training. |
| Microsoft Publisher | PostNet-specific Microsoft Publisher software training. |
| Adobe Photoshop Elements | PostNet-specific Photoshop Elements software training. |
| *Video-based Associate Training* | |
| Orientation | Associate and Store Manager orientation video. |
| Customer Service | Customer Service and in-store sales training video. |
| Core Services (4) | Core services (Business and Additional, Copying and Printing, Digital Services, Packaging and Shipping) training video. |

**Initial Onsite Training Program**

| Subject | Duration (in hours) | Description |
|---|---|---|
| Store Operations Readiness | 1.5 | Verify store readiness for operations. |
| POS Setup | 1 | Verify that the POS is configured correctly. |
| POS Transactions | 3.5 | Review and practice transactions within the POS. |
| Inventory | 1 | Learn about maintaining an inventory system and how to work with inventory on the POS. |
| Shipping – Domestic and International | 13 | Learn about the different carrier relationships with PostNet and the customer and how to perform shipping transactions for all four carriers both domestically and internationally on the POS and manually. |
| Packaging | 3 | Understand optimal packaging pricing and how to properly package an item using pre-made boxes and custom boxes. |
| Business Concepts | 3 | Learn about business concepts and how to run the customer transaction effectively and profitably. |
| Computer Services | 1 | Understand computer-related services and pricing and how to provide PostNet's Computer Services core service. |
| Printing Services | 1 | Discuss printing services pricing and promotion and how to provide PostNet's Printing Services core service. |
| Fax Services | 0.5 | Set up fax machine and learn about operations and pricing structures. |
| Copy Services | 1 | Discuss copy services pricing and promotion and how to provide PostNet's Copy Services core service. |
| Finishing Services | 1 | Learn about finishing services; including how to operate each machine and effective pricing and selling techniques. |
| Customer Accounts | 1 | Review using customer accounts receivable accounts and how to manage them in the POS. |
| Mailboxes | 2 | Understand the Private Mailbox core service, the laws surrounding offering this service and how to manage private mailboxes in the POS. |
| Marketing | 4.5 | Learn about PostNet's marketing system, tools and promotional vehicles and conduct marketing visits to local businesses. Also, understand the Grand Opening process. |
| ID/Passport Photos | 1 | Learn about the passport camera, its operation and many uses. |
| Financial Management | 1 | Set up QuickBooks accounting system, review financial goals and management. |

| Subject | Duration (in hours) | Description |
|---|---|---|
| System Standards | 1 | Discuss financial reporting requirements and how to obtain reports in the POS. Learn how to adhere to PostNet's system standards and the support structure in place to help maintain those standards. |
| Training Wrap-up | 0.5 | Conclude the training process and answer remaining questions. |
| **Total** | **40-45** | |

**Followup Training Program**

| Subject | Duration (in hours) | Description |
|---|---|---|
| Store Setup | 1 | Verify that store is set up correctly and update any computer software, if needed. |
| ReSource POS | 1 | Learn about advanced operations of the POS. |
| Shipping/Packaging | 1 | Discuss advanced shipping procedures and additional shipping tools available through the carriers. |
| Products and Services | 1 | Discuss additional products and services that might be added to enhance store performance. |
| Financial Management | 2 | Review store performance against goals and discuss ways to improve performance. |
| Marketing | 3-4 | Review marketing activities and conduct marketing visits. |
| Business Concepts | 1-2 | Learn about ways to increase sales with additional techniques and tools. |
| Training Wrap-up | 6-8 | Perform individually-focused training in areas most needed or desired by the franchisee. |
| **Total** | **16-20** | |

**Educational Materials**

| Materials | Description |
|---|---|
| *Printed Manuals* | |
| Getting Started Guide | Provides the purchasing owner of a new PostNet center with all of the information needed to prepare for a store buildout and opening. |
| *Online Manuals* | |
| Responsibilities | Details the responsibilities of both the franchisee and PostNet, and also the procedure for dispute resolution. |
| Marketing & Advertising | Discusses the PostNet System for successful marketing and advertising programs. |
| Human Resources Training | Materials to assist a franchisee with recruitment, selection, retention, training and orientation of staff. |