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**INFORMATION FOR PROSPECTIVE FRANCHISEES  
REQUIRED BY FEDERAL TRADE COMMISSION**

**MAIL BOXES ETC., INC.**

TO PROTECT YOU, WE'VE REQUIRED YOUR FRANCHISOR TO GIVE YOU THIS INFORMATION. WE HAVEN'T CHECKED IT, AND DON'T KNOW IF IT'S CORRECT. IT SHOULD HELP YOU MAKE UP YOUR MIND. STUDY IT CAREFULLY. WHILE IT INCLUDES SOME INFORMATION ABOUT YOUR CONTRACT, DON'T RELY ON IT ALONE TO UNDERSTAND YOUR CONTRACT. READ ALL OF YOUR CONTRACT CAREFULLY. BUYING A FRANCHISE IS A COMPLICATED INVESTMENT. TAKE YOUR TIME TO DECIDE. IF POSSIBLE, SHOW YOUR CONTRACT AND THIS INFORMATION TO AN ADVISOR, LIKE A LAWYER OR AN ACCOUNTANT. IF YOU FIND ANYTHING YOU THINK MAY BE WRONG OR ANYTHING IMPORTANT THAT'S BEEN LEFT OUT, YOU SHOULD LET US KNOW ABOUT IT. IT MAY BE AGAINST THE LAW. THERE MAY ALSO BE LAWS ON FRANCHISING IN YOUR STATE. ASK YOUR STATE AGENCIES ABOUT THEM.

FEDERAL TRADE COMMISSION

Washington, D.C.

ISSUANCE DATE: April 1, 2007



**FRANCHISE OFFERING CIRCULAR  
MAIL BOXES ETC., INC.  
A Delaware Corporation  
6060 Cornerstone Court West  
San Diego, California 92121  
(858) 455-8800  
Website: [www.theupsstore.com](http://www.theupsstore.com)**

The franchisee will own and operate a The UPS Store® service business featuring shipping, packaging, postal, business, and communication services.

Only if you and MBE agree to enter into a non-mandatory Center Option Agreement, you must pay a Center option fee, the amount of which is negotiated between MBE and you based upon the number of Centers, the length of the option term and the size and value of the option territory. The initial franchise fee is \$29,950 if this is your first Center and \$19,950 if this is your second or subsequent Center. To qualify for a multiple center discount initial Franchise Fee, you must own fifty percent (50%) or greater of the ownership interest in at least one of your existing Franchises and in this new franchise. As set forth in this circular, the initial franchise fee may be lower if you participate in one of these programs: Rural, Veterans, Conversion, or Special Venue. The estimated initial investment required for a traditional (non-Rural and non-Veterans) Center ranges between \$170,766 and \$279,375.

**RISK FACTORS:**

SUBJECT TO APPLICABLE LAW, THE FRANCHISE AGREEMENT PERMITS THE FRANCHISEE TO SUE MAIL BOXES ETC., INC. ONLY IN CALIFORNIA. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO SUE MAIL BOXES ETC., INC. IN CALIFORNIA THAN IN YOUR HOME STATE.

THE FRANCHISE AGREEMENT STATES THAT CALIFORNIA LAW GOVERNS MOST OF THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Information about comparisons of franchisors is available. Call the state administrators listed in Exhibit 7 or your public library for sources of information.

Registration of this franchise with the state does not mean that the state recommends it or has verified the information in this offering circular. If you learn that anything in this offering circular is untrue, contact the Federal Trade Commission and the appropriate State agency listed in Exhibit 7.

The effective dates of this offering circular in the states with franchise registration laws (and where Mail Boxes Etc., Inc. must file an annual registration renewal or annual exemption renewal) are set forth in Exhibit 7 (List of State Administrators).

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## EXHIBITS TO FRANCHISE OFFERING CIRCULAR

### 1. FRANCHISE AGREEMENT

#### EXHIBITS TO FRANCHISE AGREEMENT

- A. Personal Guarantee
- B. Territory Boundaries
- C. Conditional Assignment of Telephone Number, etc.
- D. Non-Competition and Non-Solicitation Agreement
- E. Software License
- F. Security Agreement
- G. Equipment Lease
- H. Transfer Upgrade Agreement
- I. Addendum to Lease
- J. Spousal Consent
- K. The UPS Store Carrier Agreement

### 2. CENTER OPTION AGREEMENT

#### EXHIBITS TO OPTION AGREEMENT

- A. Option Schedule
- B. Description of Option Territory

### 3. LIST OF FRANCHISEES "CENTER DIRECTORY" – SEPARATE VOLUME

### 4. LETTER OF INTENT FOR FRANCHISE

- (a) For New Applicants
- (b) For Existing Franchisees

### 5. STATE SPECIFIC ADDENDUM

### 6. FINANCIAL STATEMENTS

### 7. LIST OF STATE ADMINISTRATORS

### 8. LIST OF AGENTS FOR SERVICE OF PROCESS

### 9. LIST OF AREA FRANCHISEES

### 10. REGIONAL MAP

### 11. ACKNOWLEDGMENT REGARDING RISK FACTORS

### 12. ACKNOWLEDGMENT OF RECEIPT (2)

**ITEM 1.**  
**THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES**

To simplify the language in this offering circular, the words "MBE", "we", "our" and "us" refer to Mail Boxes Etc., Inc., the franchisor. "You" means the person or entity who buys the franchise.

As required by law, this offering circular has been prepared in "plain English." To fully understand all your and our rights and obligations to each other, you must still carefully review the actual agreements that you will execute. These will control if there is any dispute between us.

**The Business**

The UPS Store Centers ("Centers") are retail service businesses which offer mail and parcel receiving, packaging and shipping services through various carriers and provide a wide range of authorized products and services, including notary, copying, office supplies and communications services such as fax. Centers are targeted to the needs of businesses of all size, small office/home office workers and busy consumers who are looking for timesaving services. We have developed a service distribution network enabling national and international companies to utilize your center for their shipping, postal, business and communication needs. We previously offered franchises for Centers under the "Mail Boxes Etc.®" trademark but, in order to take advantage of long term business opportunities, starting in 2003 we began to re-brand the entire domestic system under the The UPS Store name. UPS is our parent entity (see below). However, the core underlying business that we are franchising remains the same as the business we and our predecessors have franchised for over 20 years. (See more detailed discussion below in this Item.)

Only if mutually desired by you and MBE, you and MBE may enter into a non-mandatory Center Option Agreement (Exhibit 2). This gives the option holder the exclusive conditional right to secure the real estate and franchise rights for a Center within a particular geographic area. Not all option holders become our franchisees. See Exhibit 2 for details.

You will sign a Franchise Agreement (Exhibit 1), to operate a single Center at a location, which you choose, subject to our acceptance. Centers are generally located in highly visible locations in strip shopping centers or in high foot-traffic downtown areas.

The market for the goods and services you will sell is established, and your customers will be the general public. You will have to compete for this market with other businesses selling the same or similar products and services on a local, regional and national basis. You may also compete with specialty service providers such as copy centers, quick print centers and office supply companies. We believe you can compete effectively as a result of the broad range of products and services you may offer to customers, our marketing programs, service arrangements, advertising and promotion programs and service distribution network. Centers will be operated year round, although we anticipate that a substantial portion of your sales may occur during the holiday season.

In addition to offering a franchise opportunity in "traditional" Center locations, MBE also offers a franchise opportunity at "Special Venues" as that term is defined in the Franchise Agreement, which includes colleges, universities, hotels, resorts, military bases, convention centers, airports, self-storage facilities, inside other retailers ("store-within-store"), office buildings, bus or train stations, and outlet or regional malls. The Franchise Agreement offers you a right of first refusal to develop Special Venues in your franchise Territory.

MBE also offers a "Rural Program" for certain small-town markets. One of the key features of this program is a reduction in the capital requirements associated with these Rural Program Centers. See Item 5 of this Offering Circular for a description of the reduced Initial Franchise Fee under the Rural Program. See Item 7 for a description of the reduced start-up costs under the Rural Program.

We also offer Area Franchises by a separate circular. Area Franchisees are authorized to assist us in the sale of individual franchises within a protected territory, in return for a portion of the franchise fee. In markets where we utilize Area Franchisees, Area Franchisees also assist us by providing services to franchisees in their territory. We retain the right to provide support from our corporate office and are not required to have an Area Franchisee located in your franchise territory.

### **The Franchisor and Affiliates of Franchisor**

Our predecessor, Mail Boxes Etc. USA, Inc., was incorporated in California in May 1980. Mail Boxes Etc. USA, Inc. is a wholly owned subsidiary of Mail Boxes Etc., which is a California corporation that was incorporated in November, 1993. Both of these corporations changed their name after April 30, 2001.

On April 30, 2001, United Parcel Service General Services Co., ("UPS General Services," an indirect wholly owned subsidiary of United Parcel Service, Inc., both Delaware corporations) acquired substantially all of the assets, and some of the liabilities (but none of the stock) of Mail Boxes Etc. and Mail Boxes Etc. USA, Inc. Immediately thereafter, all such acquired assets and liabilities, other than goodwill and long term investments, were transferred by UPS General Services to United Parcel Service of America, Inc. ("UPS of America"). Immediately thereafter, all such transferred assets and liabilities that were transferred from UPS General Services to UPS of America – except for all MBE-related intellectual property – were transferred to UPS of America's wholly owned subsidiary, "Mail Boxes Etc., Inc.," a Delaware corporation that was incorporated on March 9, 2001, and referred to in this offering circular as "MBE," "we," "our" and "us."

Accordingly, as of April 30, 2001: (1) neither Mail Boxes Etc., nor Mail Boxes Etc. USA, Inc. hold any ownership interest in the assets of the new franchisor company, "Mail Boxes Etc., Inc." and (2) neither United Parcel Service, Inc. nor any of its wholly owned subsidiaries (including but not limited to "Mail Boxes Etc., Inc.") holds any ownership interest in (or responsibility for the liabilities of) Mail Boxes Etc. (the former parent company) or Mail Boxes Etc. USA, Inc. (the former franchisor company).

Headquartered in Atlanta, UPS is the world's largest express carrier and largest package delivery company, serving more than 200 countries and territories around the world with 2006 revenues of \$47.5 billion. (Source: UPS 2006 Annual Report to Shareholders.) Other than through its subsidiary MBE starting on April 30, 2001, UPS has not offered franchises for the same type of business as is described in this circular or any other business.

We maintain our principal place of business at 6060 Cornerstone Court West, San Diego, California 92121. We conduct business under the names The UPS Store and Mail Boxes Etc. We and our predecessor have, in aggregate, offered franchises for businesses similar to the type offered in this offering circular since June 11, 1980 and have offered area franchises by separate circular since August 2, 1982. The franchised businesses offered in this circular will operate under the The UPS Store name. We have been offering franchises for Centers located in the U.S. (excluding Guam and the U.S. Virgin Islands) exclusively under the The UPS Store name since approximately April 2003. Before that time, franchises for Centers were offered exclusively under the Mail Boxes Etc. name. Beginning in February 2003, we began a re-branding process for our system in the United States by which existing Centers meeting certain eligibility requirements would change their trade name from Mail Boxes Etc. to The UPS Store and change certain operating procedures, although the underlying business would remain the same. We colloquially have referred to this process in internal communications with franchisees and vendors as

“Gold Shield.” As of March 1, 2007 our domestic franchise network (not including Puerto Rico or the U.S. Virgin Islands) consists of approximately 4,436 Centers, of which approximately 4,253 are The UPS Store and approximately 183 are Mail Boxes Etc.

We expect that the percentage of Centers that are The UPS Store will continue to grow over time as existing Centers are renewed or transferred because any renewal or transfer must be completed under the The UPS Store name. So, if you are receiving this offering circular in connection with your renewal of your existing franchise or your acquisition of an existing Mail Boxes Etc. Center, you must upgrade and re-image the Center so that it is re-branded under the The UPS Store name and complies with our other current requirements for The UPS Store Centers. We no longer grant franchises in the United States under the Mail Boxes Etc. name. All new franchises are granted only under the The UPS Store name. {We continue to grant franchises for Centers under the Mail Boxes Etc. name only in Guam and the U.S. Virgin Islands. Outside the United States, we continue to grant international master franchises to master licensees who will subfranchise Centers (see next paragraph).}

We also sell master licenses in foreign countries under which the master licensee obtains the exclusive right to develop and operate Centers in one or more foreign countries and the right to sell franchises to others who, in turn, own and operate individual Centers. Most international Centers will be Mail Boxes Etc. but in the future some international Centers may be The UPS Store. We currently own and operate no The UPS Store Centers. We have not offered franchises in any other line of business. As of the date of this Offering Circular, we do not conduct any other business activities.

#### **Special Industry Regulation**

Various Federal, state, and local laws, rules, and regulations (“laws”) may impact the operation of your Center. Examples include: (i) United States Postal Service regulations, including certain forms and notifications to U.S. Postmasters, for example, filing a USPS Form 1583 on each mailbox customer you service, and complying with certain customer return addressing requirements; (ii) laws governing the shipment and transport of hazardous substances, alcoholic beverages, firearms, food, plants, agricultural products, animals; (iii) inspection of scales by the Dept. of Weights and Measures; and (iv) laws requiring you to accept service of process for customers in some States. In addition, many Centers offer notary services. Notaries are usually regulated by state laws, which may require fingerprinting and a competency test. Certain services such as money transfers/money orders may also require fingerprinting or a bond.

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

#### **Agents for Service of Process**

Our agents for service of process are listed in Exhibit 8.

**ITEM 2.**  
**BUSINESS EXPERIENCE**

**Vern Higberg, Director**

Mr. Higberg has been our Director since March 20, 2002 and is currently UPS, Inc.'s Vice President, Corporate Strategy and Retail Channel Management.

**D. Scott Davis, Director, Treasurer and Assistant Secretary**

Mr. Davis has been our Director, Treasurer and Assistant Secretary since April 2001. He has been Senior Vice President, Chief Financial Officer and Treasurer of UPS, Inc. since the first quarter of 2001. He became UPS, Inc.'s Vice Chairman in December 2006.

**Teri P. McClure, Director Secretary and Assistant Treasurer**

Ms. McClure has been our Director, Secretary and Assistant Treasurer since January 1, 2006 and since such time has also served as Senior Vice President-Legal and Compliance, General Counsel and Secretary for United Parcel Service, Inc. ("UPS"). From April 1, 1999 to December 31, 2005 she served as Corporate Legal Department Manager and District Manager for UPS in Atlanta, GA.

**Jerry Drisaldi, Director**

Mr. Drisaldi has been our Director since February 2004. From 1996 until August 2003, Mr. Drisaldi was Vice President of Sales for UPS within the Northeast Region. In September 2003, he became Vice President of Sales within the Corporate Retail Services organization. In February 2004, Mr. Drisaldi became Vice President, UPS Corporate Retail Services in Atlanta, GA, with responsibility for all of UPS's retail businesses.

**Stuart Mathis, President**

Mr. Mathis has been our President since October 1, 2002. He was our Executive Vice President of Operations from April 2001 until September 2002.

**Phillip B. Thomison, Vice President, Worldwide Operations**

Mr. Thomison has held his current position since February 22, 2007, when he added responsibility for domestic operations to his previous responsibility for operations outside of the U.S. From September 10, 2004 until February 22, 2007 he was responsible for domestic franchise sales plus franchise development and operations outside of the U.S. Mr. Thomison was our Vice President, Domestic Franchises Sales from May 19, 2003 to September 10, 2004. From November 3, 1998 through May 16, 2003 he was UPS, Inc.'s Director of Sales for Southeast California.

**Mahasty Seradj, Senior Vice President – Finance/Controller**

Ms. Seradj has been our Senior Vice President Finance/Controller since April 2001.

**Donald L. Higginson, Senior Vice President - Franchise Relations**

Mr. Higginson has been our Senior Vice President - Franchise Relations since April 2001.



**Walter Timothy Davis, Vice President, Technology**

On January 19, 2005, Tim Davis became our Vice President, Technology. From March 11, 2004 until January 9, 2005 he was General Manager of iShip, Inc. (a wholly-owned, independent subsidiary of United Parcel Service) based in Bellevue, Washington. Tim Davis was our Vice President, Technology on February 28, 2002 until March 10, 2004.

**Efrain Inzunza, Vice President, Industrial Engineering**

Mr. Inzunza has been our Vice President, Industrial Engineering since May 1, 2003. From May 2003 through October 2005 he also was our Vice President of Product Development & Management. From February 2003 until April 2003, he was our Northeast Region Area Coordinator. From August 2002 through January 2003, he was a project manager at UPS Retail Services in Atlanta.

**Tom Crockett, Vice President, Worldwide Sales and Marketing**

Mr. Crockett began this position on February 22, 2007. He became our Vice President of Marketing on August 30, 2004. From August 2003 until August 2004, he provided freelance marketing consulting services. From January 2002 through August 2003, Mr. Crockett was Senior Director, Strategy and Innovation for McDonald's Corporation (East Division) in Philadelphia, Pennsylvania.

**Debra Kaufman Abate, Vice President, General Counsel and Assistant Secretary**

Ms. Abate has been our Vice President, General Counsel and Assistant Secretary since April 2001.

**Kevin Foley, Vice President, Learning & People Services**

Kevin Foley became our Vice President of Human Resources and Learning on February 7, 2005. From January 2003 through February 2005, Kevin was UPS's Human Resources Manager in the Great Basin District in Salt Lake City, Utah. From January 2002 through December 2002, Kevin was UPS's Workforce Planning Manager in Buffalo, New York.

**Sherrie E. Wehner, Vice President, Product Development & Management**

Ms. Wehner became our Vice President, Product Development & Management in October 2005. From April 2004 to October 2005 she was our Region Coordinator, Vice President of International Operations. From February 2003 to April 2004 she was our Region Coordinator, Southwest Region. From August 2001 through January 2003 she was our Executive Director, Strategic Marketing.

**Yuki Takai, Vice President, Worldwide Sales**

Ms. Takai began this position on February 22, 2007, managing both international and domestic sales, real estate development, and design and construction. From May 2004 until February 22, 2007, she managed our franchise development outside of the U.S. From 2002 to May 2004, Ms. Takai worked for UPS as Southeast Region International Sales Manager.

**Area Franchisees:** As disclosed in Item 1, Area Franchisees assist us in providing services to franchisees. Information concerning our Area Franchisees for the State in which your proposed Option Territory or franchise Territory is located is in the attached Exhibit "9."

**ITEM 3.**  
**LITIGATION**

1. Carl M. Jacobson, et al. v. Mail Boxes Etc. USA, Inc. and Lawrence Ovian (Middlesex County Superior Court, Massachusetts, Civil Action #92-2746, filed April 1992.) In this case, the plaintiff franchise owners alleged breach of contract, misrepresentation and breach of fiduciary duty and sought damages in excess of \$250,000. Our predecessor filed an answer denying all allegations and filed counterclaims. In February 1995, the trial court dismissed all the fraud claims, the fiduciary duty claim and one contract claim. The jury found in favor of our predecessor on the remaining breach of contract claims, but found in favor of Graham on the unfair business practices claim and awarded \$167,000 in damages plus approximately \$70,000 in attorneys' fees. The Court of Appeals affirmed the trial court's judgment on July 8, 1997, and the Supreme Judicial Court of Massachusetts denied our predecessor's Application for further appellate review. On August 18, 1997, our predecessor settled this matter with all plaintiffs for the sum of \$415,000.
2. Mail Boxes Etc. USA, Inc. v. B. J. Postals Service Corp., and Edgar L. Trocke (Superior Court of California, County of San Diego, Case #663854, filed April 1993.) Our predecessor filed suit against a former franchise owner and an individual obligor/guarantor for breach of contract and breach of equipment lease agreement. In July 1993, the defendant franchise owner filed an answer and cross-complaint seeking relief for fraud, breach of contract, breach of fiduciary duty, unfair business practices, and tortious breach of the implied covenant of good faith and fair dealing. Based upon discovery, it is believed that the Defendant franchise owner sought damages in excess of \$100,000 and approximately \$250,000 in punitive damages in addition to unknown damages for emotional distress. This case was consolidated with the Helm case below at Item No. 4. Reference should be made to that case for further discussion of the status of this case.
3. Helm Group, et al. v. Mail Boxes Etc., USA, Inc. (Circuit Court of the Eighteenth Judicial Circuit in Seminole, Florida, Case #92-2487-CA15K, filed September 22, 1992). Plaintiff franchise owners filed their actions alleging breach of contract, fraudulent inducement, rescission, and breach of good faith in entering into their franchise agreement and sought compensatory damages in excess of \$15,000 and punitive amounts unknown and believed to be in excess of approximately \$250,000. Our predecessor filed a motion to transfer for lack of venue and a motion to dismiss. The motion to transfer was granted, and plaintiffs dismissed the action upon transfer to the federal court in San Diego. Our predecessor also filed a complaint against The Helm Group, et al., in San Diego Superior Court on October 19, 1992 (Case #657375) alleging breach of contract for failure to pay royalties. The Helm Group removed the case to federal court in San Diego, (Case #92-1870) and filed a motion to dismiss for lack of venue, which was granted. The case was dismissed.
4. Melanie Helm, et al. v. Mail Boxes Etc., Inc. (Superior Court of California, County of San Diego Case #66935, filed on October 5, 1993.) Plaintiff franchise owners filed another complaint alleging fraud in the inducement/concealment, breach of contract, unfair business practices, breach of fiduciary duty and breach of the implied covenant of good faith and fair dealing. Plaintiff franchise owners in this action consisted of the Plaintiffs in the Florida action and eight other alleged current or former franchise owners. By stipulation of the parties, this action was consolidated for discovery purposes with the action entitled Mail Boxes Etc. USA, Inc. v. B. J. Postal Services Corp., discussed above at Item No. 2. On or about March 1994, plaintiffs filed a second amended complaint adding six additional franchise owners as Plaintiffs. Our predecessor filed an answer and a cross-complaint against a majority of the franchise owner plaintiffs seeking

relief for breach of contracts, breach of equipment leases, indemnity, inducing breach of contract, tortious interference with contractual relations and common counts. Our predecessor resolved the dispute with one of the franchise owner plaintiffs, who dismissed his claims against our predecessor. On May 24, 1995, the Court decided to proceed with actual trial of the cases of four of the franchise owners as "test cases" in an attempt to help resolve the entire matter. In March 1996, the franchise owners sought to add claims for alleged violation of the California Franchise Investment Act. The court denied the test case franchise owners' request to add the claims but granted the motion as to the remaining plaintiffs. In its final ruling, the court granted our predecessor's motions and dismissed the causes of action relating to earnings claims and working capital and denied the motions relating to the "success rate," unfair business practices and negligent misrepresentation claims. Trial commenced in October 1996. In the course of trial, the parties agreed to settle the four test cases in addition to the following: all but one franchise owner's claims in the Helm action (Item No. 4 – above); all but two franchise owners' claims in the Conklin action (Item No. 6, below); the Watson action (Item No. - 7, below); and the Hider action (Item No. 5, below). Under the comprehensive settlement agreement, in which our predecessor did not admit liability, our predecessor paid \$4 million in cash and delivered approximately 39,080 shares of its common stock. It was also agreed that all of the MBE franchise owners involved in the settlement who were no longer in the MBE franchise system would completely de-identify as MBE franchises, including removal of any remaining MBE trademarks and logos from their businesses.

5. Mail Boxes Etc. USA, Inc. v. Hider, et al. (Superior Court of California, County of San Diego, Case #678314, filed in June of 1994.) Our predecessor filed this action for collection of unpaid promissory notes against a former franchise owner and individual obligors/guarantors. The franchise owner and individual defendants filed an answer and cross-complaint, which, in essence, mirrored the second amended Complaint in the Helm action (Item No. 4 – above). This matter was stayed by the court pending resolution of the four test cases and was settled as discussed in Item 4, above.
6. Conklin, et al. v. Mail Boxes Etc. USA, Inc. (Superior Court of California, County of San Diego, Case #680260, filed August 26, 1994.) This case was filed by nine franchise owner plaintiffs and also mirrored the second amended complaint in the Helm action (Item No. 4 – above). Plaintiffs sought compensatory damages in an unknown amount, \$250,000 each in punitive damages, and damages for emotional distress. This matter was stayed by the court pending resolution of the four test cases and was settled as discussed in Item 4, above.
7. Mail Boxes Etc. USA, Inc. v. Arthur Watson, et al. (Superior Court of California, Santa Clara County, Case No H-178982-5, filed September 1994.) Our predecessor filed this action seeking damages in excess of \$60,000 for breach of the Franchise Agreement, breach of the equipment lease and for repossession of leased equipment. The court denied on equitable grounds, but without prejudice, our predecessor's request for a writ of possession. Defendants filed a counter-claim similar to the claims of the franchise owners in the Helm case (Item No. 4 – above). The court, upon a motion to transfer, transferred the case to San Diego, California. This case was stayed pending trial of the four test cases and was settled as discussed in Item 4, above.
8. Mail Boxes Etc. USA, Inc. v. Bruce Gardner, et al. (Superior Court of Arizona, Maricopa County, Case No. CV94-19764, filed on or about December 9, 1994.) Our predecessor filed suit against a former franchise owner who did not renew his Franchise Agreement. Our predecessor sought to enforce post-term provisions in the Franchise Agreement and requested an accounting, specific performance and injunctive relief. Following a trial in June 1995, the court issued its

order awarding our predecessor injunctive relief, including the right to take possession of the business premises, operate the business as the former franchise owner's agent, sell the business as an MBE franchise, and assign the business phone number to our predecessor, with monetary damages for unpaid royalties for the period the former franchise owner operated as an independent business, and reasonable attorneys' fees incurred by the plaintiff. Defendants filed an appeal, which was denied, and the trial court judgment was upheld. Defendants sought a motion for reconsideration, which was denied. The parties agreed to resolve the judgment in this matter under which the Defendant turned over possession of the business premises to our predecessor and paid the sum of \$43,000 to our predecessor.

9. Mail Boxes Etc. USA, Inc. v. Nick DeLeone, et al. (Superior Court of California, San Diego, Case No. 686575, filed March 17, 1995.) Our predecessor filed this action against franchise owners to collect past due royalties and other sums, among other claims for relief. The franchise owners filed a separate action against MBE and an Area Franchisee, Donna D. Vandenburg, et al. v. Mail Boxes Etc. USA, Inc., (Case No. 687510). After our predecessor and the other defendants filed motions to dismiss that complaint, the plaintiff franchise owners voluntarily did so. Our predecessor added causes of action to the original case including requests for enforcement of the post-term covenants, fraud, interference with economic advantage, injunctive relief and relief for trademark infringement. The parties agreed in April 1997 to settle this matter with the Defendants paying our predecessor \$52,000, assigning to our predecessor any rights they claim to the mark "Etc. Etc." and completely de-identifying as an MBE franchise, as well as agreeing to other miscellaneous items.
10. LRM Little Boxes, Inc. and Linda Mike v. Mail Boxes Etc. USA, Inc., et al. (District Court of Minnesota, County of Hennepin, Fourth Judicial District, no case number assigned, filed on or about December 1994.) A franchise owner in Minnesota filed this action against our predecessor, its officers and directors and Tera MB Corp., the Area Franchisee, and its officers, including Robert Clausen. The complaint alleged, among other things, violation of the Minnesota Franchise Act, common law fraud/misrepresentation, breach of contract, breach of implied covenant of good faith and fair dealing, unjust enrichment, and promissory estoppel. The matter was submitted to binding arbitration in June 1995, with the arbitrator awarding \$49,252 to the franchise owner, terminating the franchise as of May 7, 1995, and directing the respondents to assume the franchise owner's obligations under the real estate and equipment leases.
11. Emmy Associates, Inc. v. Mail Boxes Etc. USA, Inc. et al. (District Court of Minnesota, County of Hennepin, Fourth Judicial District, no case number assigned, served May 1995.) A franchise owner commenced suit against our predecessor and Robert Clausen, an officer of the Area Franchisee alleging, among other things, fraud/misrepresentation, breach of fiduciary duty, breach of contract, and injunctive relief to prohibit our predecessor from terminating the Franchise Agreement for the franchise owner's failure to pay royalties and other sums due to our predecessor. Our predecessor denied the allegations. This matter settled through mediation in January 1997. The terms of the settlement allowed Emmy Associates to disenfranchise including full de-identification within 90 days of January 16, 1997. The Franchise Agreement of Emmy Associates Inc., was terminated under the Settlement Agreement. Also, under the Settlement Agreement, another MBE franchise may not open for business within one mile of the site occupied by Emmy Associates for a period of six months.

12. Mail Boxes Etc. USA, Inc. v. Meryl R. Robertson and Sue Robertson (Superior Court of Arizona, Maricopa County, Case No. CV-95-13687, filed on or about August 21, 1995.) Our predecessor filed suit against former franchise owners who did not renew their Franchise Agreement. Our predecessor sought to enforce post-term provisions in the Franchise Agreement and requested specific performance and injunctive relief in addition to its breach of contract and trademark infringement claims. The court granted the defendants' motion for summary judgment in September 1996 as to our predecessor's contract claims and denied our predecessor's motion. The matter settled in January 1999, with our predecessor and the Area Franchisee acquiring the Center and the defendant franchise owners agreeing not to compete with our predecessor for two years.
13. Execucenters, Inc. v. Mail Boxes Etc. USA, Inc. (U.S. District Court, District of Connecticut, Case No. 396CV87PCD, filed on January 18, 1996.) An Area Franchisee sought injunctive relief to enjoin our predecessor from terminating the Area Franchise rights for failing to renew. The court granted the request for injunctive relief. The Area Franchisee also filed a complaint with the American Arbitration Association in Connecticut (Case No. 7311400125 96LDP), which was transferred to San Diego, California. Our predecessor filed a response and a counter-claim, which it later dismissed, pursuing only its affirmative defenses. Prior to commencing the arbitration hearing, the parties participated in a mediation, which ultimately resulted in a settlement of this matter in December 1996. Our predecessor repurchased the Area for \$180,000.
14. Brian T. Flynn and KBF, Inc. v. Mail Boxes Etc. USA, Inc. and Steven D. Lubrano (Superior Court, Commonwealth of Massachusetts, Barnstable Division, Case No. 96-181, filed on or about March 1996.) A former franchise owner filed an action seeking damages against our predecessor and a former Area Franchisee, alleging breach of contract, fraud, breach of fiduciary duty and violation of M.G.L.C. 93A. Our predecessor then removed this action to federal court. The matter was subsequently settled with our predecessor paying \$8,000 to Plaintiff and with Plaintiff returning certain equipment to our predecessor.
15. Pauline Empie, Beverly Parrish and Donald Parrish v. Mail Boxes Etc. (Superior Court of California, San Diego Judicial District, Case No. 698781, filed April 2, 1996.) Two groups of MBE franchise owners filed a complaint alleging violation of the California Franchise Investment Law, fraud, unfair trade practices and negligent misrepresentation. This matter was subsequently stayed pending trial of the four test cases referred to in Item 4, above. In December 1996, our predecessor and Empie agreed to resolve this matter with Empie agreeing to pay our predecessor the sum of \$3,500 and being permitted to sell the business as an independent business. The Parrish matter was settled in June 1997 by agreement in which our predecessor waived certain accounts receivable and paid \$82,500 to Beverly Parrish.
16. Shahid Sheikh, William Calvin and Leveta Calvin v. Mail Boxes Etc. USA, Inc. (California Superior Court, County of San Diego, Case No. 703809, filed September 18, 1996.) The owners of two MBE franchises filed a complaint alleging fraud, violation of the California Franchise Investment Law, unfair business practices and negligent misrepresentation. The complaint is virtually identical to the amended complaint filed in the Empie matter, discussed in Item 15, above. Plaintiffs sought general and punitive damages according to proof, an injunction prohibiting alleged unfair business practices, restitution of money and property allegedly obtained as a result of such alleged unfair practices, and attorneys' fees. The parties reached a settlement in June 1998, which involved our predecessor waiving a portion of its back-due royalties and lease payments.

17. Howard Perlman, et al. v. Mail Boxes Etc. USA, Inc., et al. (Superior Court of California, County of Sacramento, Case No. 97 ASO 1119, filed March 1997.) Howard Perlman, a former Area Franchisee and former officer of our predecessor, filed suit against our predecessor. The complaint alleges breach of contract, misrepresentation, infliction of emotional distress, wrongful termination, and other related causes of action, in connection with the respective financial obligations of the parties, the former employment of Mr. Perlman with our predecessor, and a transaction involving a particular MBE center owned by Mr. and Mrs. Perlman. The Complaint sought compensatory and exemplary damages and attorneys' fees. Other Plaintiffs included Mr. Perlman's wife, Charmaine Perlman, and a corporation owned by Mr. and Mrs. Perlman, MBGMS, Inc. In a separate action, Mail Boxes Etc. USA, Inc. v. Howard L. Perlman and Charmaine Perlman (California Superior Court, County of Sacramento, Case No. 97ASO1187, filed March 1997.), our predecessor filed an action against Howard and Charmaine Perlman for declaratory relief and an injunction, including a cause of action for judicial foreclosure of collateral, primarily consisting of six MBE Centers, under a promissory note and a security agreement executed by Howard and Charmaine Perlman in favor of our predecessor. Our predecessor obtained temporary judicial relief to take possession of and operate certain Centers in order to protect and preserve our predecessor's collateral and to assist the customers of the MBE Centers. In June 1997, the parties reached a preliminary overall settlement agreement which attempted to resolve all of the parties' claims, including those relating to Mr. Perlman's allegations of unlawful termination, all matters regarding Mr. Perlman's MBE Center and the financial obligations of both parties. In September 1997, the parties reached a settlement in this case whereby our predecessor paid Perlman \$233,650.00; all promissory notes between the parties were canceled; and our predecessor assumed responsibility for six MBE Centers in Sacramento formerly owned by Perlman.
18. Marty L. Johnson, et al. v. Mail Boxes Etc. USA, Inc., et al. (Washington Superior Court, King County Case No. 97-2-10379-7KNT, filed May 1997.) Marty L. Johnson and Cindy L. Johnson, former MBE franchise owners, filed suit in Washington Superior Court against our predecessor, Tim Wagner and Linda Wagner (former Area Franchisees in Washington) and New Dimensions Inc., a corporation controlled by Mr. and Mrs. Wagner. The Complaint alleges that the Wagners made misleading earnings claims, that the franchise that the Plaintiffs purchased in 1995 was sold in violation of disclosure obligations under Washington law, and that the Wagners were not registered as sub-franchisors with Washington as required by the Franchise Investment Protection Act. The Complaint sought rescission, damages, exemplary damages and attorneys' fees. Our predecessor counter-claimed for past due royalties and fees. Our predecessor's motion for partial summary judgment was granted in November 1998, leaving only claims of alleged technical violations of Washington law. A second summary judgment motion, filed by our predecessor, was granted in March 1999, with the Court ruling that the Area Franchisees were not sub-franchisors as defined in Washington law, and the court then dismissed all the Johnson's claims. The Washington State Court of Appeals affirmed the lower court ruling for our predecessor and the dismissal of the action.
19. MB Business Services, Inc., Paul Rosedale and Elizabeth Rosedale v. Mail Boxes Etc. USA, Inc. (Superior Court of New Jersey, Passaic County, Case No. L-522-98, filed January 20, 1998 and removed to United States District Court, District of New Jersey, Civil Action No. 98-695, February 13, 1998.) MB Business Services, Inc., Paul Rosedale and Elizabeth Rosedale, former Area Franchisees who had been terminated for breach of their franchisee support obligation, alleged breach of contract, tortious interference with economic relationships and violation of New Jersey's Franchise Practices Act. The complaint asked for damages, punitive damages, a declaration of constructive trust and attorneys' fees. On February 13, 1998, our predecessor

removed the action to the District Court and answered the complaint. Our predecessor interposed a counter claim for monies due on various promissory notes, as well as royalties and other fees due on individual MBE Centers owned by Plaintiff. Mediation on October 20, 1998 resulted in a complete settlement wherein our predecessor's termination of the Area Franchise was confirmed, and defendant agreed to pay plaintiffs \$1.5 million over five years.

20. Randy Ingram and Shannon Ingram v. Mail Boxes Etc. USA, Inc., Howard L. Perlman, Charmain Perlman and Does 1 through 50, inclusive, (Superior Court of the State of California, County of Sacramento, Case No. 98AS00310, filed January 21, 1998.) Plaintiffs brought an action against our predecessor and a former Area Franchisee, Howard and Charmaine Perlman, in connection with a transaction in which plaintiffs had contracted with Mr. and Mrs. Perlman to purchase an MBE Center owned by the Perlman's. Plaintiffs alleged that the Perlmans and our predecessor acted wrongfully in connection with a demand by our predecessor for monies due our predecessor from the Perlman's. Plaintiffs alleged causes of action against MBE for intentional misrepresentation, negligent misrepresentation, violation of California Corporations Code sections 31001 and 31300, and intentional interference with contractual relationship. The complaint asked for general, special and exemplary damages. Our predecessor and the Ingrams settled at mediation on November 2, 1998, whereby our predecessor agreed, without an admission of any liability, to payment of \$25,000 to the Ingrams, conditioned upon approval by the Court of a good faith settlement under California Code of Civil Procedure Section 887.6 and a full release. The Ingrams' complaint against our predecessor was dismissed without prejudice on January 14, 1999.
21. Back to Texas, Inc., a Texas Corporation, and Karl P. Matlage, an Individual v. Mail Boxes Etc. USA, Inc., a California Corporation; Phoenix Leasing Incorporated, a California Corporation; COH, Ltd., a Texas Limited Partnership; and Larry Brooks, an Individual (District Court, Travis County, TX, 345 the Judicial District, Case No. 98-01618, filed on February 13, 1998.) Plaintiff filed an action against our predecessor and an Area Franchisee, Larry Brooks, COH, Ltd. (a lessor), and Phoenix Leasing Incorporated (a lender) in connection with plaintiff's purchase of an existing MBE Center. Plaintiff alleged that defendants acted wrongfully in failing to inform plaintiff about various aspects of the transaction, including the cost of operations of the franchised business, details concerning the financing being provided to plaintiff, and details regarding the assignment of the ground lease which covered the MBE Center involved in the transaction. Plaintiff had paid and/or obligated itself to pay approximately \$36,350.00 to defendant Phoenix Leasing in connection with the transaction. The plaintiff pled claims for misrepresentation and deceit, breach of contract, and civil conspiracy and sought a declaratory judgment that all contracts involved in the transaction were null and void. Plaintiff asked for general damages, declaratory judgment and attorney's fees. On May 22, 1998, all parties agreed to a settlement of this action, which involved a new MBE Franchisee taking over the MBE Center and various parties paying defendant Phoenix Leasing a total of \$30,000, including \$11,200 paid by plaintiff; \$10,000 paid out of the proceeds of the sale of the MBE Center to the new Franchisee; and the payment of \$8,800 by our predecessor. Dismissal of this action was filed June 26, 1998.
22. MBE v. Considine (United States District Court, Western District of Washington, Case No. 98-1472 WD, filed October 16, 1998.) Our predecessor filed suit against a former franchise owner for enforcement of the post-term covenants, breach of contract and injunctive relief. The franchise owner counter claimed, alleging violation of Washington's Franchise Investment Protection Act and Consumer Protection Act, breach of contract, tortious interference with contractual relations, and negligent and intentional emotional distress. Our predecessor filed a

motion for summary judgment seeking a permanent injunction to enforce the covenant against competition and, alternatively, a preliminary injunction enforcing the non-competition covenant. Considine filed a cross motion for summary judgment, which was granted. Our predecessor's request for an expedited appeal to the Ninth Circuit Court of Appeals was allowed, with oral argument in March 2000. The court denied plaintiff's appeal on July 11, 2000 in an unpublished opinion. The case was resolved with our predecessor paying \$26,500 to Considine for attorneys' fees.

23. Steinberg, as Trustee of the Bankruptcy Estate in re: Harvey E. Carter and Nancy R. Carter v. MBE, Tim Wagner and Linda Wagner (Washington State Superior Court, County of King, Case No. 98-2-12064-9 KNT, filed May 28, 1998.) The Trustee for the Bankruptcy Estate of Harvey E. Carter and Nancy R. Carter, former MBE franchise owners, filed suit in Washington Superior Court against our predecessor, Tim Wagner and Linda Wagner (former Area Franchisees in Washington) and New Dimensions Inc., a corporation controlled by Mr. and Mrs. Wagner. The Complaint was identical in almost all respects to that filed by Mr. and Mrs. Marty Johnson, discussed above in Item 19, and was filed by the same attorney. Our predecessor filed its Notice of Appearance in December 1998, and the action has not been pursued further by the plaintiffs.
24. Mail Boxes Etc. USA, Inc. v. USA Technologies Inc. (U.S. District Court, Southern District of California, Case No. 98 CV 18847S (LSP), filed September 3, 1998) and In the Matter of USAT v. MBE (American Arbitration Association, Claim No. 73 Y 18000353 98 NEM, filed September 28, 1998.) Our predecessor filed this action in the San Diego County Superior Court against USA Technologies " ("USAT") as the result of alleged failure of the credit card technology provided by USAT for the ICW computer work station system. The complaint sought rescission and damages for breach of contract and money had and received. USAT removed to federal court and filed an arbitration demand in Pennsylvania with the American Arbitration Association on September, 1998, claiming that our predecessor breached the joint venture agreement between USAT and our predecessor for the distribution and marketing of the MBE Business Express units. On May 13, 1999, the agreement between USAT and our predecessor was terminated. Our predecessor successfully moved the arbitration to San Diego, and the parties agreed to combine both actions in federal court in San Diego. USAT filed a counterclaim in federal court, alleging breach of fiduciary duty and the implied covenant of good faith and fair dealing, trade libel and claims for money had and received. USAT demanded several million dollars for settlement. This matter was ultimately settled with USAT paying \$160,000 to our predecessor which was paid to participating MBE franchisees to reimburse them for their out of pocket expenses.
25. Allan B. Ho, on behalf of himself and all others similarly situated v. Mail Boxes Etc. USA, Inc. and Mail Boxes Etc. Center #2710 and Nancy Newport, individually (Circuit Court of Cook County, Illinois, County Department, Chancery Division, Case No. 99 CH 03657, filed March 9, 1999.) This case was filed as a class action complaint against our predecessor and one of its franchisees. Allan Ho (the current named class representative) purchased packaging and shipping services from our predecessor and was charged a mark-up over the U.S. postal rate. Ho alleged that, through the training and instruction and cash register software package provided to its franchisees, our predecessor has acted and continues to act to conceal the fact and amount of its postage mark-ups from consumers. Ho further alleged that our predecessor's practices violate the Illinois Consumer Fraud Act (the "ICFA") and that it is liable to the class under an unjust enrichment theory to disgorge all stamp sale and meter mail "profits." The Court certified a class of Illinois residents who (i) used Store 2710 or any other franchisee to



send packages through the U.S. Postal Service at any time after March 9, 1994; (ii) paid an amount for postage, stamp sales or metered mail that exceeded the actual postage required to be affixed by the U.S. Postal Service; and (iii) were not informed by MBE or its franchisees that the amount charged for postage, stamp sales or metered mail exceeded the postage required to be affixed for the U.S. Postal Service. On March 24, 2004, the Court granted Ho leave to file his Second Amended Complaint naming Mail Boxes Etc., Inc., United Parcel Service General Services Co., and United Parcel Service, Inc. (collectively the "UPS Entities") as defendants in the action and asserting claims under the ICFA and various conspiracy and fraudulent conveyance claims. Our predecessor and the UPS Entities filed motions to dismiss the Second Amended Complaint. On August 12, 2004, the Court granted these motions without prejudice. Thereafter, on September 2, 2004, Ho filed his Third Amended Complaint, again naming our predecessor and the UPS Entities as defendants. Defendants filed motions to dismiss. On January 24, 2005, the Court dismissed the ICFA and conspiracy claims against United Parcel Service General Services Co., and United Parcel Service, Inc. with prejudice, then dismissed with leave to replead the conspiracy claims against our predecessor and Mail Boxes Etc., Inc., the fraudulent conveyance claims against our predecessor and Mail Boxes Etc., Inc. and the conspiracy to fraudulently convey assets claim against our predecessor and Mail Boxes Etc., Inc., United Parcel Service General Services Co., and United Parcel Service, Inc. On February 10, 2005, Ho filed his Fourth Amended Complaint, naming only our predecessor, Mail Boxes Etc., Inc., Store 2710 (franchisee) and Nancy Newport as defendants. The defendants filed motions to dismiss the civil conspiracy and fraudulent conveyance claims and their respective motions were granted. Thereafter, defendants filed a motion to decertify the class. Soon after the filing of this motion, the parties entered into a Stipulation and Settlement Agreement to resolve this action on terms satisfactory to all parties involved. The Court preliminarily approved the terms of the settlement, however, on December 19, 2006, the Court refused to grant final approval of the settlement.

26. Jairo Adriano da Silva Filho v. Mail Boxes Etc. USA, Inc. (Superior Court for the State of California, County of San Diego, Case No. GIC 736425, filed October 1, 1999.) Plaintiff claims damages resulting from our predecessor's alleged misrepresentation at the time of sale of the Master License and alleged lack of support in breach of contract. On May 11, 2001, our predecessor prevailed on a motion for summary adjudication. The court dismissed Adriano's claims for intentional misleading statements, negligent misrepresentation, breach of the implied covenant of good faith and fair dealing, rescission, restitution and the request for punitive damages. One cause of action for breach of contract survived. Without an admission of any liability, the parties reached a settlement in which our predecessor paid \$250,000 to Adriano in exchange for Adriano relinquishing all contractual Master License rights over the territory at issue and a full release.
27. Stanislav Bakulin v. Mail Boxes Etc. (U.S. District Court, Eastern District of Pennsylvania, Case No.: 00CV4364, filed August 25, 2000.) Stanislav Bakulin filed a complaint against our predecessor for illegal trade, illegal charges, fraud, breach of contract and negligence. Bakulin sent a package through an MBE Center, which allegedly was not received at the proper location. Bakulin claimed that as a result of the package not arriving at the proper destination, he suffered damages. Bakulin sought compensatory damages in the amount of \$176,000 and punitive damages in the amount of \$1,765,000. Bakulin sued our predecessor claiming that as a common carrier, our predecessor was required to register with the Public Utility Commission in Pennsylvania. Bakulin further alleged that our predecessor breached the shipping contract, defrauded him and was negligent in failing to deliver his package to the proper destination. Our predecessor denied all allegations contained in the complaint and filed a motion to dismiss

which was granted on March 23, 2001.

28. Mail Boxes Etc. USA, Inc. v. Francis DeLeone, Patricia DeLeone, DeLeone Investment Group and DeLeone Investment Group III. (Superior Court for the State of California, County of San Diego, Case No.: GIC 744663, filed May 8, 2000.) Our predecessor filed suit against DeLeone et al. for breach of contract related to the non-payment of royalties for five (5) MBE Centers. DeLeone cross-complained against our predecessor for violations of the California Franchise Investment Act, negligent misrepresentation and rescission. DeLeone was a former Area Franchisee who entered into a written contract with our predecessor modifying the terms of three (3) MBE Centers when the area was sold. DeLeone alleged that the modification of these three (3) MBE Centers violated the California Franchise Investment Act. Our predecessor filed a motion for summary judgment against DeLeone. DeLeone responded with a motion for summary judgment against our predecessor. DeLeone's motion was denied in its entirety. Our predecessor's motion for summary judgment was granted in part and denied in part. However, the court did rule that DeLeone owed back due royalties and penalties. The parties reached an agreement in which all MBE Centers remain in the network, and DeLeone paid over \$300,000 in back due royalties, late fees and penalties.
29. Pareesh N. Shah v. US Office Products Company and Mail Boxes Etc. (U.S. District Court for the District of Maryland, Case No.: MJG 00CV2429, filed August 11, 2000). Shah sued our predecessor alleging breach of contract, violation of the Maryland Uniform Trade Secrets Act, breach of confidence, breach of fiduciary duty, conversion and breach of the implied covenant of good faith and fair dealing. Shah alleged that our predecessor misappropriated a confidential idea named SafeXchange in which our predecessor would operate as an Internet escrow service for packages purchased over the Internet. Our predecessor denied the allegations. Our predecessor further maintains that it was independently working on this concept prior to Shah and that the concept was readily available in the public domain. Although our predecessor denied any wrongdoing and vigorously disputes plaintiff's allegations, our predecessor agreed to pay \$400,000 to plaintiff in exchange for a full release and settlement of this claim.
30. Supply Side, Inc., v. Mail Boxes Etc. USA, Inc. (U.S. District Court, Northeastern District of Ohio, Eastern Division, Case No.: 1:00 CV 2210, filed September 1, 2000). Supply Side sued our predecessor for unfair competition, trade dress infringement, false advertising, palming off and copyright infringement. Our predecessor counterclaimed against Supply Side for unfair competition, trade dress infringement, false advertising, palming off and trademark infringement. Supply Side was a former vendor of our predecessor that supplied shipping, mailing and office supplies to MBE Centers, which were used to ship specific items such as CD's and tapes. Our predecessor terminated the agreement with Supply Side on or about May 12, 1997. Following the termination of the agreement, our predecessor entered into another agreement with a different distributor of shipping, mailing and office supplies. Supply Side alleged that the trade dress of the new shipping and mailing products infringed on Supply Side's trade dress. Our predecessor responded to the complaint alleging that it did not infringe on Supply Side's trade dress. Rather, our predecessor alleged that Supply Side infringed on the MBE trade dress and illegally used the MBE trademarks. Following the filing of the counterclaim Supply Side quickly entered into settlement discussions with our predecessor. This matter was resolved with no money being exchanged between the parties and the case has been dismissed.
31. Jerry N. Horn v. Mail Boxes Etc. et al. (U.S. District Court for the Southern District of Alabama, Southern Division, Case No.: 00-1108-RV-C, filed November 16, 2000). Jerry Horn sued our predecessor and the Neely Key Company (area franchisee) for fraud, suppression of material

facts, deceit, breach of contract, breach of fiduciary duty and unfair business practices. Horn requested compensatory damages in the amount of \$200,000 and punitive damages in the amount of \$500,000. This matter was originally filed in the Circuit Court of Baldwin County, Alabama. Our predecessor removed the matter to federal court in Alabama and subsequently had the matter transferred to the U.S. District Court, Southern District of California in San Diego, pursuant to the franchise agreement with Horn. Horn alleged that our predecessor failed to disclose demographic information related to the sale of a franchise which was material. Horn further alleges that had this demographic information been disclosed, Horn would not have purchased the franchise. Following the transfer of this matter to the U.S. District Court, Southern District of California in San Diego, the matter was dismissed without prejudice by the court on February 6, 2002 for failure to prosecute.

32. Wayne Smith v. Mail Boxes Etc. USA, Inc., BSG Holdings Subsidiary, Inc., Mail Boxes Etc., Inc., and Wesley David and Sonya Davis. (U.S. District Court, Eastern District of California, Case No. CIV S-01-2271 WBS DAD, filed December 11, 2001). Plaintiff alleged that an additional fee charged by MBE Centers to assist customers with monetary compensation in the event of loss or damage to a package violates various consumer laws. Plaintiff sued MBE and a putative class of its franchisees was also named as defendants in this case. The case was consolidated with pending litigation against UPS and other defendants in a multi-district litigation proceeding relating to the collection of premiums for reinsured excess value ("EV") insurance ("MDL Proceeding") in federal district court in New York. In late 2003, the parties reached a global settlement resolving all claims and all cases in the MDL Proceeding and releasing claims asserted against all defendants, as well as Mail Boxes Etc., Inc. franchisees. In reaching the settlement, all of the defendants expressly denied any and all liability. On July 30, 2004, the court issued an order granting final approval to the substantive terms of the settlement. No appeals were filed and the settlement became effective on September 8, 2004. Pursuant to the settlement, UPS provided qualifying settlement class members (including MBE franchisees and customers of MBE franchisees) with vouchers toward the purchase of specified UPS services (available directly from UPS or from participating MBE franchisees) and agreed to pay the attorneys' fees and costs. Other defendants contributed to the costs of the litigation and settlement. The vouchers expired in July 2005 and the value of services for which vouchers were redeemed totaled \$5 million. On November 2, 2005, the court issued an order awarding plaintiffs' counsel fees and costs in the total amount of \$3 million. Payment of the plaintiffs' counsels' fees has not yet occurred because certain objectors to the settlement have appealed the court's decision to award no fees to objectors' counsel. The settlement did not have a material effect on MBE.'s financial condition, results of operations, or liquidity.
33. TSM Services, Inc., Raymond Marble and Mary Marble v. Mail Boxes Etc. USA, Inc. (U.S. District Court for the District of Minnesota, removed to federal court March 21, 2002). Plaintiff sued our predecessor for rescission of a franchise agreement and alleges violations of the California Franchise Investment Act, the Minnesota Franchise Act and the Minnesota Consumer Fraud Act. Jurisdiction over this matter originated in the State of Minnesota, County of Washington, District Court, Tenth Judicial District. However, on or about March 21, 2002, our predecessor removed this matter to the U.S. District Court for the District of Minnesota. The parties reached an agreement in which our predecessor paid plaintiff \$97,500. The MBE Center at issue remains in the system subject to all terms and conditions contained in the franchise agreement, with the exception of an early termination option.
34. Noho Enterprises, Inc., vs. Mail Boxes Etc. USA, Inc. and Mail Boxes Etc., Inc. (Demand for arbitration before JAMS, Reference No.: 1400007648, filed April 22, 2003). Claimant, a

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29. Paresh N. Shah v. US Office Products Company and Mail Boxes Etc. (U.S. District Court for the District of Maryland, Case No.: MJG 00CV2429, filed August 11, 2000). Shah sued our predecessor alleging breach of contract, violation of the Maryland Uniform Trade Secrets Act, breach of confidence, breach of fiduciary duty, conversion and breach of the implied covenant of good faith and fair dealing. Shah alleged that our predecessor misappropriated a confidential idea named SafeXchange in which our predecessor would operate as an Internet escrow service for packages purchased over the Internet. Our predecessor denied the allegations. Our predecessor further maintains that it was independently working on this concept prior to Shah and that the concept was readily available in the public domain. Although our predecessor denied any wrongdoing and vigorously disputes plaintiff's allegations, our predecessor agreed to pay \$400,000 to plaintiff in exchange for a full release and settlement of this claim.
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33. TSM Services, Inc., Raymond Marble and Mary Marble v. Mail Boxes Etc. USA, Inc. (U.S. District Court for the District of Minnesota, removed to federal court March 21, 2002). Plaintiff sued our predecessor for rescission of a franchise agreement and alleges violations of the California Franchise Investment Act, the Minnesota Franchise Act and the Minnesota Consumer Fraud Act. Jurisdiction over this matter originated in the State of Minnesota, County of Washington, District Court, Tenth Judicial District. However, on or about March 21, 2002, our predecessor removed this matter to the U.S. District Court for the District of Minnesota. The parties reached an agreement in which our predecessor paid plaintiff \$97,500. The MBE Center at issue remains in the system subject to all terms and conditions contained in the franchise agreement, with the exception of an early termination option.
34. Noho Enterprises, Inc., vs. Mail Boxes Etc. USA, Inc. and Mail Boxes Etc., Inc. (Demand for arbitration before JAMS, Reference No.: 1400007648, filed April 22, 2003). Claimant, a

franchisee at the time operating its franchised Center under the "Mail Boxes Etc." name, commenced an arbitration proceeding against MBE and its predecessor alleging that, in instituting and implementing the program under which most franchisees re-branded their stores as "The UPS Store," MBE breached the parties' franchise agreement, breached the implied covenant of good faith and fair dealing, tortiously interfered with Claimant's relationships with its vendors and customers, engaged in unfair competition under Section 17200 of the California Business and Professions Code, and violated the Massachusetts deceptive trade practices act. Claimant sought a declaration that MBE had breached its obligations under the franchise agreement and that the alleged breaches amounted to a constructive termination of the franchise agreement. Both sides filed motions for summary disposition on liability issues, and on February 1, 2005, the arbitrator issued a ruling on the motions finding that MBE breached the franchise agreement and the covenant of good faith and fair dealing and violated Section 17200 of the California Business and Professions Code and the Massachusetts deceptive trade practices act. All claims against MBE's predecessor were dismissed. The arbitrator did not rule on damages. MBE and Claimant reached an agreement to settle the case. MBE agreed to purchase Claimant's business, which is located in Cambridge, Mass. near Harvard University, for \$5 million. Mutual releases were executed, the closing on the business occurred on May 27, 2005, and the arbitration has been dismissed with prejudice.

35. Morgate LLC, et al. vs. Mail Boxes Etc., Inc.; BSG Holdings Inc.; BSG Holdings Subsidiary Inc.; United Parcel Service, Inc., a Delaware Corporation; United Parcel Service, Inc., an Ohio Corporation; United Parcel Service, Inc., a New York Corporation; Garcher Enterprises, Inc.; Gary and Cheryl Williams; and Rocky Romanella (Superior Court for the State of California, County of Los Angeles, Case No.: BC 294647, filed April 25, 2003). Six franchisees and an association of franchisees filed a complaint against United Parcel Service, Inc. ("UPS"), several officers of UPS, and an area franchisee, but not MBE, alleging that UPS, in implementing the program under which most franchisees re-branded their stores as "The UPS Store," violated California, New York, and Illinois franchise laws, the Massachusetts unfair trade practices act and Section 17200 of the California Business and Professions Code, and committed tortious interference. Plaintiffs sought a preliminary injunction to enjoin, among other things, the continued offering of the franchise agreement amendment by which franchisees re-brand as The UPS Store. Plaintiffs' motion for a preliminary injunction was denied by the court. Plaintiffs in the complaint also sought an offer of rescission to the franchisees who had re-branded, as well as damages. UPS filed a demurrer to the complaint, and the court granted the demurrer on all counts, with leave to amend. Plaintiffs subsequently filed a third amended complaint which removed the association of franchisees as a plaintiff, added one plaintiff (and dropped another), dropped all but one of the UPS officers as a defendant, and added some defendants, including MBE. The fourth amended complaint, filed on February 9, 2004, included over 100 additional plaintiff-franchisees and added breach of contract claims as well as claims under the franchise or deceptive trade practices/unfair competition laws of various states. It also alleged class action claims on behalf of The UPS Store franchisees. Plaintiffs subsequently filed fifth and sixth amended complaints that made changes to the plaintiffs. MBE and UPS filed a motion to strike and demurrer to the sixth amended complaint, and the court granted the motion to strike and demurrer without leave to amend on some causes of action and with leave to amend on others. Plaintiffs filed a seventh amended complaint on September 1, 2004. Most significantly, the seventh amended complaint added over a half-dozen common law tort causes of action. MBE and UPS filed a motion to strike and demurrer to the seventh amended complaint. The court granted the motion to strike and demurrer without leave to amend on some causes of action and with leave to amend on others. Plaintiffs sought a writ from the Court of Appeal regarding certain claims that the trial court dismissed in the sixth and seventh amended complaints. Although the Court of Appeal initially issued an order in May, 2005, canceling the

previously scheduled oral argument and dismissing its previous orders to show cause as improvidently granted, on July 26, 2005, it issued an order affirming the demurrers on certain causes of action brought under the California Franchise Investment Law ("CFIL") as to those plaintiffs who did not sign the amendment by which franchisees re-branded as The UPS Store, but overruling the demurrers as to those plaintiffs who did sign the amendment. The Court of Appeal also overruled the demurrer to the tortious interference with contractual relations cause of action in the seventh amended complaint, and it concluded that certain price and service allegations in the sixth and seventh amended complaints should not have been stricken. MBE sought a correction to the Court of Appeal's order, advising the court that MBE never challenged the standing of the plaintiffs who had signed the amendment to bring the CFIL causes of action (and the trial court never sustained any demurrer on that ground) and requesting that the court delete from the order the reference to the plaintiffs who had signed the amendment. Plaintiffs informed the court that they did not object to the correction sought by MBE. On September 28, 2005, the Court of Appeal issued an order making the correction requested by MBE and deleting the reference to overruling the demurrers as to the plaintiffs who had signed the amendment. In March of 2005, the Morgate plaintiffs offered to dismiss their lawsuit against Garcher and the Williams. Both Garcher and the Williams were dismissed with prejudice from the lawsuit. Some of the Morgate plaintiffs had alleged causes of action against Garcher and the Williams which included claims of misrepresentation. The parties agreed to the dismissal in exchange for the Williams and Garcher agreeing to release, among other claims, potential claims they had against the Morgate plaintiffs who had sued them. Plaintiffs filed an eighth amended complaint on January 24, 2005, dropping certain tort and franchise causes of action and removing certain allegations (consistent with the court's ruling on the demurrer and motion to strike), removing a The UPS Store class action plaintiff, removing several other plaintiffs, and adding some plaintiffs to certain causes of action. On November 29, 2005, Plaintiffs were granted leave to file a ninth amended complaint. The ninth amended complaint was filed with several new declaratory judgment causes of action. MBE and UPS again demurred and prevailed. Plaintiffs filed a tenth amended complaint on January 11, 2006, which MBE and UPS answered. There are approximately 131 Centers involved in the lawsuit. On December 1, 2005, the plaintiffs filed a motion for preliminary injunction, seeking to enjoin MBE and UPS from requiring certain plaintiffs whose franchise agreements were up for renewal to re-brand as The UPS Store™ as a condition of renewal. The defendants successfully defeated that preliminary injunction motion and presently all franchise agreements that expire on their own terms will be required to renew as The UPS Store™ as a condition of renewal. That ruling directly affected 32 stores that were then up for renewal, all of which were required to re-brand as a condition of renewal.

A scheduling hearing was held on February 22, 2006, and trial dates were set for two groups of plaintiffs. A trial date of November 14, 2006 was set for three plaintiffs and February 6, 2007 for ten plaintiffs. On July 14, 2006, plaintiffs filed a motion for class certification, which the court denied. On November 21, 2006, the court ruled on the motions for summary concerning the first three plaintiffs who were scheduled for trial. The court granted summary judgment to defendants as to those plaintiffs. On January 3, 2007, plaintiffs filed a notice of appeal from the summary judgments entered against the three plaintiffs. Plaintiffs have also filed a "notice of stay" in the superior court action. MBE intends to vigorously defend itself against the Plaintiffs' claims.

36. Access Systems, Inc., Barry P. Fernandez and Sarah B. Fernandez vs. Mail Boxes Etc., Inc. (Demand for arbitration before AAA, filed May 28, 2003). The arbitration demand, filed by an existing franchisee, requests a declaratory judgment that the post-termination provisions of the franchise agreement do not apply to the franchisee and constitute an unfair trade practice. The demand also alleges breach of contract regarding the renewal option and that the offer to join the Gold Shield program constitutes an unfair trade practice. This matter was mediated in July of

2004. The parties agreed to resolve the dispute for the sole purpose of compromising and settling disputed claims. Resolution of this matter did not constitute an admission of the truth or correctness of any claims asserted by either party. Under the terms of the settlement, Access Systems, Inc., paid MBE \$32,000. In return, MBE permitted Access Systems, Inc., to operate an independent mail service business at their former location, however, Access Systems, Inc., immediately lost any rights to a protected territory.

37. Greater Anchorage MBE Marketing Co-op, et al. v. Mail Boxes Etc., Inc.; United Parcel Service, Inc.; Shining Mountain Plus, Inc.; The Marcie Project, Inc.; Priority Business Services, Inc.; Shirley C. and Donna R. Wiggins; Antela, Inc.; Olivia L. Bernardez; Monte and Paula Benson; Ross C. Nelson and Norman L. Anderson (Superior Court at Anchorage, Alaska, Case No. 3AN-03 09105, filed on June 30, 2003). Plaintiff, an existing franchisee who continued to operate its Center under the Mail Boxes Etc. name and a cooperative marketing association formed by Mail Boxes Etc. Centers in the greater Anchorage area, sued MBE and the other defendants, including franchisees who have changed the names of their Centers to "The UPS Store," alleging that defendants breached their obligations under a cooperative advertising association agreement and intentionally interfered with plaintiffs' contracts. Plaintiffs contended that defendants breached their obligations by establishing a new advertising cooperative for The UPS Stores and transferring certain monies to the new cooperative. Plaintiffs sought damages and an injunction to enjoin defendants from interfering with plaintiffs' contract with the members of the cooperative. MBE filed a motion to compel arbitration and prevailed on that motion. The parties agreed to resolve the dispute for the sole purpose of compromising and settling disputed claims. Resolution of this matter did not constitute an admission of the truth or correctness of any claims asserted by either party. Under the terms of the settlement, MBE agreed to the transfer of plaintiffs MBE Center in exchange for a waiver of various fees. The MBE Center was then converted to a The UPS Store.
38. Independent Association of Mailbox Center Owners, Inc., et al. vs. Mail Boxes Etc. USA, Inc., a California Corporation; Mail Boxes Etc., a California Corporation; Mail Boxes Etc., Inc., a Delaware Corporation; United Parcel Service, Inc., a New York Corporation; United Parcel Service, Inc., an Ohio Corporation; United Parcel Service of America, Inc., a Delaware Corporation; and James Amos (Superior Court for the State of California, County of San Diego, Case No.: GIC 814146, filed July 11, 2003). Plaintiffs, 35 existing franchisees who continue to operate their franchised Centers under the "Mail Boxes Etc." name, as well as IAMCO, a trade association purporting to represent an unspecified number of franchisees, sued Defendants, including MBE, its predecessor, and certain of its affiliates (see Item 1), alleging breach of written contract and covenant of good faith and fair dealing, interference with contractual rights and prospective economic advantage, violations of the California Franchise Investment Law, violations of the California Cartwright Act, breach of the Uniform Trade Secrets Act, defamation and disparagement, and violations of Sections 17000 and 17200 of the California Business and Professions Code. Plaintiffs alleged that Defendants conspired to unlawfully obtain for UPS control over the pack and ship market and expand UPS's drop off and shipment network at the expense of franchisees. Plaintiffs alleged that, over a four-year period, Defendants usurped franchisee customer lists, used that data to analyze and survey customer trends and demographics, and then forced franchisees to accept an undisclosed business model "dramatically different" from that upon which they had made their decision to buy and invest in an independently owned business. Plaintiffs further alleged that Defendants used various unlawful conduct to cause a forfeiture by Mail Boxes Etc. franchisees of their initial investments in their franchised businesses and instituted unlawful pricing methods designed to injure competitors and reduce UPS's obligations to its employees and drivers. Plaintiffs sought



unspecified compensatory and punitive damages, interest, costs of suit, restitution of franchisee payments, disgorgement of revenue, penalties, attorneys' fees, and injunctive relief, including transfer of the Mail Boxes Etc. trademarks, trade name, and trade dress and colors to Plaintiffs. Defendants moved to compel arbitration, and the court granted the motion on November 10, 2003, staying the case for six months and deferring Plaintiffs' preliminary injunction motion to the arbitrators. Plaintiffs have since divided into two groups and filed two separate arbitration demands with the American Arbitration Association and JAMS, No. 74 1140012404 TNC and No. 1100040889, respectively (both filed on February 2, 2004). The demands allege claims similar to those alleged in the complaint. Defendants filed objections to the locale of those arbitrations and to Plaintiffs' joinder of their claims in these proceedings. Both the AAA and JAMS agreed with Defendants and refused to allow consolidation of the claims of different Plaintiffs. Plaintiffs then sought to overturn those decisions in the Superior Court, but it refused to do so. Plaintiffs then filed a petition for a writ from the Court of Appeal on this and other procedural issues. On September 16, 2005, the Court of Appeal issued a decision upholding the Superior Court's grant of Defendants' motion to compel arbitration, but ruled that the Superior Court should have allowed Plaintiffs to consolidate their claims before the AAA and JAMS. The Court of Appeal also struck the limitation on damages clause contained in the franchise agreements to the extent that it applied to statutory claims, lifted the stay that had been imposed by the Superior Court, and ordered the Superior Court to conduct a hearing to determine whether the fees for arbitration should be shifted to Defendants because of the unwaivable statutory claims involved. The hearing was held on February 17, 2006, and the Superior Court ordered that Defendants pay all arbitration fees and costs for Plaintiffs' statutory claims. Following the Court of Appeal's September 16, 2005 ruling, Defendants moved before the Superior Court to withdraw their motion to compel arbitration before the AAA. The motion was denied and Defendants filed a motion for reconsideration. The motion for reconsideration was denied. In the meantime, the arbitration of one of the franchisees -- O-Cubed Technology, Inc. --- proceeded before a JAMS arbitrator. After a three week hearing, which included testimony from twelve other franchisees (many of them members of IAMCO), the arbitrator, on June 20, 2005, issued an Interim Award (which he made final on July 25, 2005) finding against O'Cubed Technology, Inc. and in favor of Defendants, including MBE, on every single claim asserted by O'Cubed. The arbitrator concluded that Defendants did not breach the franchise agreement or the implied covenant of good faith and fair dealing, did not interfere with any contractual rights or prospective economic advantage, did not engage in defamation or disparagement and did not violate any of the various franchise, antitrust and unfair competition statutes alleged. O'Cubed moved in the Superior Court to vacate the arbitration award, and that motion was denied. On January 31, 2006, O'Cubed filed a petition for a writ from the Court of Appeal with respect to that ruling which the Court denied. Plaintiffs also filed a request with JAMS to have the arbitrator who conducted the O-Cubed arbitration disqualified from future MBE cases, which JAMS denied. Plaintiffs then moved the Superior Court to disqualify the JAMS arbitrator or, in the alternative, to consolidate the AAA and JAMS arbitrations before the new AAA arbitrator, which the Court denied. Plaintiffs told JAMS that they would seek a writ on the disqualification issue and would not participate in any arbitration before that arbitrator. After negotiations, the parties agreed that the JAMS claimants would dismiss their arbitration demand and return to the Superior Court. On October 15, 2006, the Superior Court granted a request the parties' request to allow the JAMS claimants to litigate their claims in the Superior Court and set a trial date of October 5, 2007. In the interim, defendants had filed a motion for judgment on the pleadings in the Superior Court on July 28, 2006. The Court granted defendants' motion in part, dismissing the claims under the California Franchise Relations Act, the Cartwright Act, and Section 17200, and granted plaintiffs leave to amend. On September 29, 2006, plaintiffs filed an amended complaint in Superior Court, which included amended franchise law and Section 17200 claims

but omitted the prior Cartwright Act claim. On October 31, 2006, defendants filed a motion for judgment on the pleadings as to plaintiffs' franchise law and Section 17200 claims and to dismiss IAMCO as a plaintiff in the Section 17200 and 17700 claims. In the AAA arbitration, on October 6, 2006, plaintiffs filed amended claims, which included new claims for violations of the Sherman Act and Lanham Act. On October 26, defendants moved to dismiss the Sherman Act claim. The arbitrator dismissed the Sherman Act claim with leave to amend but the AAA plaintiffs decided not to attempt to amend that claim. On December 26, 2006, the arbitrator granted defendants' request to take the depositions of all claimants. The arbitrator has set the AAA arbitration hearing for August 20-22, 27-31, and September 4-7. MBE intends to vigorously defend itself against Plaintiffs' claims.

39. M. Jeffer Enterprises, Inc., et al. vs. Mail Boxes Etc., Inc.; Mail Boxes Etc. USA, Inc. and Mail Boxes Etc. (Superior Court for the State of California, County of San Diego, Case No.: GIC817337, filed September 10, 2003, amended on October 1, 2003). Four existing franchisees who continue to operate their franchised Centers under the "Mail Boxes Etc." name sued defendants, alleging that MBE's offer to allow MBE franchisees voluntarily to change the names of their Centers from the "Mail Boxes Etc." trademark to the "The UPS Store" trademark constituted the unlawful sale of a franchise in violation of California, New Jersey, Indiana, and Oregon franchise laws. Plaintiffs further contended that defendants have breached the franchise agreements, tortiously interfered with Plaintiffs' contractual relations and violated California consumer laws. Plaintiffs sought damages (including punitive damages) in an unspecified amount, to enjoin MBE from continuing to offer or implement the re-branding of Centers to "The UPS Store," to require that MBE allow the renewal of Plaintiffs' franchise agreements without requiring re-branding to The UPS Store, and to require MBE to offer rescission to those franchisees who have signed the franchise agreement amendment re-branding their stores to The UPS Store. Plaintiffs' effort to obtain a temporary restraining order was rejected by the court. Defendants have filed an answer denying the allegations in the complaint. Pursuant to the agreement of the parties, this case has been dismissed and Plaintiffs have been added to the Morgate LLC matter.
40. Bey and Bey Inc., v. Mail Boxes Etc., Inc. (Demand for arbitration before AAA, filed on or about February 20, 2004). The arbitration demand, filed by an existing franchisee, requests a declaratory judgment that the post-termination provisions of the franchise agreement do not apply to the franchisee. The demand also alleges that failure to provide a material modification to claimant's franchise constitutes a breach of the California Franchise Investment Law and constitutes an unfair trade practice. Bey & Bey Inc., withdrew their arbitration demand.
41. Pfelix Group, LLC. v. Mail Boxes Etc., Inc. (Demand for arbitration before AAA, filed on or about February 20, 2004). The arbitration demand, filed by an existing franchisee, requests a declaratory judgment that the post-termination provisions of the franchise agreement do not apply to the franchisee. The demand also alleges that failure to provide a material modification to claimant's franchise constitutes a breach of the California Franchise Investment Law and constitutes an unfair trade practice. The parties reached a settlement of this matter by which Pfelix Group, Inc. paid MBE \$5,000 in exchange for MBE's agreement to release Pfelix from the post-term non compete provisions in the franchise agreement.
42. William Thomas and Thomas Management Inc. v. Mail Boxes Etc., Inc., Case No. 73 E 114 00413 03 DACR (Demand for arbitration before American Arbitration Association filed September 5, 2003). This arbitration arose out of a misunderstanding between us and Claimants,

at that time a Mail Boxes Etc. franchisee, regarding whether Claimants had taken all necessary steps to renew their business as a Mail Boxes Etc. branded franchise before the April 1, 2003 deadline after which all renewals were to be under the The UPS Store name. On September 13, 1993, Claimants entered into their franchise agreement with our predecessor for a 10-year term. For years, Claimants maintained the second highest STRs in the MBE system. On February 26, 2002, over 18 months before expiration of their franchise agreement, Claimants returned an Intent to Renew form along with the renewal fee in order to renew as a Mail Boxes Etc. branded franchise. Claimants proceeded through the initial stages of renewal, were disclosed with a 2002 Mail Boxes Etc. franchise offering circular and franchise agreement, and completed a center upgrade remodel estimate audit, all before the April 1, 2003 deadline. In August 2003, however, after it came to our attention that Claimants had never executed the 2002 Mail Boxes Etc. franchise agreement, we denied Claimants the opportunity to renew as a Mail Boxes Etc. branded franchise. We insisted that Claimants renew under the then-current franchise agreement, which required operation as a The UPS Store-branded franchise, or comply with the post-termination covenants in the franchise agreement. Apparently, Claimants had never executed the 2002 Mail Boxes Etc. franchise agreement because we had never provided a territory description and map to complete the franchise agreement for execution. Claimants immediately filed this arbitration, seeking declaratory relief relating to the post-termination provisions of the franchise agreement and alleging claims of unfair trade practices, violation of the California Franchise Investment Law, and breach of contract and the covenant of good faith and fair dealing. Claimants contended that, among other things, because they signed their Intent to Renew as a Mail Boxes Etc. branded franchise and paid the renewal fee prior to April 1, 2003, MBE breached a contract with them or violated state law by not allowing them to renew as a Mail Boxes Etc. branded center (which they would have had the right to do had we sent them the required information in a more timely fashion) with the same level of support as existed during the term of their initial franchise agreement. In a settlement of these disputes, we agreed to pay Claimants \$425,000, which included payment of attorneys' fees represented by Claimants to be in excess of \$250,000. Claimants agreed to operate their business under a different trade name not associated with our system, and we agreed not to place a franchised or company-owned center in Claimants' former franchised territory for a period of 2 years.

43. Santella, et al. v. Mail Boxes Etc., Inc. (Demand for arbitration before AAA, No. 73E 1140040803 DACR, filed on August 22, 2003). Shortly before termination of its franchise agreement at the end of the ten-year term, Joseph Santella and Santella Enterprises, Inc. (collectively "Santella"), a then current Mail Boxes Etc. franchisee, filed a Demand for Arbitration contending that the post-termination covenants in its franchise agreement were not enforceable due to the implementation of the Gold Shield program. Santella also alleged that his franchise agreement was void based on a fraud in the execution theory because MBE's predecessor's agents allegedly switched a 1992 franchise offering circular and form franchise agreement with the 1993 franchise agreement that he actually executed. Santella contended that he was disclosed initially on the 1992 franchise offering circular and carefully reviewed the 1992 form franchise agreement. He claimed he believed that the 1992 franchise agreement did not require him to comply with the non-compete and other post-term covenants so long as his franchise agreement was not terminated for cause. He alleged that he did not realize he was signing the 1993 form franchise agreement and that, had he been properly disclosed on the 1993 franchise offering circular, he never would have executed his franchise agreement because the 1993 form franchise agreement makes clear that the non-compete applies at the end of the ten-year term even if the franchisee is not terminated for cause. Santella alleged claims for fraud in the execution, unfair trade practices, violation of the California Franchise Investment Law and the California Franchise Relations Act, and breach of contract and the covenant of good faith and fair

dealing. Based on these claims, Santella sought declaratory relief that he was not required to comply with the post-termination covenants of the franchise agreement, and sought attorneys' fees. In particular, Santella sought to have his franchise agreement declared void based on his fraud in the execution defense. MBE counterclaimed to enforce the post-termination covenants, seeking injunctive relief and specific performance as well as attorneys' fees. The parties reached a settlement of this matter in which they expressly denied liability and agreed to release all claims against each other. In addition, MBE paid \$62,500 to Santella in partial payment of his attorneys' fees and costs.

44. Mail Boxes Etc., Inc. v. Ali Altai; JAF Partnership, Ace Mail Center, Nagham Al-Himyari, Badriya AlShamma, and Bogdan Investment and Consultants (Superior Court for the State of California, County of San Diego, Case No.: GIC 836888, filed October 6, 2004.) MBE filed suit against Altai et al. for breach of contract related to the non-payment of royalties for two (2) MBE Centers. The defendants, who continue to operate one of their Centers under the "Mail Boxes Etc." name, cross-complained against MBE for breach of contract, breach of the implied covenant of good faith and fair dealing, violation of California Business & Professions Code §17200, and violation of the California Franchise Investment Law. Defendants claim that MBE failed to disclose the prospective rebranding to "The UPS Store" when defendants' franchise agreement was signed in 1998 and that the requirement of rebranding upon renewal or transfer constitutes a breach of the franchise agreement. Defendants also allege that MBE failed to provide advice and assistance. They seek unspecified damages and attorneys' fees. On or about September 30, 2006, the parties reached a mutual agreement in which Altai paid MBE \$30,000 and all trademark and franchise rights were terminated.
45. Mail Boxes Etc., Inc. and United Parcel Service of America, Inc. v. Karl Fortsch, Hillsborough Business Services, Inc., Matthew Schorr and Bruce Marganoff (U.S. District Court for the District of New Jersey, Case No. 02 CV 1341, filed March 27, 2003). MBE filed suit to enjoin defendants from using the MBE Marks at their former Center, and later amended its complaint to add claims arising out of defendants' refusal to permit an audit of one of their Centers, disavowal of the franchise agreement, unauthorized transfer of the Center, and breach of the franchise agreement for a second Center. On March 8, 2004, the Fortsch defendants, who are also plaintiffs in the Independent Association of Mailbox Center Owners litigation (Item No. 38 – above), filed a Counterclaim, and on September 20, 2004, an Amended Counterclaim, asserting claims substantially similar to those asserted in the Independent Association litigation, including claims for breach of contract and breach of the implied covenant of good faith and fair dealing, violation of the New Jersey Franchise Practices Act, tortious interference with contract and prospective economic advantage, violation of the California Cartwright Act, violation of the Uniform Trade Secrets Act and misappropriation of trade secrets, violation of Sections 17000 and 17200 of the California Business and Professions Code and declaratory relief. The Amended Counterclaim added our predecessor, various UPS entities and Jim Amos, the former CEO of our predecessor. The Fortsch defendants alleged that MBE and the other counter-defendants conspired to unlawfully obtain for UPS control over the pack and ship market and expand UPS's drop off and shipment network at the expense of franchisees. They alleged that, over a four-year period, MBE and the other counter-defendants usurped franchisee customer lists, used that data to analyze and survey customer trends and demographics, and then forced franchisees to accept an undisclosed business model "dramatically different" from that upon which they had made their decision to invest in an independently owned business. They alleged that the counter-defendants, through various unlawful conduct, caused a forfeiture by Mail Boxes Etc. franchisees of their initial investments in their franchised businesses and instituted unlawful pricing methods designed to injure competition. They further claimed that one of their Centers had been

wrongfully terminated. The Fortsch defendants sought unspecified monetary damages, punitive damages and attorneys' fees, and declaratory judgment declaring their franchise agreements null and void. On January 10, 2005, the Court granted MBE's motion to stay this action in its entirety pending the arbitration of the Fortsch defendants' arbitrable claims. By Order dated January 10, 2005, the action was administratively terminated and ordered designated by the Clerk of the Court as "closed."

46. Bady, Inc. v. Mail Boxes Etc., Inc., (U.S. District Court for the Northern District of Illinois, Case No. 04 C 6197, filed September 23, 2004.) Plaintiffs are two franchisees who collectively executed franchise agreements for three Mail Boxes Etc. branded franchises in 2002, before the rollout of the Gold Shield program. Plaintiffs filed this action contending that MBE violated various franchise and consumer protection laws, including the California Franchise Investment Act, by allegedly omitting material facts concerning the rollout of the Gold Shield program from its Franchise Offering Circulars. Plaintiffs also contend that the implementation of the Gold Shield program constitutes an anticipatory breach of the renewal provisions of their franchise agreements. On November 29, 2004, MBE filed a Motion to Dismiss the Complaint in its entirety. On September 26, 2005, the court dismissed the fraud -based causes of action alleging material omissions and misrepresentation related to the roll out of the Gold Shield program. The court declined to dismiss the cause of action for anticipatory breach of contract. MBE reached a settlement with both plaintiffs in separate agreements. Pursuant to the settlement with K&K Alliance, Inc. ("K&K"), a new franchisee purchased the existing MBE Center and converted it to a The UPS Store. In addition, MBE paid K&K \$10,000 upon the completion of the transfer. Pursuant to the settlement with Bady, Inc., the parties released their claims against each other, except that Bady, Inc. remains obligated to comply with its Non-Competition and Non-Solicitation Agreement. The settlement agreement with Bady, Inc. did not require MBE to pay any money to Bady, Inc. Pursuant to these settlement agreements, the entire case has been dismissed with prejudice.
47. ER&RP Investment Corp. v. Mail Boxes, Etc., USA, Inc. Boxes & Parcels Corp., Jose E. Escudero, et al., Civil No. KAC-2004-7271 (903), in the Superior Court of San Juan, Puerto Rico. Plaintiff, a terminated franchisee, sued our predecessor and the area franchisor alleging that termination was improper, in violation of Puerto Rico's Dealer's Act, Act No. 75 of June 24, 1964, as amended, 10 L.P.R.A. § 278 et seq. Plaintiff also alleged that our predecessor and the area franchisor impaired its contractual rights under the franchise agreement by implementing the Gold Shield program under which most franchisees re-branded their stores as "The UPS Store," in further violation of the Dealer's Act. Finally, plaintiff alleged that defendants encroached upon its territory. Mail Boxes, Etc. Inc., substituted into the proceedings as a defendant in place of our predecessor. MBE then moved to compel arbitration and to dismiss or stay the lawsuit pending arbitration. The court dismissed plaintiff's complaint effective August 5, 2005, ordering plaintiff to pursue their claims in arbitration. The time for filing an appeal or a motion to reconsider the court's judgment expired on September 6, 2005. Plaintiffs have not filed any arbitration.==
48. Beverly J. Fisher, Edgar D. Evans and E & B Enterprises, Inc. v. Lawrence J. Rogoff, Lisa W. Rogoff, Lawrence J. Rogoff, Inc. and Cost Club Wholesale, Inc., CV 2003-019117 (Superior Court of the State of Arizona, filed on or about October 7, 2003). A prospective franchisee of Mail Boxes Etc., Inc. sued an Area Franchisee for breach of contract, consumer fraud, common law fraud, breach of fiduciary duty, and conversion in connection with the proposed transfer of a franchise store. The prospective franchisee alleged, among other things, that the defendants concealed certain brand and price testing activities that led to changes in the franchise system which the prospective franchisee claimed diminished the value of the franchise business it was

seeking to purchase. The complaint seeks restitution in the amount of \$163,716, prejudgment interest, unspecified amount of compensatory and punitive damages, a constructive trust, and attorneys' fees. Mail Boxes Etc., Inc. is not a party in the action. A mediation was held in the case and the matter was settled through a payment by the Area Franchisee (who had re-sold the business but had not paid the Plaintiff the funds from the sale) of \$175,000 (of which Mail Boxes Etc., Inc. contributed \$17,000).

49. Lexima L.L.C. and Roy Llewellen v. Larry Brooks, No. 197.071 - C (District Court of Bell County, Texas, 169th Judicial District, filed on or about March 24, 2003). A franchisee of Mail Boxes Etc., Inc. sued the Area Franchisee for negligence, fraudulent concealment and misrepresentation and breach of fiduciary duty. The franchisee alleged that the Area Franchisee was negligent in connection with the assistance provided relating to the selection of the site for the franchise and that the Area Franchisee misrepresented and concealed certain information concerning the franchise. The franchisee sought damages as of the time of filing of the complaint in the amount of \$230,000, stating that it would be adjusted once final computations were made. The franchisee also sought attorneys' fees. The Area Franchisee denied the allegations of the complaint. Mail Boxes Etc., Inc. was not a defendant in the case. The matter was settled through a payment of \$ 80,000 to the franchisee.
50. Judy Bollier v. Mail Boxes Etc., Inc., Case No. 73 11400218 03 DACR (Demand for arbitration before AAA, filed on or about May 13, 2003). The arbitration demand originally filed by the claimant franchisee (consisting of one page) (1) requested a declaratory judgment that the post-termination provisions of the franchise agreement did not apply to her and constituted an unfair trade practice and (2) asserted a claim for breach of contract regarding the renewal option in the franchise agreement. We and the claimant mediated the matter and agreed to put the arbitration in abeyance pending efforts by the claimant to sell her business. After more than a year, no sale occurred, and the parties were unable to settle the matter. On May 27, 2005, the claimant filed a more detailed amended statement of claim alleging, among other things, that by adopting the Gold Shield program and requiring franchisees to renew only as The UPS Store and not as an MBE-branded store, MBE breached the franchise agreement and violated the implied covenant of good faith and fair dealing. Claimant also alleged that the post-termination obligations under the franchise agreement were null and void under California law and that those obligations in any event should not apply to her. Claimant sought unspecified damages, attorneys' fees, a permanent injunction, and declaratory relief. MBE objected to the jurisdiction of the arbitrator to consider claimant's damage claims. Both parties filed motions for summary judgment. Claimant also filed a motion to substitute Mom & Dot, Inc. as the proper claimant, since the franchise agreement had been assigned to Mom & Dot, Inc. On August 10, 2005 the arbitrator issued a ruling and on August 15, 2005, an amended ruling on the parties' cross-motions for summary judgment. The arbitrator (1) ruled in favor of MBE with respect to its objection to jurisdiction, finding that she did not have jurisdiction to decide claimant's damage claims in arbitration; (2) allowed the motion to substitute Mom & Dot, Inc. as claimant; (3) found that claimant's post-termination covenant not to compete was unenforceable under the circumstances of the case; and (4) declined to rule on the enforceability of claimant's remaining post-termination obligations, finding that these were linked to claimant's damage claims and not subject to arbitration. Claimant has not filed an action in court to pursue her claims.
51. Shreejee Corporation and Punam Patel v. Nanvit Bhalla, Neelam Bhalla and Mail Boxes Etc., Inc. (Superior Court of San Mateo County, California, Case No. CIV 449614, filed September 15, 2005). Plaintiffs, former franchisees of MBE, assert claims for breach of contract, general negligence, breach of fiduciary duty and violation of Cal. Bus. & Prof. Code § 17200, arising out

of a finder agreement entered into between plaintiffs and their area franchisees. Plaintiffs allege that the area franchisees breached the finder agreement and acted as unlicensed business opportunity brokers in violation of California law, and that MBE should be vicariously liable for the actions of the area franchisees. Plaintiffs sought unspecified damages in excess of \$25,000, attorneys' fees and treble and exemplary damages. On February 8, 2006, the court dismissed plaintiffs' claim against MBE for breach of fiduciary duty without leave to amend, and dismissed plaintiffs' claim against MBE for negligence with leave to amend. The court also struck plaintiffs' requests for treble and exemplary damages. On or about August 30, 2006, the parties reached a mutual settlement for the sole purpose of compromising and settling disputed claims. The resolution of this matter did not constitute an admission of the truth or the correctness of any claims asserted. Under the terms of the settlement, defendants agreed to resolve this and two additional claims for \$37,500.

52. Triple Z Postal Services, Inc. v. United Parcel Service, Inc., Mail Boxes, Etc., Inc., Atlantic Mailboxes, Inc. and Tripp Singer (Supreme Court of New York County, New York, Index No. 05/118057, filed December 30, 2005). Plaintiff, a current franchisee of MBE, sued MBE, UPS and the Area Franchisee, asserting claims for tortious interference of contract, tortious interference with prospective business advantage, fraud, fraudulent misrepresentation, and violation of Sections 340 and 349 of New York's General Business Law (New York's Donnelly Act and Consumer Protection Act, respectively). The claims against MBE include the claims for fraudulent misrepresentation and violations of Sections 340 and 349 of New York's General Business Law. Plaintiff alleges that the implementation of the Gold Shield Program breached the franchise agreement; however, they do not assert a breach of contract claim. Plaintiff seeks compensatory, treble and punitive damages from UPS, MBE and/or the Area Franchisee totaling approximately \$54 million, as well as attorneys' fees and injunctive relief in the form of a declaration that the Gold Shield Program is illegal, voiding of all Gold Shield Amendments in New York and enjoining further Gold Shield Amendments in New York. All defendants filed motions to dismiss the Complaint on the grounds that plaintiff had not chosen a proper venue pursuant to the forum selection clause in its franchise agreement. On November 28, 2006, the Court granted UPS and MBE's motion and dismissed the case in its entirety. On December 29, 2006, plaintiff re-filed the action in San Diego Superior Court - Triple Z Postal Services, Inc., a New York corporation v. United Parcel Service, Inc., a Delaware corporation, an Ohio corporation, and a New York corporation; Mail Boxes, Etc., Inc., a California corporation (Superior Court of California, San Diego County, Case No.: GIC 877732, filed December 29, 2006). On January 2, 2007, plaintiff filed a notice of appeal from the dismissal order. MBE intends to vigorously defend this action.
53. Century City Business Corp. v. Mail Boxes Etc., Inc., (Superior Court of California, San Diego County, Case No.: GIC 868806, filed February 24, 2006). Plaintiff, a current franchisee of MBE, filed a complaint against MBE, MBE's predecessors and UPS related to the implementation of the Gold Shield Program. Plaintiff asserts claims for tortious interference with contract, tortious interference with prospective economic advantage, fraud, concealment, false advertising under Cal. Bus. & Prof. Code § 17500, breach of contract, negligent misrepresentation and violation of Cal. Bus. & Prof. Code § 17200. Plaintiff seeks an unspecified amount in compensatory and punitive damages, restitution and disgorgement, as well as attorneys' fees and injunctive relief in the form of a declaration that defendants have violated Sections 17200 and 17500 and an injunction enjoining defendants from continuing to engage in the alleged wrongful conduct. This case was originally filed in Orange County Superior Court but was transferred to San Diego Superior Court after defendants filed a motion to change venue. Defendants filed a demurrer on August 14, 2006, which was sustained as to claims under Cal. Bus. & Prof. Code §§ 17200 and

17500 and for tortious interference with prospective economic advantage, with leave to amend. Plaintiff filed an amended complaint on December 1, 2006. On December 21, defendants filed a demurrer to the amended complaint. MBE intends to vigorously defend this action.

54. Samica Enterprises, LLC, et al. vs. Mail Boxes Etc., Inc.; BSG Holdings Inc.; BSG Holdings Subsidiary Inc.; United Parcel Service, a Delaware corporation; United Parcel Service, Inc., an Ohio corporation; United Parcel Service, Inc., a New York corporation; Rocky Romanella; et al. (United States District Court, Central District of California, Case No.: CV 06-2800-GHK (CTx), filed March 21, 2006). Plaintiffs, approximately 30 existing The UPS Store franchisees (some of whom formerly operated their centers under the "Mail Boxes Etc." name and then re-branded those centers to "The UPS Store" as part of the "Gold Shield" program, while the remaining plaintiffs acquired new The UPS Store franchises from us and were not involved in any re-branding), filed this lawsuit against us, certain of our affiliates, an officer of UPS, and other unidentified parties. Plaintiffs claim, on behalf of themselves and other "similarly-situated" parties (namely, other The UPS Store franchisees), that we and the other defendants allegedly violated various laws and engaged in other improper conduct by re-branding our franchise system from "Mail Boxes Etc." to the "The UPS Store," modifying certain aspects of the franchised centers' operating procedures and restrictions, and failing to comply with certain contractual restrictions imposed on us. Plaintiffs allege that we and UPS, among other things, made misrepresentations and threats to coerce and induce the former Mail Boxes Etc. franchisees to re-brand to the The UPS Store (including that the plaintiffs would receive certain shipping discounts that they allegedly did not receive, that the plaintiffs would be able to offer their customers the lowest retail price for UPS shipping services that they allegedly were not able to offer, and that any decrease in profit margin from the re-branding would be offset by profit from increased business after the re-branding); sought to establish a retail network for UPS at the expense of Mail Boxes Etc. franchisees and to destroy the Mail Boxes Etc. brand; prevented plaintiffs from dealing with competing carriers; operated competing businesses in their exclusive territories; did not fully disclose the financial results of test programs; and restricted plaintiffs' ability to set their own retail prices. As a result of these factual allegations, plaintiffs assert tortious interference with contractual relations against UPS; intentional and negligent misrepresentation and concealment against us, UPS, and Mr. Romanella; violation of the California Business and Professions Code (Section 17200) against us and UPS; violation of the California Franchise Investment Law against us, UPS, and Mr. Romanella; breach of contract against us and UPS; violation of the Illinois Consumer Fraud and Deceptive Business Practices Act against us and UPS; and violation of the Illinois Franchise Disclosure Act against us, UPS, and Mr. Romanella. Depending on the particular claim, plaintiffs seek unspecified compensatory and punitive damages, injunctive relief, disgorgement of profits acquired through unlawful activity, interest, attorneys' fees, and costs. The complaint was filed in Los Angeles Superior Court. On May 9, 2006, defendants removed the case to federal court on the basis of the Class Action Fairness Act of 2005. Plaintiffs filed a motion to allow them to file a First Amended Complaint, which has 186 plaintiffs and includes a new Sherman Act claim. The Court granted that motion on March 5, 2007. We and the other defendants intend to defend this lawsuit vigorously.
55. PCTAN Investment Inc., et al. v. Mail Boxes Etc., Inc., a Delaware corporation; N2, Inc., a California corporation; and Navnit Bhalla, an individual (Superior Court of California, San Mateo County, Case No.: CIV 459177, filed November 28, 2006). Plaintiff is a franchisee who alleges that it purchased a The UPS Store from defendants based on misrepresentations and omissions. Plaintiff maintains that substantial risk factors such as competition from United Parcel Service were not disclosed, that certain disclosure obligations were not met and that they were terminated without good cause. Further, plaintiff alleges that these and other acts constituted unfair business



practices. Plaintiffs allege breach of contract, fraud, negligent misrepresentation, violations of the California Franchise Investment Law; violations of the California Franchise Investment Act and violations of the California Business & Professions Code section 17200. MBE intends to vigorously defend itself against these claims.

56. Samuel Molinaro, et al. v. Robert Mundt, Sr., Plymouth Holdings, Inc., a Michigan Corp., Mail Boxes Etc., Inc., a foreign corp., United Parcel Service, Inc., an Ohio Franchise Corp., United Parcel Service, Inc., a New York Corp. (State of Michigan Circuit Court, Wayne County, Case No. 06-634623 CP, filed December 14, 2006). Plaintiff is a franchisee who alleges that he purchased a The UPS Store from defendants based on misrepresentations and omissions. Plaintiff maintains that material facts such as competition from United Parcel Service were not disclosed. Plaintiff alleges that these and other acts constituted violations of the Michigan Franchise Investment Law. MBE intends to vigorously defend itself against these claims.

Other than these 56 actions, no litigation is required to be disclosed in this Offering Circular. Like all large worldwide franchising organizations, MBE is and has, from time to time, been involved in small disputes or litigation that arise out of the ordinary course of business. These matters generally involve claims that MBE has breached a contractual provision or committed a tortious act.

MBE represents to you that the outcome of such claims, individually and in the aggregate, are inconsequential with regard to the amount in dispute, in the context and size of MBE's System and will not materially affect MBE.

#### **ITEM 4. BANKRUPTCY**

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

#### **ITEM 5. INITIAL FRANCHISE FEE**

##### **Option Fee**

(Not applicable to renewing franchises or purchasers of existing franchised Centers). Only if you and MBE agree to enter into a non-mandatory "Center Option Agreement" (Option Agreement), you must pay a Center option fee, the amount of which is negotiated between MBE and you based upon the length of the option term and the size and value of the option territory. In fiscal year 2006, the option fees paid to MBE ranged from \$3,750.00 to \$5,000.00. The option fee is paid to MBE when you sign the Option Agreement (See Exhibit 2). The option fee will not be credited against your Initial Franchise Fee. During the Option Agreement's term, you will hold the exclusive conditional right to secure the real estate and franchise rights to open one or more (as specified) traditional Centers within the defined option territory in accordance with the option schedule and other requirements.

This option fee is non-refundable and no portion of the option fee is credited toward payment of the Initial Franchise Fee. Payment of the option fee does not guaranty that you will become a Franchisee. Rather, payment of the option fee and execution of the option agreement prohibits MBE and everyone else from opening an Center in the option territory during the option term while you attempt to secure a site or sites, secure financing and otherwise satisfy MBE's requirements for franchise ownership.

**ITEM 6.  
OTHER FEES**

<b>NAME OF FEE</b>	<b>AMOUNT</b>	<b>DUE DATE</b>	<b>REMARKS</b>
Royalty <sup>1,14</sup>	5% of "Subject to Royalty" or "STR"	Payable via EFT monthly by the 14th day of the next calendar month or other interval established by MBE.	STR includes all Gross Sales plus Gross Commissions from your Center, less Allowable Exclusions.
"The UPS Store" Marketing Fee <sup>1</sup>	1% of STR	Same as Royalty	
National Advertising Fee ("NAF") <sup>1</sup>	2.5% of STR	Same as Royalty	See footnote #10 for an explanation of the NAF "CAP"
Advertising Co-op Dues	Varies from Area to Area. Average is \$100-\$500 <sup>11</sup>	Monthly	
Annual Technology Development and Support Fee	\$795.00	Each Year, including upon the commencement of your Franchise Agreement.	This fee is subject to change. If you pay monthly there is an extra \$5 per month service fee.
Additional Training <sup>1</sup>	Established by MBE. Fees are set forth in the Manuals and will be uniform for all similarly situated franchisees.	Upon demand by MBE	You must pay MBE a fee for all additional or supplemental training performed by MBE which you attend.
Certified Manager <sup>1</sup>	\$100.00 per week	Upon demand by MBE	If you lose your Certified Manager and do not replace him/her within 90 days, you must pay us \$100.00 per week to compensate us or your Area Franchisee for our expenditure of increased time and effort on your behalf until you find a replacement Manager. We will not act as your Manager in exchange for this fee.
Transfer Fee <sup>8</sup>	Our current Transfer Fee is \$5,000.00 (we periodically may increase this fee).	Prior to transfer	You must pay our then-current transfer fee, the amount of which will be set forth in your buyer's FOC when you sell your franchise.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Processing Fee <sup>8</sup>	Our current Processing Fee is \$4,000.00 if no Finder's Fee is paid to us; \$1,000.00 if a Finder's Fee is paid to us. (We periodically may increase this fee).	Prior to transfer	You must pay our then-current transfer fee, the amount of which will be set forth in your buyer's FOC when you sell your franchise.
Renewal Fee <sup>1</sup>	25% of our then-current initial franchise fee	Not later than 6 months prior to the end of the Term	Also see Franchise Agreement's definition of "Pro-Rated Renewal Fee for Transfers" and footnote eight (8).
Sales Fee <sup>1</sup>	25% of our then current initial franchise fee	Prior to sale	Payable only in the event of your death or disability and your heirs or representatives request MBE to act as a non-exclusive agent for the sale of your franchise.
Insurance <sup>3</sup>	Amount of unpaid premiums	Upon demand by MBE	Payable only if you fail to maintain required insurance coverage and we elect to obtain coverage for you.
Audit <sup>1,2</sup>	Cost of audit (\$475 minimum) plus 18% interest or the highest rate allowed by law on underpayment. In addition, you must pay us a late fee of \$25 per week.	Upon demand by MBE	Payable only if audit shows an understatement of at least 5% of STR for any Accounting Period or if MBE determines a history of similar under-reporting offenses.
Audit Non-Prepared Fee	\$500 per type of document (as specified in Operations manual) not supplied upon Auditor's request but in no event greater than \$2,500 per occurrence, and cost of Audit (including reason-able expenses incurred by Auditor) if rescheduled.	Upon demand by MBE	Payable if required documentation is not available on audit date or upon request. See Operations Manual for details regarding types of documents required for Audit.
Non-Transfer Ownership Change Fee <sup>4</sup>	\$350	Upon demand by MBE	If you seek MBE's required consent (and a required waiver of MBE's right of first refusal) to change less than controlling ownership interest in the franchise.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Incorporation Fee <sup>5</sup>	\$350	Upon demand by MBE	If you (an individual) seek MBE's consent to an assignment of your franchise to a legal entity (corporation, limited liability company, partnership, etc.) in accordance with Section 11.7 of the Franchise Agreement.
Family Transfer Fee <sup>12</sup>	\$1,250	Upon demand by MBE	If you seek MBE's required consent (and a required waiver of MBE's Right of First Refusal) to assign controlling ownership interest in the franchise to an "immediate family member" as defined by MBE.
Entity Name Change Fee	\$350	Upon demand by MBE	If you (a corporation, limited liability company, partnership, etc.) seek MBE's required consent to change the name of such legal entity, in accordance with Section 6.4 or disability of you or your Controlling Owners.
Management Fee	Our direct and indirect costs incurred in managing your Center	Estimated amount payable in advance	Payable in the event that MBE elects to manage your Center following the death or disability of you or your Controlling Owners.
Indemnification	Will vary under circumstances	As incurred	You have to indemnify us, our affiliates, officers, agents and employees against all losses resulting from a violation of your franchise agreement by you and against all claims made by third parties resulting from the operation of your Center.
Interest on financing offered by MBE <sup>1</sup>	Financing of initial equipment: Prime rate plus 4% <sup>9</sup> financing for the purchase of a second center: Prime rate plus 2% financing for MBE 2000 remodel of your Center: Prime rate plus 1% <sup>9</sup>	Continues to accrue until paid (simple interest accrual)	Payable only if MBE finances any part of your fees or costs. All loan requests are subject to approval by MBE's Finance Department.

NAME OF FEE	AMOUNT	DUE DATE	REMARKS
Late Fee <sup>1</sup>	\$35.00 per month or 10%, whichever is greater	Continues to accrue until paid	Payable if any sums due MBE are not paid when due.
Equipment or Equipment Lease and computer hardware/software maintenance	Varies – See Items 7 and 11	Upon purchase, or monthly if leased	See Items 7 and 11.
Remodel/Relocation Fee <sup>13</sup>	\$500	Upon demand by MBE, prior to design work.	Payable to MBE See Footnote Thirteen (13)
Upgrade Review Fee	\$500	Upon demand by MBE, prior to review work.	See Footnote Six (6)
Finder's Fee <sup>7</sup>	The greater of \$11,980 or 10% of your Center's sales price	Upon sale of your Center	See Footnote Seven (7)
Finance Charges <sup>1</sup>	Highest annual rate allowed under applicable law.	Upon demand	Billed on all items that exceed 42 days or later.

**Footnotes to Item 6 Chart:**

1. Fees imposed by and are payable to MBE. All fees are non-refundable. In exchange for services rendered, Area Franchisees receive from MBE 50% of all royalties paid to MBE by Franchisees in their Area.
2. Interest begins from the date of the underpayment.
3. You must maintain insurance of the types and minimum amounts (naming us and our designated Affiliates as an additional insured) that we specify in your Franchise Agreement (See Section 15) or the Manuals. You may obtain additional insurance, as you may desire. Insurance policies may not be subject to amendment or cancellation without at least 30 days' prior written notice to us. You must provide certificates of insurance evidencing coverage on an ongoing basis.
4. This fee does not apply if transferring 50% or more of ownership interest. This fee also does not apply if the sale of less than 50% of ownership interest would transfer controlling interest of franchise. (Example: A owns 49%, B owns 20% and C owns 31%. Sale of C's 31% interest to B would effectively transfer controlling interest of the franchise from A to B. These situations would all be treated as a "transfer" and would be governed under Section 11 of the Franchise Agreement, and would require payment of a Transfer Fee, Processing Fee, and a Pro-Rated Renewal Fee for Transfers.)
5. Section 11. 7(e) requires payment of the "then-current" Incorporation Fee. Such amount may be more than \$350 at some time in the future; and such amount would then apply.
6. Paid to MBE by existing franchisees that (i) are selling their Center, or (ii) wish to know what their Center's required {under Franchise Agreement Section 11.3(h)} upgrades

(computers, equipment, fixtures & decor – exterior and interior) would be in the event they were to sell their Center and transfer their franchise rights. If such existing franchisee does not proceed with such a transfer within 12 months of such Upgrade Review, then MBE shall retain such Upgrade Review Fee as earned. If, however, such existing franchisee does proceed with such a transfer within 12 months of such Upgrade Review, then such Upgrade Review Fee shall be applied as a credit against the corresponding Transfer Fee. The amount of upgrades determined by MBE in the Upgrade Review shall be good (“locked-in”) for a 6-month period following the Upgrade Review. However, MBE reserves the right to re-establish the amount of required upgrades after such 6-month period, but an additional \$500 Upgrade Review Fee would not be required. Such additional \$500 Upgrade Review Fee would only be required if such second Upgrade Review is conducted more than 12 months after the first Upgrade Review. If such a second Upgrade Review Fee is paid, it would be credited against the Transfer Fee if the Center transfers within 12 months.

7. If and when you wish to sell your Center, you will be permitted (but not required) to retain the services of MBE (or, if MBE so authorizes, MBE’s designee) to assist in your efforts to identify potential purchasers of your Center. You would be required to enter into our approved form of Finder’s Agreement with us or, as applicable, with our designee who has been given access to MBE’s proprietary database of franchise applicants. MBE or, as applicable, our designee will undertake best efforts, but there is no guaranty that we or they will be able to introduce you to a purchaser of your Center. The Finder’s Agreement specifies when a Finder’s Fee would be owed by you (as seller or “transferor”) to us or, as applicable, to our designee. Your Finder’s Fee shall always be an amount that is the greater of 10% of your Center’s purchase price or 40% of the then-current Initial Franchise Fee for a first-time franchise (as of April 1, 2007 40% of the \$29,950 Initial Franchise Fee is \$11,980), except that in the event of your death or incapacity and if your heirs or representatives seek to sell your Center, this Finder’s Fee shall be reduced to 25% of our then-current Initial Franchise Fee for a first-time franchise (i.e., 25% of our current \$29,950 is \$7,487.50). As noted in footnote 8 below, if you do not pay a Finder’s Fee to us or to our designee, the Processing Fee for the sale of your Center will be \$4,000.00.
8. Section 5.1(b)(ii)(A-C) and Section 11.3(f)(i-iii) of your Franchise Agreement specify that the following fees (referenced in this Item 6 chart) must be paid in connection with a transfer of an MBE franchise: Transfer Fee, Processing Fee and Pro-Rated Renewal Fee for Transfers. These sections make clear that these fees must be paid to MBE, whether by the seller (transferor) and/or the buyer (transferee). Section 5.1(b)(ii)(A-C) applies if you are the buyer (transferee) because it modifies your Initial Franchise Fee payment obligation, and Section 11.3(f)(i-iii) applies if you are the seller (transferor).

These fees are all defined in Section 23 of your Franchise Agreement. Such definitions make clear that if you are purchasing an existing franchise under this offering circular, the amounts of such fees are determined by first referring to any such amounts that are specified in your seller’s currently-effective franchise agreement. However, if no such fee amounts are specified in such seller’s franchise agreement, then such fee amounts shall be the amounts set forth in this Item 6 chart.

The current Processing Fee is listed as \$4,000 or \$1,000. If a Finder’s Fee (see footnote 7 above) is paid by the seller (transferor) in conjunction with a franchise transfer where the purchaser (transferee) has been disclosed with this offering circular, the amount of the

Processing Fee is \$1,000. If a Finder's Fee is not paid to us or to our designee by the seller (transferor) in conjunction with a franchise transfer where the purchaser (transferee) has been disclosed with this offering circular, the amount of the Processing Fee is \$4,000.

9. Subject to modification by MBE from time to time, if prime rate falls below 5%, then only for purposes of calculating MBE's loan interest rates such Prime Rate shall be fixed at 5%.

10. a. Until further written notice from us, your requirement to contribute 2.5% of your Center's monthly STR to the NAF shall not exceed a certain fixed dollar maximum amount ("NAF Cap") on such contributions. As of April 1, 2007, your NAF Cap shall be as follows:

January through November	\$897 per month
December	\$1,786 per month
ANNUAL NAF CAP	\$11,653

b. As of April 1, 2007, the following is the formula for calculating annual adjustments to the NAF Cap. This adjusted Annual NAF Cap amount is then divided by 13 (months) to establish the adjusted January through November monthly NAF Cap amount. This adjusted January through November monthly NAF Cap amount is then multiplied by 2 to establish the adjusted December monthly cap. If necessary, adjusted monthly NAF Caps are rounded down to stay under the adjusted Annual NAF Cap.

c. We reserve the right at any time, upon written notice to you, to change the formula we use for adjusting the NAF Cap.

11. A majority vote of the franchisee members of your DMA Co-op will determine the fee's fixed-dollar amount. However, we may require DMA Co-op fees of 0.5% of your Center's STR (if this is more than the fixed-dollar amount). Also, if 51% or more of the franchisees in your DMA Co-op vote to increase the fee to more than 0.5% of STR, they may do so up to a cap of 3% of STR. The DMA Co-op's fees will not be changed more than once per year.

12. See Franchise Agreement Section 11.2(e) and Section 23 for a description of a "Family Transfer."

13. If during the term of your franchise (including the possibility of your Center's relocation) you seek or we require that your Center's image and décor become upgraded to MBE's then-current specifications, you must pay this fee to us in exchange for our associated design work.

14. Allowable Exclusions from "Subject to Royalties (STR)" includes deposits, international customs duties, money orders, money transfers and public service payments, outsourcing to other centers, sales tax, Saturday delivery and stamp and metered mail cost.

**ITEM 7.**  
**INITIAL INVESTMENT <sup>(1)</sup>**

	ESTIMATED COST	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE	REFUNDABILITY
Initial Franchise Fee <sup>3</sup>	\$29,950	Lump Sum	At signing of Franchise Agreement	Franchisor	Nonrefundable
Initial Marketing Plan Fee <sup>4</sup>	\$7,500	Lump Sum	At signing of Franchise Agreement	Franchisor	Nonrefundable
Design Fee	\$950	Lump Sum	At signing of Franchise Agreement	Franchisor	Nonrefundable
Center Development Fee <sup>6</sup>	\$5,000	As Arranged	At signing of Franchise Agreement	Franchisor or Area Franchisee <sup>6</sup>	Nonrefundable
Initial Training Fees <sup>7</sup>	\$4,500	Lump Sum	Prior to Training	Franchisor or Franchisor's Designee	Nonrefundable
Travel and Living Expenses While Training <sup>8</sup>	\$3,000 to \$4,000/per person	As Incurred	During Training	Airlines, Hotels, & Restaurants	Nonrefundable
Site Rent and Security Deposit <sup>9</sup>	\$6,000 to \$18,000	As Arranged	As Arranged	Lessor	Nonrefundable
Leasehold Improvements <sup>10</sup> ; Construction Costs; Signage; Furniture and Décor Items	\$42,445 to \$95,700	As Arranged	As Arranged	Contractor/ Supplier or Franchisor or Area Franchisee	Nonrefundable
Computer <sup>11</sup> Hardware/Installation/ Freight	\$11,895 to \$12,515	As Arranged	As Arranged	Franchisor	Nonrefundable
Annual Technology Development and Support Fee <sup>5</sup>	\$695 to \$795	As Arranged	Annually	Franchisor	Nonrefundable
Software <sup>5</sup>	\$5,024 to \$5,110	As Arranged	As Incurred	Franchisor	Nonrefundable
Copiers and Printer <sup>12</sup>	\$1,134 to \$2,211	As Arranged	As Incurred	Suppliers	Nonrefundable
Other Equipment <sup>12</sup>	\$3,133 to \$3,544	As Arranged	As Incurred	Franchisor/ Supplier	Nonrefundable
Yellow Pages <sup>13</sup>	\$1,600 to \$2,500	As Arranged	As Incurred	Supplier	Nonrefundable
Start-Up Supplies <sup>14</sup>	\$6,040 to \$9,100	As Arranged	As Incurred	Franchisor/ Supplier	Nonrefundable



	ESTIMATED COST	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT MADE	REFUNDABILITY
Utility Deposits <sup>15</sup>	\$900 to \$3,000	As Arranged	As Incurred	Supplier	Nonrefundable
Insurance <sup>16</sup>	\$1,000 to \$5,000	As Arranged	As Incurred	Supplier	Nonrefundable
Additional Funds <sup>17</sup>	\$40,000 to \$70,000	As Arranged	As Incurred	Varies	Varies
Total <sup>1</sup>	\$170,766 to \$279,375				

#### **FOOTNOTES**

1. The Initial Investment (Item 7) chart estimates the start-up expenses for the first three months of a newly-constructed traditional Center that is not operating under the "Rural Program." Start up expenses may be lower under the Special Venue Program and may be higher in markets such as Manhattan, NY.

#### **RURAL PROGRAM**

As described in Item 1 of this circular, MBE is now offering a Rural Program to Centers located in certain small-town markets where lower start-up costs (and scaled-down design and other requirements) are more appropriate and desirable. Based upon cost tracking and surveys taken from franchisees who were the initial test units for this program, MBE estimates that the total range of start-up expenses under the Rural Program is from approximately \$151,433 to \$189,068. In addition to the reduction in franchise fees under this program (as explained in Item 5), there are significant cost reductions (which are described in the footnotes below) in the areas of required equipment, design, and construction coordination fees. The actual costs for Centers participating in this program will, like all Centers, vary depending upon individual circumstances. These Rural Program cost estimates are also provided in conjunction with the disclaimer listed below under the heading "General."

#### **Initial Franchise Fee for "VetFran" Veterans Program**

MBE is a member of the International Franchise Association and participates in the IFA's VetFran Program, which provides a 15% discount on initial franchise fees to veterans of U.S. Armed Forces who otherwise meet the requirements of the Program. First-time purchasers of franchises that are veterans of the U.S. Armed Forces shall be eligible to pay a reduced Initial Franchise Fee as follows. (1) The Initial Franchise Fee (non-Rural Program) for your first Center shall be reduced from \$29,950 to \$25,450 (\$4,500 reduction). "Veteran" means a recipient of an honorable discharge as evidenced by the U.S. Department of Defense. To qualify for this discount, the Veteran must own at least 50% of the ownership interest in the franchise.

#### **GENERAL**

We have prepared these estimates based on our experience, which is primarily in the establishment and operation of Centers. Except as expressly indicated otherwise in the charts above, these estimates describe your initial cash investment up to the opening of your Center. They do not provide for your cash needs to cover any financing incurred by you or your other expenses. Further, they do not include royalty amounts payable each month to us. You should not plan to draw income from the operation during the start-up and development stage of your Center, the actual duration of which will vary materially from Center to Center and cannot be predicted

by us for your Center (and which may extend for longer than the 3 month "initial phase"). We cannot guarantee that you will not have additional expenses starting the business.

You must have additional sums available, whether in cash or through a bank line of credit, or have other assets which you may liquidate or against which you may borrow, to cover other expenses and any operating losses you may sustain, whether during your start-up and development stage or beyond. The amount of necessary reserves will vary greatly from franchisee to franchisee, may be more than the "Additional Funds" amounts described in footnote 17, and will depend upon many factors, including the rate of growth and success of your Center, which in turn will depend upon factors such as the demographics and economic conditions in the area in which your Center is located, your ability to operate efficiently and in conformance with our procedures and methods of doing business, and competition.

Under rare circumstances, an existing franchised Center's franchise agreement terminates with the possibility of a new franchise owner commencing operations at such Center under a new franchise agreement (i.e., not through our transfer process). Such "Re-Openings" may not incur many of the build-out and related costs specified in this Item 7 chart that are incurred with newly constructed Centers. However, in these situations, MBE conditions its sale of such Re-Opened new franchises on the franchisee's promise to upgrade such Center's image and equipment to our specifications as if such Center were acquired through MBE's transfer process. Additionally, such purchaser of a new franchise at an existing location may have challenges that are not faced by purchasers of new franchises at newly constructed sites, including (i) delays in setting up accounts with vendors and the need to pay cash to such vendors for a period of time, and (ii) the need to obtain releases of liens from business creditors of the previous owner. In the past, purchasers of new franchises at such existing locations have accepted these challenges, presumably based upon their conclusion that such challenges were outweighed by the fact that their total start-up costs (including initial franchise fee and cost of upgrades) would often be less than if they would have acquired the rights to such location through an asset purchase from the previous owner. MBE makes no representation as to whether there would be any such savings in any particular Re-Opening.

2. The Option Fee never applies to renewals or to purchases of existing franchised Centers, only to certain newly constructed Centers. The Option Fee must only be paid if and when you and MBE enter into a Center Option Agreement. The actual amount of the Option Fee is negotiated between you and MBE, based upon the number of Centers, the length of the option term, and the size and value of the option territory. However, such Option Agreement is non-mandatory. If you and MBE do not agree to enter into an Option Agreement for a newly constructed Center, then you will not have to pay an Option Fee.
3. **Initial Franchise Fee:** As described in Item 5, the initial franchise fee is \$29,950 if this is your first Center and \$19,950 if this is your second or subsequent Center. We do not offer financing for the initial franchise fee except as described in Item 10. Item 5 describes the reductions in the Initial Franchise Fee under the Rural Program, the Veterans Program, and the Conversion Program.
4. **Initial Marketing Plan ("IMP") Fee:** Applicable to newly constructed and conversion franchised Centers. Not applicable to renewing franchises or to the purchase of an existing franchise. As also described in Item 5, you must pay an "Initial Marketing Plan" (IMP) Fee. Details regarding the IMP Fee are set forth in the Operations Manual, and may be updated from time to time. The amount of the IMP Fee is \$7,500 (\$4,000 under the Rural program).

5. **Software:** From time to time, MBE may offer software-related incentive discounts for multiple center owners. This includes discounts off of our \$4,750 software license fee (see Item 5) and off of our \$795 Annual Technology Development and Support Fee. This line-item also includes the cost of Intuit Quickbooks Pro 2007 (\$200 to \$275) and Norton Anti-Virus 2006 (\$74 to \$85).
6. **Center Development Fee:** For newly constructed Centers and for remodels (including “face lifts”), conversions and relocations, this fee is \$5,000.00. Also as described in Item 5, you must pay this fee to MBE or to MBE’s designee and the “Center Development Coordinator” will supervise, coordinate and provide an architect and a general contractor for the construction of your Center and will provide site selection and lease negotiation assistance. For transfers and renewals only, this Center Development Fee shall be 20% of the local labor and material costs incurred by you, unless the transfer or renewal is a remodel and/or relocation and/or “face lift” in which case this fee shall be \$5,000.00. This amount shall not include items supplied by MBE or an MBE approved Vendor.
7. **Initial Training Fees:** This amount is for the first trainee. See Item 5 of this circular for a detailed explanation of how and when an “Initial Training Fee” would apply. (Not applicable to renewing franchisees.)
8. **Travel and Living Expenses While Training:** You will incur expenses associated with our initial training program at The UPS Store University, including transportation, lodging and food for one trainee. The cost will depend on the distance the trainee must travel and type of accommodations you choose, and will increase if you send more than one trainee.
9. **Real Property:** A typical new Center generally occupies 800 to 1,800 square feet of interior space in vanilla shell condition which includes finished ceiling, electrical panel, storefront, prepped demised walls, HVAC, lighting fixtures, electrical outlets and telephone wiring/panel installed for the Franchised Business. Cost per square foot of leasing commercial space varies considerably from region to region, depending on the location and market conditions affecting commercial property. The figures on this line item represent (i) the cost of the first three months’ rent for most Centers (\$1,000 to \$6,000 per month); and (ii) the cost of a security deposit equal to one month’s rent (\$1,000 to \$6,000). {Some landlords require a security deposit equal to two or more months’ rent.} Some urban markets – especially Manhattan Borough, NY – can have Center rents of \$5,000 to \$11,000 per month for a smaller than usual site. Some rural markets can have Center rents less than the “low” figure listed on this line item. These numbers represent a typical landlord/tenant relationship. There is considerable variance, from market to market, regarding whether real estate taxes, insurance and common area maintenance (CAM) are charged to the Franchised Business via “net lease” or included in rent via a “gross lease.”
10. **Leasehold Improvements, Etc.:** You will need to install modular fixtures and make other Leasehold Improvements as listed below. The low- and high-range estimates for leasehold improvements are shown below. Construction costs in some areas of the country may exceed these estimates. All construction work done in a Center buildout must be performed by a state trade licensed and bonded company in the area required, e.g., fixtures, installations, exterior signage, electrical, etc.

## ITEM 10. FINANCING

We are not obligated to offer, directly or indirectly, any arrangements for financing your initial investment or the operation of your business, and we are unable to determine whether you will be able to obtain third-party financing for all or any part of your investment; if you are able to obtain financing, we cannot predict the terms of such financing. Currently we do not receive direct or indirect payment from any person or persons in exchange for their obtaining or placing financing for you.

We occasionally provide financing for qualifying prospective franchisees or prospective multiple franchisees under our guidelines, described below. MBE reserves the right to add, change or delete any financing programs at any time.

We may offer you financing for your initial equipment for up to \$50,000 of the initial costs of equipment and fixtures financed through an equipment lease with us. A copy of our present standard form of equipment lease is attached as Exhibit G. Our standard form lease provides for a term of up to five years with payments due monthly, plus a nominal lease-processing fee. Our lease financing provides the following parameters. If the Prime Rate (as that term is hereinafter defined) quoted on the business day prior to the effective dated of the lease is lower than five percent (5%), then our lease financing rate shall be nine percent (9%) (a "floor rate" of five percent (5%) plus four percent (4%) over such "floor rate"). If the Prime Rate is five percent (5%) or greater, then our lease financing rate shall be such Prime Rate plus four percent (4%). In the event of your default, we may repossess the leased items and terminate the equipment lease agreement. We require a security interest in the assets of your Center and any leased equipment. From time to time, in our sole discretion, we may require additional collateral in order to facilitate approval and mitigate the risk in a transaction. The following list represents additional collateral that may be acceptable to MBE, including, but not limited to:

- a) Cash (at 100% advance rate)
- b) Certificate of Deposit (opened with MBE as co-endorsed at a financial institution acceptable to MBE at 100% liquidation advance rate)
- c) Stocks (marketable only, at a 75% liquidation advance rate)
- d) Bonds (same as stocks)

In our discretion we may offer Multiple Center loans in amounts up to 100% of the cost to purchase additional Centers (up to \$130,000), bearing interest as follows. If the Prime Rate is lower than five percent (5%), then our Multiple Center financing rate shall be seven percent (7%) (a "floor rate" of 5% plus two percent (2%) over such "floor rate"). If the Prime Rate is five percent (5%) or greater, then our Multiple Center financing rate shall be such "Prime Rate" plus two percent (2%). Rate adjusts annually January 10th each calendar year based on the Prime Rate quoted on the first business day of each calendar year. Maximum annual change of interest rate is plus or minus one percent (1%), with a maximum life of loan change in interest rate of plus or minus five percent (5%). The floor or lowest Prime Rate allowed is five percent (5%).

In our discretion we may also offer MBE 2000 remodel loans, under which MBE will loan up to \$60,000 to qualifying franchisees to remodel the Center, bearing interest as follows. If the Prime Rate is lower than five percent (5%), then our MBE 2000 remodel financing rate shall be six percent (6%) (a "floor rate" of 5% plus one percent (1%) over such "floor rate"). If the Prime Rate is five percent (5%) or greater, then our MBE 2000 remodel financing rate shall be such Prime Rate plus one percent (1%). The term of these loans is up to sixty-six (66) months. Rate adjusts annually January 10th each calendar year

based on the Prime Rate quoted on the first business day of each calendar year. Maximum annual change of interest rate is plus or minus one percent (1%), with a maximum life of loan change in interest rate of plus or minus five percent (5%). The floor or lowest Prime Rate allowed is five percent (5%).

For all of these financing programs, if you qualify, you will be required to execute our then-current form of Secured Promissory Note, and our then current form of Security Agreement, our current form of which is attached as Exhibit F. The franchisee (and all Owners if Franchisee is an entity) will be required to personally guarantee the debt. The debt can be prepaid at any time with no prepayment penalty. As specified in the Secured Promissory Note, you have potential liability upon default, including the acceleration of all sums due, and responsibility for our attorney fees, late fees, court costs and other reasonable collection costs.

We do not have any past or present practice or intent to transfer, assign, discount or sell to a third party, in whole or in part, any note, contract, or other instrument executed by any franchisee, but we reserve the right to do so in the future. There are no waivers of defenses by you in the Franchise Agreement, Equipment Lease or Security Agreement. As used herein, the term "Prime Rate" means the prime rate as published from time to time in the Money Rates section of The Wall Street Journal, or in the event that such rate is no longer published in The Wall Street Journal, a comparable index or reference rate selected by MBE in its sole discretion. The Prime Rate may not necessarily be MBE's lowest or best rate.

#### ITEM 11. FRANCHISOR'S OBLIGATIONS

Except as listed below, MBE need not provide any assistance to you. We may delegate some of the following obligations to any one or more of our Area Franchisees or to approved vendors.

**Pre-Opening Obligations.** We have the following obligations to you before you open your Center for business:

1. (Not applicable to renewing franchises or purchasers of existing franchised Centers.) After our receipt of your completed site review package, which proposes a particular site for your Franchised Business, we will review such package and either accept or reject the proposed site. You are solely responsible for selection of the site of your Center(s). You may not construe our acceptance as a guarantee or other assurance that the site will necessarily be successful. The factors we consider in approving locations include visibility and accessibility, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. It is your responsibility to secure a site accepted by us under a lease or real estate purchase contract. Among other things, your lease (or real estate purchase contract) must state that the terms of such agreement are subject to our acceptance. We will perform all of our other obligations that are set forth in the Franchise Agreement and, if applicable, Center Option Agreement. Such option-related obligations are, in summary: (1) grant of option upon execution of Option Agreement and payment of Option Fee; (2) review (and acceptance or rejection) of your proposed real estate contract (typically a lease) for your proposed Center(s) called for under your Option Agreement; (3) review of other information regarding proposed site; (4) review of your financial and operational qualifications; (5) counter-execution of your Franchise Agreement(s) and related documents if and when you have satisfied pre-requisite criteria; (6) MBE will attempt to first resolve any dispute arising under the Option Agreement through non-binding mediation. The Option Agreement provides that if you do not submit to MBE a site that satisfies (in our sale judgment) our site criteria by the deadlines set forth in the Option Agreement's Option Schedule, then the Option Agreement shall be subject to termination and your Option Fee shall be retained

in full by MBE. (Franchise Agreement, Section 3.1, 3.2; Option Agreement, Sections 1.1, 2.2, 3.4, 3.5 and 7.2).

2. (Not applicable to renewing franchises or purchasers of existing franchised Centers.) Upon receipt of the completed pre-construction forms and as-built drawings of your location, we will provide you with a Center design. (Franchise Agreement, Section 3.3)
3. Your Area Franchisee or our designee (if any) will supervise the construction of your Center. This person is the Center Development Coordinator. You must use a licensed and bonded general contractor for the actual build-out of your Center that is provided by your Center Development Coordinator. Completed construction must be in accordance with our specifications and with all applicable laws, including local building codes. (Franchise Agreement, Section 3.4).
4. We will provide you with electronic access to our confidential Manuals to use during the term of the Franchise Agreement (including all revisions), which are available on MBE Web. The Manuals contain our standard operational procedures, policies, rules and regulations with which you must comply. (Franchise Agreement, Section 7.2) The Table of Contents of our Operations Manual (as of the end of our most recent fiscal year) is listed below.
5. We will license you our Proprietary Software. See discussion below under "Computer Systems" heading. {Franchise Agreement, Section 7.1 (f); Software License Agreement}.
6. Shortly after receipt from you of certain required initial marketing information, we will develop a plan for the utilization of your Initial Marketing Plan fee.
7. Our Pre-Opening Franchisee Training Program:

The UPS Store University offers you a multi-phased training program that focuses on developing the business management, technical, conceptual and diagnostic skills necessary to grow your franchised business. Following an introductory Web-based training, there are two basic parts to our franchisee training program: (1) the In Store Experience ("ISE") Parts I and II; and (2) the University training which is 7 to 10 days in San Diego at The UPS Store University. See Items 5,6 and 7 for a description of the fees and costs associated with your training obligations. Our Vice President of Learning, Kevin Foley, supervises our Training Program.

All Centers must be operated on a full-time basis by an on-site "Primary Operator." The Primary Operator may be either: (i) a "Primary Operator / Owner" who does own some or all of the Center's franchise rights, or (ii) a "Primary Operator/Certified Manager" who does not own any of the Center's franchise rights. Both types of Primary Operator must successfully complete all phases of our franchisee training program, except that if you own at least fifty percent (50%) of another Center's franchise rights, this would make you a Multiple Center Owner ("MCO") and your Centers may be operated by a Primary Operator/Certified Manager who has only successfully completed all ISE franchisee training (not the University) so long as you devote full-time and attention to overseeing the performance of all of your Centers. (See your Franchise Agreement's Section 23 definitions of "Certified Manager", "MCO Manager" and "Primary Operator".)

**English Proficiency:** In order to be eligible for ownership of a franchised Center, the controlling owner of the Center's franchise rights must demonstrate to our satisfaction that he/she can adequately read, write and converse in the English language. An English competency test may be administered either by MBE or by a testing firm retained by MBE. This English competency requirement applies (a) even if the controlling owner of the Center's franchise rights is not the Center's Primary Operator; and (b) also to the Center's Primary Operator.

The instructional materials for the multiple phases of the Franchisee training program are listed in the Center Operations manual. They also include the The UPS Store University Learning Workbook, the Franchise Learning Guidebook, various handouts, project materials and facilitator-led presentations, as may be updated by MBE from time to time.

The following list is an overview of our Franchisee learning program Curriculum. This program is facilitated approximately twenty (20) times per year. Web-based training modules (pre-course) and on-the-job training is scheduled to precede and follow the University class training. The second week of the In Store Experience, ISE Part II, can be completed no earlier than four (4) weeks prior to the Center's projected opening date.

<b>Subject</b>	<b>Classroom Training Hours</b>	<b>In-Center On-The-Job Training Hours</b>	<b>Off site computer Training Hours (1)</b>	<b>Location</b>
Finance / Financial Planner	0	2	1.75	In-center, Off site computer,
Financial Management	16	0	0	Home Office
QuickBooks	.75	3.75	3	Home Office, In-center, off site computers
Sales	12			Home Office
Profit Centers	0	.5		In-center
Claims Prevention	0	1.5	.5	In-center, Off site computers
Customer Service / Branding	0	1.25	.42	In-center, off site computers
Marketing - Merchandising	8	2.5	1.08	Home Office, In-center, off site computers
Local Store Marketing	0	3.75	0	In-center
PR	0	0	.5	Off site computers
Strategic Overview/Branding	4	0	0	Home Office
House Accounts	0	.5	0	In-center
MBS-MBM	0	3.5	2	In-center, off site computers
USPS	.0	2.5	0	In-center
UPS Shipping Services	.75	14	4	Home Office, In-center, off site computers
Packaging	.75	5.5	1	Home Office, In-center, off site computers

Subject	Classroom Training Hours	In-Center On-The-Job Training Hours	Off site computer Training Hours (1)	Location
Document Services	.75	6	.75	Home Office, In-center, off site computers
CRS	0	3.75	.5	In-center, off site computers
HR- Employment Process, Recruitment, & Managing Performance,	8	1	2.25	Home Office, In-center, off site computers
TotalShipping(2)	1		.75	Home Office, off site computers
CMS/POS(2)	1.5	3	.75	Home Office, In-Center, Off site computers
Operations	8	24.25		Home Office, In-Center
<b>Total Hours</b>	<b>61.5</b>	<b>79.25</b>	<b>19.25</b>	<b>181.5</b>

**Post-Opening Obligations:** We have the following obligations to you during the operation of your Franchised Business:

1. We will make available to you for a license fee and other terms and conditions described in the Manuals and in the Software License Agreement, computer systems and software and periodic upgrades as required by the manuals or otherwise disclosed in writing by us. These include systems for such functions as accounting, administration, financial reporting and manifesting. These software systems and the terms of their use are set forth in the Manuals and in the Software License Agreement. (Franchise Agreement, Section 4.2; Software License Agreement, Exhibit E).
2. If you request, we will provide reasonable continuing consultation and advice regarding operation of your Center by telephone, fax, MBEWeb, or other electronic means. In our sole discretion, we may send a representative to your Center to discuss the operation of your Center with you. (Franchise Agreement, Section 4.2).
3. In our discretion, we will present periodic supplemental or additional training programs and refresher courses for all franchisees and their employees (mandatory or optional, in MBE's discretion). You must pay all travel and living expenses and compensation for you and your employees to attend training programs, though we may also make available distance learning over the Internet. You must also pay our then-current reasonable charges as set forth in the Manuals. (Franchise Agreement, Section 4.1(e)).
4. We will develop and provide you with advertising and promotional materials for local and regional marketing, for publication or reproduction and distribution at your expense. We reserve



the right to be reimbursed for our costs for producing such materials (Franchise Agreement, Section 4.2).

### **Post-Opening Training**

We may, from time to time, offer additional learning programs for ongoing education. We offer a Multiple Center Owner Training (MCOT) program to Franchisees who are interested in owning multiple Centers and this MCOT program is required for current Multiple Franchisees (as explained above).

We will make various learning materials and programs available to you for use in training your Center associates and Center Managers. We strongly encourage you to utilize the programs, and in some cases may require their use.

MBE will offer a variety of continuing education programs, including online learning programs via the Internet, regional training workshops and networking meetings. We encourage you to attend all of these programs and in some cases may require your attendance.

Subject to availability of personnel and other factors, and upon your written request, we may make available corporate personnel to provide additional on-site training at your location. Actual, direct costs of transportation and per diem expenses would be assessed to you if such services are requested. Salaries or other charges for the time of our personnel would be at our expense.

While not obligated by any specific provision of the Franchise Agreement, we ordinarily conduct meetings and/or seminars to provide additional guidance to our franchisees in marketing, advertising, equipment, technology and business management. We are responsible for our own costs incurred in setting up these meetings and/or seminars. You are responsible for all of your costs associated with transportation, food and lodging. Although we are not obligated by any particular provision of the Franchise Agreement, we customarily also hold a Franchisee convention no less frequently than every 24 months. Attendance at the Franchisee convention is strongly encouraged. You must attend, at your expense, all networking meetings held by our Area Franchisee or by MBE.

### **Advertising**

**National Advertising Fund:** You must contribute to the National Advertising Fund (“NAF”) for all The UPS Store Centers (See Item 6). We have decision-making control of all activities and (except as provided below) expenditures of the NAF for as long as the NAF remains in existence, including the creation and production of all advertising and marketing concepts and materials and their geographic, market, and media placement and allocation.

We have established the Marketing Advisory Council (“MAC”), comprised of members representing area franchisees, franchisees, and MBE, with a chair elected by the members. Subject to our candidate eligibility criteria and other MAC policies and rules that we may periodically update, franchisees and area franchisees will elect their own representatives to participate in the MAC. The MAC will be governed by bylaws that may be amended periodically as provided in the MAC’s charter. The MAC serves only in an advisory capacity concerning the NAF’s administration and operation, except that the MAC has the right to determine whether the NAF should pay for the media plans proposed, created, and to be implemented by us. Your operations manual contains additional information regarding the NAF and MAC. We have the power to change or dissolve the MAC as provided in its charter.

All franchisees operating The UPS Store Centers contribute to the NAF at the same rate. We currently own no The UPS Store Centers. Any and all existing and future company The UPS Store Centers owned by us will be required to contribute to the NAF on the same basis. The NAF may be audited at our

discretion. Financial statements of the NAF are available for review upon written request. We do not receive any payment for providing goods or services to the NAF. If the total contributions to the NAF exceed the expenditures from the fund in any fiscal year, the excess will be retained in the fund for future advertising expenditures. No portion of the NAF is used for advertising that is principally a solicitation for the sale of franchises.

The media used for advertising products or services offered by Centers may include, but are not limited to, Internet, television, radio, print, direct mail and sales collateral material. Coverage is local, regional and national. The source of the advertising includes our in-house Marketing/Advertising department, a national advertising agency, and optionally, regional advertising agencies. Our national advertising agency advises us on strategy direction for advertisements. (Franchise Agreement, Section 8) NAF monies need not be spent in any manner that is proportionate or equivalent to NAF contributions from particular The UPS Store Centers or in any geographic area. If we terminate the NAF, unspent monies will be distributed to The UPS Store franchisees in proportion to their respective NAF contributions during the preceding 12-month period.

### **The UPS Store Marketing Fee (“Marketing Fee”)**

We collect a Marketing Fee of 1% of “Subject To Royalty” or “STR” (as discussed in Item 6), which we use for public relations, as well as other marketing activities, including research and development, testing, and pilot programs to promote the sale of existing or new products and services which could potentially produce revenues for Centers, for promotional programs to assist specific franchises, for promoting the sale of new franchises, for marketing research, and similar matters. MBE shall have complete discretion as to the use and allocation of these funds, which may be used for payment of direct program costs and/or overhead expenses related to the above described activities. We currently do not own any Centers. Any and all future, company owned Centers owned by us will be required to contribute a Marketing Fee on the same basis. However, any The UPS Store Centers operated by UPS or its subsidiaries (other than us) need not contribute a Marketing Fee on the same basis.

### **Advertising Co-Ops**

Advertising Co-ops are established by geographic areas and are currently defined by A.C. Nielsen (or as is otherwise defined by us) as designated marketing areas (“DMAs”), which define and measure television viewing and radio listening audiences. When you sign the Franchise Agreement, you automatically become a member of the Co-op in your DMA (the “DMA Co-op”). You must participate in the DMA Co-op as we specify in the The UPS Store Advertising Co-op Guidebook, which includes bylaws, media guidelines, sample forms and reports, operational procedures, and other materials relating to the DMA Co-op’s administration and operation. We will control the DMA Co-op’s operation and periodically may modify the Guidebook as we deem best. You must comply with all changes in the Guidebook.

We can have the DMA Co-op changed, dissolved, or merged with another The UPS Store Advertising Co-op whenever we think best. We will control the DMA Co-op’s marketing, advertising materials and activities, selection of ad agency, and expenditures. You must send your Co-op fee payments directly to us in the manner (for example, by electronic funds transfer) and by the date we specify (See Item 6). You may review unaudited statements and records regarding the DMA Co-op’s activities.

Each DMA Co-op will be organized for the exclusive purpose of administering regional advertising, public relations and/or marketing programs and developing standardized materials for use by the members in local advertising. The use of funds by DMA Co-ops will differ significantly from Co-op to Co-op.

Advertising conducted by the Marketing Fee and the NAF may be disseminated and produced in print, radio, television, direct mail, or any other advertising medium we choose. Advertising for the marketing fee and NAF is prepared by us in-house and by a national advertising agency. Advertising for a DMA Co-op is prepared by MBE or the DMA Co-op's advertising agency.

### **Your Center's Web Page**

You may maintain a web page for your Center or any aspect of your business only if it is contained within the MBE-approved templates, which reside on MBEWeb. Your home page must reside on our home page site location (<http://www.theupsstore.com>) and must comply with our trademark, service mark, logo and advertising requirements, as well as all of our applicable policies and procedures. All links in and links out must be pre-approved by us in writing.

### **Telephone Directories**

You must advertise in the Yellow Pages of local telephone directory(ies), using advertisements approved by us, in those categories specified in the Manuals. See footnote in Item 7 for more information about your Yellow Pages obligations.

### **Length of Time to Open Franchised Business**

We estimate that the typical length of time between the signing of the Franchise Agreement and the opening of the franchised business will be 60 to 120 days (immediately if you are renewing or signing the Franchise Agreement in connection with a transfer). Factors which may affect this time period include Center design approvals, the ability to procure and install equipment and computers, make acceptable financing arrangements, obtain any required approvals and zoning and building permits, as well as resolve other factors bearing on construction.

### **Computer Hardware**

See Item 7, footnote #11 for a detailed description of the computer hardware you are required to purchase.

#### **Scales**

Toledo 150 lb. Electronic scale (Model PS60) or equivalent  
Postage Meter

#### **VPN Related Hardware**

MBE-approved 8-Port Ethernet Hub  
If for "Dial-Up": Netscreen VPN Device and 56K v.90 external modem  
If for "Broadband": Netscreen VPN Device

Depending upon your communications service provider and our VPN specifications, which may be updated from time to time, additional VPN-related equipment may be necessary.

TV or DVD Player (or laptop with DVD capability) (recommended for training).

### Hardware Maintenance

As of April 1, 2007, the vendor from whom MBE purchases computers for configuration and resale to franchisees provides a three-year warranty with the non-peripheral computer hardware. In the future, MBE may purchase computer hardware from vendors that do offer such a separate extended warranty package for an additional fee. Additionally, you may purchase a three (3) year warranty on POS/CMS peripherals for an additional fee ranging from \$338 to \$368.

Pricing and specifications are subject to change due to technological and program changes.

In the long-term best interests of our System as a whole, we may revise our technology-related specifications from time to time. Consequently, you may be required to upgrade or update your computer system. There is no contractual limitation on the frequency and cost of this obligation, though our industry reflects an update or upgrade every two to three years. As described in Item 8 and in this Item 11, we will make available to you a computer software system. The hardware component of the system is described above. You have a contractual obligation to purchase and install ongoing upgrades to this system. You have the obligation to upgrade this system as we may direct. There is no limitation on the frequency or cost of this obligation.

For a fee, you must also license from us our proprietary software package, costing (including related fees) as follows:

One-Time Per-Franchise Proprietary Software License Fee	\$4,750.00
Annual Technology Development and Support Fee	\$795.00

This Annual Technology Development and Support fee must be paid each year, including upon the commencement of your Franchise Agreement. This fee is subject to reasonable increases from time to time.

### Computer Software

Our proprietary software required to be purchased upon the build-out of your Center, included in the \$4,750 fee: (1) Counter Manifest System, (iship, Inc. is the licensor) (processes packages for shipping); (2) Mailbox Manager (tracks mailbox rentals); (3) Point of Sale System (POS) (processes daily customer transactions); (4) CMS Services (customized integration between the Counter Manifest System and POS); (5) Z Services (customized integration between POS and QuickBooks); and (6) Corporate Account Management System ("CAMS") (Tracks Corporate Account Transactions)

Commercially available software currently required for use in our systems, not included in the \$4,750 fee includes (1) Intuit QuickBooks Pro 2007; and (2) Microsoft Office Pro, while not part of our software package, may be necessary in order to fulfill document services and can be purchased directly from MBE.

We use a secure protocol to independently access your POS software and retrieve data in order to develop our data bases which will be used to further develop our products, services, marketing campaigns, etc. We reserve the right to use our secure protocol to automate royalty and other fee payment and reporting.

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We make the provisions of the Center Operations Manuals available to our franchisees on the Internet by means of a password. This material and any copies are the property of MBE and are licensed to you.

**ITEM 12.  
TERRITORY**

Except for renewal franchises and purchasers of existing franchised Centers, you are (subject to MBE's prior written approval) permitted to enter into a "Center Option Agreement" (See Exhibit 2) with MBE. In exchange for an option fee, you (the option holder) would be granted a protected option territory. Not all option holders become franchisees. This Center Option Agreement does not grant you any protected territory to operate a Center. If you (as an option holder) did effectively exercise your option, you would sign a Franchise Agreement with a defined franchise "Territory" (see below). Your Franchise Agreement's territory would not necessarily match your option territory. In fact, it is likely that your franchise territory would be significantly smaller than your option territory. See Exhibit 2 (the Center Option Agreement) for further details.

You will be permitted to operate your Center at a specific location acceptable to MBE, as described in the Franchise Agreement. Our acceptance will be based upon a variety of factors, which may include visibility and accessibility, traffic patterns, parking, size, physical characteristics of existing buildings and lease terms. You may not relocate the Center to any other location without our prior written consent.

Your Franchise Agreement will have an attached map and written description that will describe a geographic area surrounding your Center (your "Territory"). The boundaries of your Territory will be established by MBE before signing your Franchise Agreement. Boundary lines shall be defined as extending only to the middle of the boundary line of demarcation, e.g., to the middle of a street or highway, and another Center may be located on the boundary line but outside of your territory. Your Franchise Agreement's territory may be modified by MBE, in our sole and absolute discretion, at the time of such agreement's transfer or renewal.

During the term of your Franchise Agreement:

- a. Except as set forth below (and more specifically in Section 1.2 of the Franchise Agreement), neither MBE or its Affiliates will own or operate a Center (as that term is defined in the Franchise Agreement) nor license or franchise others to do so at any site located within your franchise Territory (as that term is defined in the Franchise Agreement).
- b. Subject to "Franchisee's Right of First Refusal for Special Venue Development," we or our Affiliates may own or operate, or license or franchise others to own or operate, Centers at "Special Venue Sites" (as that term is defined in the Franchise Agreement) at any site within your franchise Territory, and regardless of the proximity to your Center. (For details regarding your "Right of First Refusal for Special Venue Development," see Section 1.3 of the Franchise Agreement.)

- c. We reserve for ourselves (and for our Designees) the exclusive, unrestricted right to produce, franchise, license, sell, distribute and market any products or services (under any brands, including but not limited to our trademarks) from any Retail Outlets (including but not limited to traditional Centers or Special Venue Sites) the physical premises of which are located outside of your franchise Territory, regardless of (i) the proximity of such Retail Outlet to your Center, or (ii) whether or not such products or services are purchased by customers whose residences or places of business are located within your franchise Territory.
- d. We expressly reserve (for ourselves and our Designees) the exclusive, unrestricted right to sell, distribute and market any products or services (under any brands, including but not limited to our trademarks) to customers (wherever located) through all Retail Outlets and other distribution channels physically located or otherwise operating within or outside the Territory (but not through traditional Centers the physical premises of which are located within the Territory). Without limiting the generality of the foregoing, we (and our Designees) may utilize the following alternative channels or methods of distribution under this provision: the Internet and other electronic communications methods, mail order catalogs, direct mail advertising, and telemarketing. In addition, United Parcel Service, Inc. and its operating subsidiaries (but not including us) have the right to sell UPS products and services through customer counters, air service counters, drop boxes, and independently-owned businesses (CMRA and non-CMRA) that also function as authorized shipping outlets but do not operate under the System, whether such alternative channels or methods of distribution are physically located or otherwise operating within or outside the Territory.
- e. MBE and its Affiliates may, without any restrictions whatsoever, engage in any other activities they desire within or outside of your franchise Territory that are not specifically prohibited above or elsewhere in your Franchise Agreement, including but not limited to, the activities described in Sections 1.2 (c) and (d) of your Franchise Agreement.

Under the Franchise Agreement, continuation of your Territory does not depend upon the volume of sales generated nor on your penetration of the market potential. Upon a transfer or renewal of your Franchise Agreement, MBE has the right to modify the boundaries of your Territory. You do not have the right to acquire additional franchises either within or outside of the Territory, although you may apply for the right to operate additional Centers pursuant to separate franchise agreements. We may allow you, in our sole discretion, to operate a permanent or temporary kiosk location at any location so long as it is not within another franchisee's territory, for which you may be required to execute a separate form. STR from such kiosk locations is subject to the same fees as your Center and transactions from such locations are reported through your Center.

**ITEM 13.  
TRADEMARKS**

The following "UPS" Marks are the primary Marks that you will use in operating your Center. The "Mail Boxes Etc." Marks continue to be used by franchised Centers that have chosen not (or are not eligible) to re-brand to the The UPS Store name and are provided only for your general information.

REGISTRATION/ APPLICATION NUMBER	DESCRIPTION OF MARK	PRINCIPAL OR SUPPLEMENTAL REGISTER	REGISTRATION DATE	CLASS
2,884,954	THE UPS STORE	Principal	September 14, 2004	9, 35, 38, 39

REGISTRATION/ APPLICATION NUMBER	DESCRIPTION OF MARK	PRINCIPAL OR SUPPLEMENTAL REGISTER	REGISTRATION DATE	CLASS
76/442,507	UPS STORE	Principal	Pending	35, 38, 39
78/818,815	TUPSS	Principal	Pending	35, 39
2,978,624	UPS & Stylized Shield Device (b/w)	Principal	July 26, 2005	36
2,978,625	UPS & Stylized Shield Device (color)	Principal	July 26, 2005	36
2,867,999	UPS & Stylized Shield Device (b/w)	Principal	July 27, 2004	39
2,868,000	UPS & Stylized Shield Device (color)	Principal	July 27, 2004	39
2,973,108	UPS & Stylized Shield Device (b/w)	Principal	July 19, 2005	9, 16, 25, 35, 38, 42
2,981,794	UPS & Stylized Shield Device (color)	Principal	August 2, 2005	9, 16, 25, 35, 38, 42
2,973,599	UPS & Stylized Shield Device (color)	Principal	July 19, 2005	35, 36, 41
2,965,392	UPS & Stylized Shield Device (b/w)	Principal	July 5, 2005	35, 36, 41
3,160,056	UPS & Stylized Shield Device (b/w)	Principal	October 17, 2006	24, 28

Our affiliate has filed all required affidavits for these marks. It has renewed the marks that have come up for renewal and intends to renew other marks that are important for Centers as they come up for renewal.

**Determinations** There are no currently effective material adverse determinations of the Patent and Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrator of this State or any court; nor any pending infringement, opposition or cancellation proceedings; nor any pending material litigation involving our principal trademarks.



**Agreements:** UPS Market Driver, Inc. (“UPS Market Driver”), one of our affiliates, has licensed the Marks to us for our franchise program. If we breach the license agreement and fail to cure the breach within 120 days after UPS Market Driver notifies us of the breach, UPS Market Driver may terminate the license agreement. We must pay royalties to UPS Market Driver, maintain the nature and quality of the Marks to the standards and specifications set by UPS Market Driver, protect the Marks, maintain sales records, maintain liability insurance, and not assign our license rights. UPS Market Driver has derived the right to use and sublicense the Marks from UPS of America (see Item 1), the owner of all the Marks. If either of the license agreements described above expires without renewal or is terminated while your Franchise Agreement still is in effect, you may continue using the Marks in operating your Center for the remaining term of your Franchise Agreement (and during any expressly granted and permitted franchise renewal terms) as long as you comply with all of your contractual obligations in operating the Center.

**Branded Vehicle Program:** If you seek to operate a vehicle that is branded to promote your franchised business, you must comply with the Branded Vehicle Program which is detailed in your Center Operations Manual. This program has very strict requirements, including the type and condition of vehicles that qualify for participation, use of our vendors and our approved graphics/materials for branding the vehicle, minimum insurance coverage, etc. There is no guarantee that your vehicle will be approved for the Branded Vehicle Program, which is an optional program.

**Trademark Protection:** If you learn of any alleged infringement of the Marks or challenge to your use of the Marks under the terms of the Franchise Agreement, you must notify us immediately. You may not settle or compromise any trademark claim. We have the right to defend, compromise or settle these claims at our sole cost and expense, using attorneys of our own choosing, and you must cooperate fully with us in the defense of these claims. We will bear your incidental legal expenses to participate in any action, except for the cost of your separate legal counsel, if you elect to be represented by counsel separately. Both during the term of the Franchise Agreement and afterwards you must not directly or indirectly contest, derogate, disparage or impugn any of our Marks.

In the event of any legal actions that are brought against you by a third party alleging that your uses of the Marks violate the rights of the third party, we will indemnify you against (and reimburse you for) all directly related costs (including attorneys’ fees) and damages for which you are held liable, so long as (i) you immediately notified us of the claim(s); (ii) your use of the Marks was fully authorized by us; (iii) you are not in default of your Franchise Agreement or any other agreement between you and ourselves; and (iv) you execute any and all documents and do whatever is deemed necessary or advisable in our (or legal counsel’s) opinion to protect our interests in the Marks.

**Common Law Rights:** We and our affiliates also have common law rights in the Marks by virtue of using them in interstate commerce. We may have the right, as a matter of common law, to exclude others from using the same or confusingly similar marks for similar products or services within the area of geographical influence of our company and/or our franchisees. The specific legal rights which you and we have in a particular dispute would depend upon all the facts and circumstances surrounding the dispute.

**Infringing Uses & Modification:** As of the date of this Offering Circular, we know of no infringing uses which would materially affect your use of the Marks. MBE reserves the right, in its sole discretion, to designate one or more new, modified or replacement Marks for your use, or reduce the number of Marks available for your use, and upon written notice from MBE, you must implement such new, modified or replacement Marks in addition to or in lieu of any previously designated Marks, as prescribed by MBE. Any expenses or costs associated with your use of any such new, modified or replacement Marks will be your sole responsibility.

**ITEM 14.**  
**PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

You do not receive the right to use an item covered by a patent. You do receive the right to use copyrighted materials produced for Centers, including proprietary information that is published in our confidential Manuals and other materials, and proprietary computer software (See Item 11). We claim a copyright in numerous materials; some are registered with the Registrar of Copyrights, some are not. You must treat the information contained in the software, Manuals and any other manuals or supplemental material supplied by us as confidential and must use all reasonable efforts to maintain this information as secret and confidential. The software and Manuals are our property and you may not duplicate, copy, disclose or disseminate the contents of the software and Manuals at any time, without our prior written consent. We may modify or supplement the software and Manuals upon notice or delivery to you. Upon the termination or non-renewal of your franchise, you must return all Manuals and software to us. All information about our System revealed in the Manuals constitutes Proprietary information of MBE.

You must not, during the term of the Franchise Agreement or thereafter, communicate, divulge, or use for the benefit of any other person, partnership, association or corporation, any confidential information, knowledge or know-how concerning the method of operation of your Center which may be communicated to you or of which you may be apprised by virtue of your operation under the terms of the Franchise Agreement, including information, knowledge, or know-how regarding our System. You may divulge this confidential information only to those of your employees who must have access to it in order to operate your Center.

**ITEM 15.**  
**OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION  
OF THE FRANCHISE BUSINESS**

We do not require that you personally supervise your Center; however, your Center must at all times be directly supervised by a Primary Operator (or, if applicable, MCO Manager.) as those terms are defined in your Franchise Agreement. The Primary Operator will not be required to have an equity interest in your business. All of your Center's employees shall be obliged not to reveal our confidential information obtained in the course of their employment with you.

**ITEM 16.**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must use the premises solely for the operation of the Center; must keep the Center open and in normal operation for such minimal hours and days as may be specified by us; must refrain from using or permitting the use of the premises for any other purpose or activity at anytime without first obtaining our written consent, and must operate the Center in strict conformity with such methods, standards and specifications as we may from time to time require in the Operations Manual or otherwise in writing. You must not deviate from such standards, specifications and procedures without our prior written consent. You must sell or offer for sale only such services and products which have been expressly approved for sale in writing by us. You must sell or offer for sale all types of services and products specified by us and must not deviate from our standards and specifications without our prior written consent. We have the right to change the types of authorized business products or services, and there are no limits on our right to make changes to the types of authorized goods and services you may sell.

You must operate your Center in strict conformity with all applicable federal, state and local laws, ordinances, and regulations. Such laws, ordinances and regulations vary from jurisdiction to jurisdiction

and are amendable and may be implemented or interpreted in a different manner from time to time. It is your sole responsibility to apprise yourself of the existent requirements of all laws, ordinances and regulations applicable to the Center, and to adhere to them and to the then current implementation or interpretation of them.

Our System may be supplemented or modified from time to time by us. You must comply with all of our requirements, including offering or selling new and different products or services specified by us. We impose no limitations on the customers to whom you may sell goods and services.

With two exceptions, you are free to offer the Center's products and services to your customers at any prices you wish. The first exception is that you may not charge customers more than the maximum retail prices designated by UPS for the various shipping services that the Center offers to its customers. UPS will specify these maximum retail prices in the Contract Carrier Agreement. (They will be based on the actual zone, weight, and service level of each individual package or letter.) In reliance on your following these maximum pricing guidelines, we will use our best efforts to ensure that UPS gives you discounts and incentives on your wholesale cost for such UPS services. These discounts and incentives also will be reflected in the Contract Carrier Agreement. UPS periodically may modify the required maximum retail prices for shipping services as well as the wholesale discounts and incentives. However, UPS will give you ninety (90) days' prior written notice of any proposed change in its incentive levels. Maximum retail prices and wholesale discounts and incentives may differ among franchisees due to various factors, including the differing costs of doing business in different geographic markets such as, without limitation, Hawaii, Alaska and Puerto Rico. The second exception is that MBE reserves the right, in its sole and absolute discretion, to permit certain Special Venue Centers to charge customers a fee in an amount specified by MBE in exchange for processing the shipment of pre-manifested carrier delivery services. MBE will only authorize such fees to be charged when the Special Venue Center is of a type or in a location where such fees are customary.

**ITEM 17.  
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this offering circular.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
a. Term of franchise	Section 2.1: Option Agreement Exhibit A; also see Section 2 of Contract Carrier Agreement	10 years. Term of option (if applicable) differs from Agreement to Agreement. Term of Contract Carrier Agreement is equal to term of Franchise Agreement
b. Renewal or extension of the term	Section 2.2	If you are in good standing, you can renew for successive periods of 10 years each using our then-current version of franchise agreement which may differ from the version contained in this circular..
c. Requirements for you to renew or extend	Section 2.3	You must have complied with your obligations under your Franchise Agreement and all other agreements

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
		between you and MBE or its affiliates during the Term, be current with all financial obligations to MBE and to third parties, including your landlord and vendors of products or services, must sign a new Franchise Agreement, which may potentially contain new terms, and all other documents or instruments which we require, sign a general release, pay renewal fee, upgrade and remodel your Center to our then current image standards and specifications, and modify the boundaries of your Territory, as determined by us. Your Contract Carrier Agreement will be renewed if your franchise is renewed.
d. Termination by you	Section 12.1; Section 3.2 of Option Agreement	You may terminate only if MBE is in material default, and has not cured the default within 60 days after notice by you. You may terminate the Option Agreement by not timely exercising your option.
e. Termination by MBE without cause	None	
f. Termination by MBE with cause	Section 12.2; Section 3.2 of Option Agreement; also see Sections 2 and 3 of Contract Carrier Agreement	MBE can terminate only if you default; i.e., material breach of Franchise Agreement or termination of Contract Carrier Agreement with UPS. Termination of Contract Carrier Agreement is considered a simultaneous uncured and incurable material default under your Franchise Agreement and automatically and simultaneously results in the immediate termination of your Franchise Agreement without any required notice or other action by us. Grounds for termination of Contract Carrier Agreement include material violation of UPS's designated maximum retail prices for various UPS shipping services and options. MBE may terminate the Option Agreement by your not timely exercising your option and as described in "h" below.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
g. "Cause" defined – defaults which can be cured	Section 12.3; also see Sections 2 and 3 of Contract Carrier Agreement	You have 30 days to cure defaults not listed in Section 12.4 or such longer time period as applicable law may require; or such longer period as we may specify in a notice letter to you.
h. "Cause" defined – defaults which cannot be cured	Section 12.4; Section 3.2 of Option Agreement; also see Sections 2 and 3 of Contract Carrier Agreement	Non-curable defaults: bankruptcy, insolvency, disposition for the benefit of creditors, judgment against MBE related to Franchisee, unauthorized assignment of franchise, foreclosure, condemnation or assignment in lieu of condemnation, abandonment, repeated defaults (even if cured), conviction of a felony, unapproved transfers, misrepresentations in acquiring your franchise, trademark misuse, unauthorized use or disclosure of confidential information, unsatisfied judgment over \$25,000; levy of execution on your franchise or Center assets, expiration or termination of Franchisee's lease, violation of Franchisee's in-term Non-Competition Covenant. Also see "f" above. We may terminate the Option Agreement for your failure to timely exercise your Option, your uncured default of any other agreement that we have with you, if you assign the Option Agreement, or if you fail to satisfy our "MCO" criteria for ownership of additional Centers.
i. Your obligations on termination/non-renewal	Section 13 and Section 14	You must cease use of our trademarks, de-identify per MBE guidelines, pay all amounts due to us, submit final reports to us, return the Manuals, proprietary hardware and software, and all items containing our Marks to us, transfer telephone numbers to us. We may, at our option, assume your lease and purchase all usable inventory, equipment and supplies at fair market value. See also "r" below. Upon termination, you may be responsible for liquidated damages.
j. Assignment of contract by MBE	Section 11.1	No restriction on our right to assign.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
k. "Transfer" by you	Section 11.2; Section 4.3 of Option Agreement; also see Section 14 of Contract Carrier Agreement	Includes transfer of the Franchise Agreement or change in controlling ownership of the entity which owns it. You are not permitted to assign your rights under the Option Agreement without our prior written consent. You may not assign your UPS shipper number without UPS's prior written consent.
l. MBE's approval of transfer by franchisee	Section 11.3; Section 4.3 of Option Agreement	Transfers require our prior written consent. You are not permitted to assign your rights under the Option Agreement without our prior written consent.
m. Conditions for MBE's approval of transfer	Section 11.3; Section 4.3 of Option Agreement	New franchisee: must qualify, assume your obligations under our then current Franchise Agreement (and we may modify the new franchisee's territorial boundaries), complete training, sign new Franchise Agreement, pay a transfer fee, processing fee and pro-rated renewal fee. You must upgrade to our then-current image and equipment standards and specifications, sign a general release (See also "r" below). You are not permitted to assign your rights under the Option Agreement without our prior written consent.
n. MBE's right of first refusal to acquire your business	Section 11.4	We can match any offer for your business.
o. MBE's option to purchase your business	Section 14.6 & 14.7; Section 4 of Lease Addendum (Exhibit I to Franchise Agreement)	Upon termination or expiration of your Franchise Agreement, we may, at our option: (1) purchase your business's tangible assets (not goodwill or intangible franchise rights) at formula set forth in 14.6; and (2) assume (or direct the assignment to another franchisee of) your business's premises lease.
p. Your death or disability	Section 11.8; Section 4.3 of Option Agreement	Heirs must either execute new Franchise Agreement or transfer to approved buyer within six months. At the request of your heirs, we may agree to act as a non-exclusive agent to sell their rights under your Franchise Agreement. Our finder fee for securing a buyer is 25% of the then current Initial Franchise Fee. Upon your death or incapacity, your option rights terminate.
q. Non-competition covenants during the term of the franchise	Section 2 of Non-Competition and Non-Solicitation Agreement	You may not be involved in any business which sells the same or substantially similar services (no geographic restriction).
r. Non-competition covenants after the franchise is terminated or expires	Section 3 of Non-Competition and Non-Solicitation Agreement	You may not be involved in any business which sells the same or substantially similar services within the Center's former protected territory for 2 years. Lesser restriction in certain States.

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
s. Modification of the agreement	Section 7.2; Section 4.8 of Option Agreement	The Manuals are subject to change. Otherwise, for Franchise and Option Agreement, only in writing signed by you and MBE.
t. Integration/merger clause	Section 21.2; Section 4.8 of Option Agreement	All agreements between the parties are in the Franchise Agreement and its exhibits. Same true for Option Agreement.
u. Dispute resolution by arbitration or mediation	Section 20.2; Section 4.5 of Option Agreement; Section 7 and 8 of Non-Competition and Non-Solicitation Agreement	Except for matters involving MBE's intellectual property rights, all Franchise Agreement and Option Agreement disputes between Franchisee and MBE must be mediated in San Diego, California before either party may initiate any suit or action against the other. The Non-Competition and Non-Solicitation Agreement does not contain a provision regarding mediation or arbitration.
v. Choice of forum	Section 20.1(b); Section 4.4 of Option Agreement; Section 8 & 10 of Non-Competition and Non-Solicitation Agreement	All Franchise Agreement and Option Agreement disputes must be litigated in San Diego, California. Disputes involving the Non-Competition and Non-Solicitation Agreement must be litigated in the courts of the State where the Center is located. Where applicable, subject to state-specific law (see UFOC Exhibit 5).
w. Choice of law	Section 20.1(a); Section 4.4 of Option Agreement; Section 10 of Non-Competition and Non-Solicitation Agreement	Option Agreement is subject to California law. Franchise Agreement is subject to California law and Federal law for intellectual property issues; Non-Competition and Non-Solicitation Agreement is governed by law of state where the franchised Center is located. Where applicable, subject to state-specific law (see UFOC Exhibit 5).

**ITEM 18.  
PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

**ITEM 19.  
EARNINGS CLAIMS**

MBE does not furnish or authorize its salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of Centers. Actual results vary from Center to Center and MBE cannot estimate the results of any particular Center.

**ITEM 20.  
LIST OF OUTLETS**

Franchised Center Status Summary for Fiscal Periods 2006, 2005, and 2004 (see footnotes below). All Centers disclosed in the first chart operated under the Mail Boxes Etc. name during the relevant timeframe. All Centers projected for opening during 2007 and beyond will operate as The UPS Store Centers. As explained in Item 1 of this offering circular, beginning in February 2003, we began a re-branding process for our system in the United States by which existing Centers meeting certain eligibility requirements would change their trade name from Mail Boxes Etc. to The UPS Store and change certain operating procedures. As of the date of this offering circular, a substantial number of our existing Centers have agreed to re-brand their Centers. We expect that this percentage will continue to grow over time as existing Centers are renewed or transferred because any renewal or transfer must be completed under the The UPS Store name. In addition, we no longer grant franchises in the United States under the Mail Boxes Etc. name. All new franchises are granted only under the The UPS Store name. At your request, we will identify for you the former Mail Boxes Etc. Centers that have chosen to re-brand under the The UPS Store name.

State	Transfers			Canceled or Terminated			Not Renewed			Reacquired By Franchisor			Otherwise Left the System			Total From Left Columns			Franchises Operating at Year End		
	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04
Alabama	0	5	4	0	2	2	1	0	0	0	0	0	0	0	1	7	6	54	51	49	
Alaska	2	3	0	0	0	1	1	1	0	0	0	0	0	0	3	4	1	16	17	17	
Arkansas	6	2	1	1	0	1	1	0	0	0	0	0	0	0	8	2	2	25	24	22	
Arizona	24	27	30	1	1	1	0	0	0	0	0	0	0	0	25	28	31	160	157	139	
California	71	84	63	9	3	4	21	0	1	0	0	0	0	0	101	87	68	661	655	613	
Colorado	19	13	10	5	5	0	0	1	0	0	0	0	0	0	24	19	10	103	103	105	
Connecticut	0	7	1	4	0	0	0	0	1	0	0	0	0	0	4	7	2	48	48	41	
District of Columbia	0	0	2	0	0	0	0	0	0	0	0	0	0	0	0	0	2	13	12	11	
Delaware	0	3	0	0	0	0	0	0	0	0	0	0	0	0	0	3	0	12	12	11	
Florida	40	49	51	7	5	3	0	0	0	0	0	0	0	0	47	54	54	409	399	377	
Georgia	13	15	23	2	6	8	0	0	0	0	0	0	0	0	15	21	31	187	182	177	
Hawaii	0	2	0	1	0	0	0	0	0	0	0	0	0	0	1	2	0	17	16	13	
Idaho	5	4	2	0	0	0	2	0	0	0	0	0	0	0	7	4	2	28	29	28	
Illinois	6	15	15	2	3	2	0	0	1	0	0	0	0	0	8	18	18	177	167	149	
Indiana	7	11	8	4	4	0	1	0	0	0	0	0	0	0	12	15	8	73	72	67	



State	Transfers			Canceled or Terminated			Not Renewed			Reacquired By Franchisor			Otherwise Left the System			Total From Left Columns			Franchises Operating at Year End		
	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04
Iowa	0	1	0	3	0	0	0	1	0	0	1	0	0	0	0	3	3	0	25	27	24
Kansas	1	2	2	2	0	0	0	0	0	0	0	0	0	0	0	3	2	2	33	30	27
Kentucky	1	2	3	0	0	1	0	0	0	0	0	0	0	0	0	1	2	4	42	41	34
Louisiana	2	2	3	1	0	1	1	0	0	0	0	0	0	0	0	4	2	4	43	44	39
Maine	0	3	2	1	1	0	0	0	0	0	0	0	0	0	0	1	4	2	17	19	17
Maryland	7	5	5	1	1	1	0	0	0	0	0	0	0	0	0	8	6	6	67	62	57
Massachusetts	2	4	16	8	3	2	0	0	0	0	0	0	0	0	0	10	7	18	99	105	104
Michigan	5	7	2	3	0	2	0	1	0	0	0	0	0	0	0	8	8	4	119	120	111
Minnesota	6	10	7	2	0	2	1	0	0	0	0	0	0	0	0	9	10	9	59	60	56
Mississippi	3	2	2	1	0	0	0	0	0	0	0	0	0	0	0	4	2	2	24	23	20
Missouri	8	7	12	0	2	0	0	0	0	0	0	0	0	0	0	8	9	12	91	90	87
Montana	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1	0	0	17	17	17
Nebraska	0	1	2	2	0	0	0	0	0	0	0	0	0	0	0	2	1	2	17	18	17
Nevada	13	10	15	1	0	0	0	0	0	0	0	0	0	0	0	14	10	16	74	74	70
North Carolina	10	7	6	5	4	7	0	0	0	0	0	0	0	0	0	15	11	13	140	141	128
North Dakota	0	1	1	0	0	1	0	0	0	0	0	0	0	0	0	0	1	2	6	6	5
New Hampshire	2	2	3	1	1	0	0	0	0	0	0	0	0	0	0	3	3	3	19	21	21
New Jersey	14	19	11	3	2	0	3	0	0	0	0	0	0	0	0	20	21	11	141	139	122
New Mexico	2	2	4	1	1	0	0	0	0	0	0	0	0	0	0	3	3	4	28	29	26
New York	18	12	16	18	4	1	4	0	1	0	0	0	0	0	0	40	16	18	225	240	200
Ohio	10	13	15	6	5	1	1	0	1	0	0	0	0	0	0	17	18	17	134	135	130
Oklahoma	1	6	1	5	3	0	3	0	0	0	0	0	0	0	0	9	9	1	36	44	44
Oregon	6	6	8	0	0	2	4	0	0	0	0	0	0	0	0	10	6	10	58	59	51
Pennsylvania	5	10	7	3	2	3	2	1	0	0	0	0	0	0	0	10	13	10	118	120	105
Rhode Island	2	2	0	0	1	0	0	0	0	0	0	0	0	0	0	2	3	0	16	12	10
South Carolina	6	6	8	3	0	2	0	0	0	0	0	0	0	0	0	9	6	10	73	72	66
South Dakota	0	3	2	0	0	0	0	0	0	0	0	0	0	0	0	0	3	2	10	10	9
Tennessee	3	4	10	2	2	1	0	0	0	0	0	0	0	0	0	5	6	11	72	73	75
Texas	27	20	23	13	11	1	3	0	0	0	0	0	0	0	0	43	31	24	276	277	264
Utah	4	1	3	0	0	0	0	0	0	0	0	0	0	0	0	4	1	3	48	44	41

State	Transfers			Canceled or Terminated			Not Renewed			Reacquired By Franchisor			Otherwise Left the System			Total From Left Columns			Franchises Operating at Year End		
	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04	06	05	04
Vermont	1	1	0	0	0	1	3	0	0	0	0	0	0	0	0	4	1	1	7	10	10
Virginia	14	4	4	0	0	0	1	0	0	0	0	0	0	0	0	15	4	4	101	92	81
Washington	9	14	15	1	3	0	1	0	0	0	0	0	0	0	0	11	17	15	115	109	107
W. Virginia	1	0	0	0	1	0	0	0	0	0	0	0	0	0	0	1	1	0	11	10	11
Wisconsin	0	2	3	1	0	0	0	0	0	0	0	0	0	0	0	1	2	3	59	56	51
Wyoming	2	0	2	1	0	0	0	0	0	0	0	0	0	0	0	3	0	2	9	10	10
<b>TOTAL</b>	<b>379</b>	<b>431</b>	<b>423</b>	<b>124</b>	<b>76</b>	<b>51</b>	<b>54</b>	<b>5</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>557</b>	<b>513</b>	<b>480</b>	<b>4,412</b>	<b>4,383</b>	<b>4,067</b>

1. For a list of franchisees current as of April 1, 2007, please see Exhibit 3, Center Directory – “List of Franchisees.”
2. Our fiscal year is the calendar year.
3. Prior to Fiscal Year 01-a, abandonment-terminations were put in the “otherwise left the system” column, but starting with Fiscal Year 01-a, they are put in the “Canceled or Terminated” column.
4. As of March 1, 2007, our domestic franchise network (not including Puerto Rico or the U.S. Virgin Islands) consists of approximately 4,436 Centers, of which approximately 4,253 are The UPS Store and approximately 183 are Mail Boxes Etc.

**\*Status of Company-Owned Centers for Fiscal Years 2006, 2005 and 2004**

State	Stores Closed During Year			Stores Opened During Year			Total Stores Operating at Year End		
	06	05	04	06	05	04	06	05	04
California	0	0	2	0	0	0	0	0	0
Georgia	0	0	0	0	0	0	0	0	0
Iowa	1	0	0	0	1	0	0	1	0
New York	0	0	1	0	0	0	0	0	0
Texas	0	0	1	0	0	0	0	0	0
Washington	0	0	1	0	0	0	0	0	0
<b>TOTAL</b>	<b>1</b>	<b>0</b>	<b>5</b>	<b>0</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>0</b>

\*Except for Iowa, these “UPS Store” Centers were owned by one of our affiliates and were similar (but not identical) to our “The UPS Store.” As of April 1, 2007 Mail Boxes Etc., Inc. (the Franchisor) owns no company-owned “The UPS Store” Centers. A company-owned Center located in Iowa which was reacquired in 2005 from one our former franchisees closed on August 31, 2006.

**PROJECTED OPENINGS AS OF APRIL 1, 2007**

<b>State</b>	<b>Franchise Agreements Signed but Store Not Open</b>	<b>Projected Franchised New Stores in the Next Fiscal Year</b>	<b>Projected Company Owned Openings in Next Fiscal Year</b>
Alabama	0	1	0
Alaska	0	1	0
Arkansas	1	2	0
Arizona	12	5	0
California	17	12	0
Colorado	0	4	0
Connecticut	0	3	0
D.C.	0	1	0
Delaware	0	1	0
Florida	8	9	0
Georgia	1	4	0
Hawaii	2	1	0
Idaho	0	1	0
Illinois	3	9	0
Indiana	0	2	0
Iowa	0	2	0
Kansas	0	2	0
Kentucky	0	1	0
Louisiana	2	2	0
Maine	0	1	0
Maryland	2	3	0
Massachusetts	1	3	0
Michigan	0	2	0
Minnesota	0	4	0
Mississippi	0	1	0
Missouri	0	3	0
Montana	0	1	0
Nebraska	0	1	0
Nevada	0	4	0
New Hampshire	0	1	0
New Jersey	1	6	0
New York	2	7	0
North Carolina	0	3	0

State	Franchise Agreements Signed but Store Not Open	Projected Franchised New Stores in the Next Fiscal Year	Projected Company Owned Openings in Next Fiscal Year
North Dakota	0	1	0
New Mexico	0	1	0
Ohio	1	5	0
Oklahoma	0	2	0
Oregon	0	5	0
Pennsylvania	2	3	0
Puerto Rico	0	2	0
Rhode Island	0	1	0
South Carolina	0	2	0
South Dakota	0	1	0
Tennessee	1	1	0
Texas	2	8	0
Utah	0	1	0
Vermont	0	2	0
Virginia	5	6	0
Washington	2	5	0
West Virginia	0	1	0
Wisconsin	1	4	0
Wyoming	0	1	0
<b>TOTAL</b>	<b>66</b>	<b>155</b>	<b>0</b>

## I. TERMINATIONS INCLUDING NON-RENEWALS

Except for Franchisees who sold their outlets via our transfer process who are listed separately below, the name and last known home address and telephone number of every Franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who has not communicated with us within 10 weeks of our application date, are as follows. Blank spaces next to a franchisee's name mean that we did not have information on the departed franchisee's last home address and home telephone number:

Aron Fliman	35 Morris Rd Tenafly, NJ 07670	201-894-8848
MG Anthony Enad	4381 Foxford Way Dublin, CA 94568	925-828-4094
Tom & Mary Lott	8829 Cypress Wood Ave Las Vegas, NV 89134-0315	
Joel Ehrenberg	4049 Broadway New York, NY 10032	
Michael Williams	5116 S Narcissus Ave Broken Arrow, OK 74011	918-449-9195
Richard Smucker	9081 Maral Trail Centerville, OH 45458-3629	513-885-7387
Chris Parsons	5209 NW 122 Terrace Oklahoma City, OK 73162	972-899-1703
James Nieman	4230 S Raymond Rd Waterloo, IA 50701	319-504-5785
Michael Perko	279 East 280 <sup>th</sup> Street Euclid, OH 44132-1307	

Lyle Johnson	5314 El Tejano San Antonio, TX 78233-5509	210-656-1782
Donald Austin	1900 SW 11 <sup>th</sup> Avenue Austin, MN 55912	507-433-1468
George Tatum	46-428 Haiku Plantations Drive Kaneohe, HI 96744	808-235-8386
Yvonne Cooper		
Charles Conley	12802 Stardell Whittier, CA 90601-2435	310-696-4491
Catherine Thomas	5136 Castor Avenue Philadelphia, PA 19124-1741	215-289-3223
Lewis Johnson II	532 SW Rimrock Apt 18 Redmond, OR 97756-1953	503-548-1413
Karl Fortsch	6 Shannon Court Somerset, NJ 08873-5017	908-846-7180
Tom D Weedman	7620 Toltee Dr N Little Rock, AR 72116-4586	501-834-1033
David A Derus	2227 W Vine St Lodi, CA 95242-3725	209-334-4073
Patricia Craig		
Gil McDougal	6715 Limerick Ct Indianapolis, IN 46250-4415	317-842-7129
Martin Senoff	381 Gerry Rd No. Brunswick, NJ 08402	908-297-5567
Irene Sanford	88700 Shoreline Loop Florence, OR 97439-9171	503-997-2336
Dennis Meeks	1335 E Vine Ct Visalia, CA 93292-7352	209-732-6674
Stephen Christo	4310 Braysworth Dr Houston, TX 77072-1822	713-933-5897
Walt/Lynn Paton	8225 Oak Knoll Drive Granite Bay, CA 95746-9373	916-791-4404
Dale Martinez	1875 N Birch Avenue Reedley, CA 93654-8701	209-638-1959
Michael Moran	1316 NW Sheridan Rd Lawton, OK 73505-5212	405-351-2015
Michael Moran	1316 NW Sheridan Rd Lawton, OK 73505-5212	405-351-2015
Glenn Sturgis	67 Skyline Dr Salem, VT 06420-4108	203-859-1584
Hillal Baradehi	4956 Seaford Circle Irvine, CA 92604-2424	714-552-6375
Craig/Marcia Hansen	9553 Tivoli Circle Cypress, CA 90630-3570	714-995-3257
Zaheer Azam	18506 W Oceana Ct Canyon Country, CA 91351-3440	805-251-8208
Mary Dunseith	#5 Berrypick Woodlands, TX 77380-1390	713-364-8936
Jeffrey Mullen	13284 Tiverton Rd San Diego, CA 92130-1031	858-259-6145
Sharon James	930 2 <sup>nd</sup> Street Natchitoches, LA 71457-4715	318-356-0390
Christina L May	4605 Jessica Lane North Royalton, OH 44133-5267	216-582-5995
Waldon Louie	216-5 <sup>th</sup> Ave San Francisco, CA 94118	415-752-5627
Patrick/John Weir	416 E 81 <sup>st</sup> Street #C New York, NY 10028-5892	212-772-0239
Roger Moore	11485 Clinton Bar Road Pine Grove, CA 95665-9722	209-223-9377
Denise C Taylor	314 Shadeland Ave Drexel Hill, PA 19026	610-394-6775
Arthur Brestlin	155 Ravenhurst Ave Staten Island, NY 10310	718-447-2474
David Kopchak	503 C-4 West Lakeshore Dr Port Clinton, OH 43452	419-734-4832
Luigi Giunta	392 E 3 <sup>rd</sup> St Brooklyn, NY 11218	718-431-8244
Jeffrey Collard	1609 E Firmin St Kokomo, IN 46902-2418	317-868-0283
Reymundo Puentes	12400 Rojas Space 151 El Paso, TX 79928	915-858-9869
John Cummo	29 Shattuck Rd Hadley, MA 01035	415-549-1844
Scott Gougis	465 E Honors Pt Court Slidell, LA 70458	985-643-9329
Frank Scarso	31 Dell Court Staten Island, NY 10307	718-227-6026
Anthony Jarvis	9501 Tamar Trail Fort Wayne, IN 46825	219-489-7713
Lillie Cain	4800 W Rasmussen Rd Ludington, MI 49431	231-845-2565
Sam Molinaro	4214 Fox Hill Dr Sterling Heights, MI 48310	586-604-4990
Steve C Busch	14025 Country Rd 14 Perryton, TX 79070	806-435-3208
Arthur Brestlin	155 Ravenhurst Ave Staten Island, NY 10310	718-447-2474
Rey Martinez	19 Paseo Viento Rancho S Margarita, CA 92688	949-589-2360
Larry Davis	23729 S Southview Dr Claremore, OK 74019	918-343-2660
Issam Mishu	821 Melrose Place Knoxville, TN 37916-3426	615-693-1008
James Gerlach	13900 NE 31 <sup>st</sup> Pl Bellevue, WA 98005-1881	239-254-9503
Cathleen Paguio	3709 W Ellery Fresno, CA 93711	
Benjamin Amos	377 Santa Clara Avenue #312 Oakland, CA 94610	510-891-9832
Shekhar Gosai	1916 Interface Lane Apt #14 Charlotte, NC 28262	704-921-1572
Ahaji Amos	7450 Overbrook Dr St. Louis, MO 63121	314-385-0099
Ali Altai	22045 Newbridge Dr Lake Forest, CA 92630-6512	714-770-4941
David Chaffin	809 Lake Meadows Circle Rockwal, TX 75087	903-450-1446
Medina Sadiq	369 East 148 <sup>th</sup> St Bronx, NY 10455	
James Silva	937 Nemeth St Bohemia, NY 11716-2120	516-563-6961
Joseph Smidt	258 Middleton Rd P.O. Box #258 Boxford, MA 01921-0258	508-887-5035
David Smith	4924 N Melrose Ave Tampa, FL 33629	813-784-7249
Juanita Greene	4575 Alridge Dr Memphis, TN 38109	
Paul Wehrs	1984 Richway Land SE Owatonna, MN 55060	507-446-8646
Bradley Beilinson	4207 N Lost Springs Dr Agoura Hills, CA 91301-5328	818-880-1246
Gerald Reed	Route 1 Box 1234 Hermiston, OR 97838-9530	541-567-9352
Russell Kawano	2171 Crosscreek Lane Boise, ID 83706-6706	208-343-8881
Mona Khoury	12208 Fernando Court San Diego, CA 92128-1216	858-673-1643

Shabbir Azam	9420 Reseda Blvd #3 Northridge, CA 91324	805-298-1272
Chang Nim Kim	2885 W 7 <sup>th</sup> Street Los Angeles, CA 90005-3907	213-385-7272
Jennifer Boggs	5071 State Rd 252 Brookville, IN 47012	765-647-1392
James Silva	350 3 <sup>rd</sup> Ave New York, NY 10010-2310	212-599-1361
Janet Reddington	3029 Fir Oaks Dr SW Albany, OR 97321-3553	541-928-6601
Carlos Garcia	601 Pelham Parkway North #207 Bronx, NY 10467	718-654-6062
Keith Russell	4107 Crest Ridge Rd Irving, TX 75061-9115	972-986-0105
Keith Russell	4107 Crest Ridge Rd Irving, TX 75061-9115	972-986-0105
James Gordon	369 Scotland Road South Orange, NJ 07079-3019	201-761-0400
Terence Mitchell	195 Montague Street Brooklyn, NY 11201	718-722-5353
Sukhi Sandhu	1346 Southern Oak Ave Simi Valley, CA 93063	805-955-9166
Dana Houser	4020 C Street Lincoln, NE 68510	402-327-9375
Joyce Wagner	812 Scruggs Road Meridian, MS 39301	601-482-6649
Richard Schaefer	34 Windsor Court Delmar, NY 12054-4304	518-439-6602
Kent C Skurkey	20100 Lorain Rd #504 Fairfield Park, OH 44126-3432	440-895-9968
Vincent Natelli	5 John F Kennedy Drive Blauvelt, NY 10913	845-359-9567
Michael Foscone	842 Sylvan Rd Lancaster, PA 17601	717-672-0913
Charles Wilson	208 Wellington Ct Belair, MD 21014	
J Barre Conley	1 Doug Dr Shawnee, OK 74804-1114	405-273-1810
Pratibha Patel	217 Harvest Row Ct Cary, NC 27513	919-468-8119
Jerome Salerno		
Bill Heard	5754 Greer Loop SW Albuquerque, NM 87105-6760	508-877-3839
Carmen Parra	1443 Papago Place Nogales, AZ 85621	602-287-5406
Salah Kidwai	202 East Selwood Ln Columbia, SC 29212-8106	803-781-5194
Stanley Hoover	1410 Regatta Lane Monument, CO 80132	719-264-0081
James Kiser	111 Tallasse Trail Leesburg, GA 31763	229-759-8189
Sheila Conway	4213 NW 148 <sup>th</sup> Street Oklahoma City, OK 73134	
Paul Lanning	1415 Melbourne Drive New Haven, IN 46774-2649	
Thomas Dance	3818 Cedar Springs #101-407 Dallas, TX 75219	214-683-8466
Vincent Natelli	5 John F Kennedy Drive Blauvelt, NY 10913	845-359-9567
Peter Tan	751 N El Camino Real San Mateo, CA 94401	650-340-7167
James Silva		
Vincent Natelli	5 John F Kennedy Drive Blauvelt, NY 10913	845-359-9567
Kevin McMahon	RR4, Box 200 Putney, VT 05346	802-387-2581
Patrick Perry	22 Albany Circle Beverly, MA 01915-1267	508-927-3848
Herbert Saywitz	1621 E Mission Hills Rd #202 Northbrook, IL 60062	847-564-1317
Robert Smith	100 Pheasant Drive Marietta, GA 30067	770-956-7658
Jonathon Bronsdon	15 North St Westford, MA 01886-1244	978-392-9367
Mark Bilodeau	149 Lake St Auburn, ME 04210	207-783-8261
Michael Wiginton	3912 Brave Trail Kennesaw, GA 30144-5015	
Ravindra Mallavarapu	916 Eale Ridge Rd Cedar Falls, IA 50613	319-277-2048
Robert Hayes	4 Rockwood ST Walpole, MA 02081-4110	508-668-4801
Nancy Guy	1240 W 70 <sup>th</sup> Street Kansas City, MO 64113	816-444-5174
Stuart Silbert	24 Turning Mill Rd Sharon, MA 02067	339-364-0225
Stuart Silbert	24 Turning Mill Rd Sharon, MA 02067	339-364-0225
Karl Waller	4812 Granada Dr Yorba Linda, CA 92886-2853	714-693-1062
Warren Buck	12823 Vidorra Vista Dr San Antonio, TX 78216	210-408-6777
Gary Nicodemus	5206 David Street Indianapolis, IN 46226-1730	317-545-8520
Brian Berry	6005 Northridge Rd Columbia, SC 29206	803-782-1400
Gary Pierantoni	74 Genesee Blvd Atlantic Beach, NU 11509-1314	516-239-1459
Michael Paternoster	124 Ridgewood Road Glastonbury, CT 06033	860-659-4341
Don Bingham	1710 Big Horn Houston, TX 77090-1865	713-444-4890
Tulsidas Patel	6 Hitching Post West Hills, CA 91307-1132	
Judith Adamson	1707 Boswell Dr Laramie, WY 82070-8115	307-742-7534
Sue Bean	3003 Cardinal Ridge Dr Greensboro, NC 27410	336-664-6365
Norman L Anderson	7020 Chad St Anchorage, AK 99518-2055	907-344-1334
Steven Johnson	26 Twisted Birch Pl Ct The Woodlands, TX 77381-4526	281-292-6256
Mail Boxes Etc., Inc.		
Jayesh M Patel	8901 Windjammer Drive Raleigh, NC 27615	919-844-1200
James/Carol Cotcher	1034 Emerald Bay Rd So Lake Tahoe, CA 96150	530-542-1943
Louis Jordan	150 Lombard St Apt 208 San Francisco, CA 94111	
Robert W Courtney	1007 Oberlin Drive Columbus, OH 43221-1627	614-451-8931
Christopher Burrenll	111 Duncan Road Greenville, SC 29617	864-294-1921
Peter Sham	65 Gordon Corner Road Marlboro, NJ 07746-1119	908-972-2521
Rick Biggs	382 Upper Valley Rd Rochester, NY 14624-2308	716-247-3979

Jim J Rogodinski	5 Tower Hill Road Hinsdale, NM 03451-2534	603-336-7138
Gregory Rosnow	6188 Edmonson Ave NE Monticello, MN 55362	763-295-3299
Charles Morrison	PO Box 1053 Port Isabel, TX 78578	956-963-6344
Patrick Gallagher	133 School Lane Springfield, PA 19064-2518	610-328-0486
Dennis Marino	5810 Arbor Walk Lane Tampa, FL 33624	813-968-5089
Kenneth Alford	2109 Scout Ln Mission, TX 78572	956-519-8176
James Humbert	RR1 Box 4095 Fairhaven, VT 05743	802-265-4725
Michael McNulty	34 Sherbrooke Rd Lindenhurst, NY 11757	631-957-7989
Anil Gosalia	11914 Mission Rd Leawood, KS 66209	913-338-2057
James Lyons	RT 2 Box 69A Genesee, ID 83832-9534	208-285-1413
Grace M Moore	165 Chestnut Valley Drive Doylestown, PA 18901	215-230-3360
Patrick Weir	320 E 91 <sup>st</sup> Stret #3-FW New York, NY 10128-6027	212-348-8771
Brian Laws	2216 Lambert Dr Nampa, ID 83686-7297	208-463-0230
Kimberly Bond		
Janyce Hutchinson	3234 South Newcombe St Apt 5201 Lakewood, CO 80227	303-378-7968
Howard Spanier	1043 Ashford Court Westlake Village, CA 91361-2001	805-496-4853
Sam Morgan	2 Alhambra Ct Pueblo, CO 81005	719-566-8687
Jose Escudero		
Jay Friedman	227 Momar Dr Ramsey, NJ 07446	
Paul Barry		
Ron & Robert Rieder		
George Grayeb	4495 Fox Hunt Court NE Ada, MI 49301	616-956-7692
Alexandra Torres	72-42 61 Street Glendale, NY 11385	718-381-3186
Mike Soliman	30762 Calle Barbosa Laguna Niguel, CA 92677-5506	714-249-9075
Bart Black	3276 Old Chisholm Rd Apt #1101-E Florence, AL 35630-1076	205-760-9452
Tim Horvath	2057 Bel Air Star Pkwy Sarasota, FL 34240	941-377-2504
Kathryn Stoddart	1611 West 63 <sup>rd</sup> Street Excelsior, MN 55331-9001	612-474-6111
Leroy Skipper	5371 Aqua Street Columbus, OH 43229-9331	614-891-4448
John Raposo	157 Albion St Somerville, MA 02144-2619	617-666-0534
Lance Brown	407 Meriwether Paragould, AR 72450	870-239-4589
William Weir	9201 Vagas Rowlett, TX 75088	972-463-4389
R Michael/Barbara Durham	11210 Hylander Dr Houston, TX 77070-1336	713-376-7197
Jackson D Del Rash	8220 State Rd 84 Suite 301 Davie, FL 33324-4625	305-475-1653
Fernando Rey	8220 State Rd 84 Suite 301 Davie, FL 33324-4625	
Daniel Wilson	12922 Bellaire Thornton, CO 80241	303-252-1727

## II. TRANSFERS

The names and last known home addresses and telephone numbers of all Franchisees who have transferred (i.e., sold and assigned) their franchised business during the most recently completed fiscal period are as follows. Blank spaces next to a franchisee's name mean that we did not have information on the departed franchisee's last home address and home telephone number:

Ronald E Carlson	3229 James Dr Carlsbad, CA 92008	760-434 0420
Chang H Park	23 Brookhollow Irvine, CA 92602	714-389-2349
Antella Inc	2831 Mission Cir Anchorage, AK 99515	907-336-2050
Margaret Conn	28562 Big Springs Rd Trabuco Cyn, CA 92679	949-766-1399
George Peterson	82 Rosenblum Irvine, CA 92602	714-389-6359
Tymespent Inc.	430 S Timberwood Cir Palmer, AK 99645	907-746-6679
B & G Shipping Inc.	1094 Verbena Drive Austin, TX 78750	512-918-1240
Roma Enterprises Inc	5255 Stevens Creek Blvd Santa Clara, CA 95051	408-264-8800
Howard Balmer	201 Iverness Rio Rancho, NM 87124	505-896-2706
Bayside Ventures Inc - Paul Gooding	2741 Bayside Wk San Diego, CA 92109	858-488-8144
Tom Currier	2801 Wade Hampton Ste 115 Taylors, SC 29687	864-609-5115
LT Ventures Inc dba The UPS Store Larry S. Thompson	101 W Court St #315 Greenville, SC 29601	804-275-1187
Jeff Dewitt	139 Carmody Cir Folsom, CA 95630	916-987-5622

Patricia & Reginald Chidley	1607 Malta Ave Chula Vista, CA 91911	619-691-9670
Graiger Consultants Inc.	538 Butternut Lane Matthews, NC 28104	704-882-6626
M & S Shipping of Mt. Kisco, LLC (Robert Miller & Michael Scarcella)	16 Adams Farm Rd Katonah, NY 10536	914-666-4336
James Phillips	3201 Miramar Las Vegas, NV 89015	702-343-6119
Mary & Lee Gass	14078 Essex Ct Apple Valley, MN 55412	952-322-4999
Stafford Ind LLC	86 Majestic Ct Fenton, MO 63026	636-225-7910
Olwig Brothers Inc	1225 Harvest Ridge St Charles, MO 63303	636-949-7690
Kelly & Winnie Overgaard	3576 Pinlico Dr Pleasanton, CA 94588	925-846-7367
MBM Twentyfive Corp	31 Gabriel Dr Montville, NJ 07045	
Jandem Enterprises	643 N Forest Ave Wester Groves, MO 63119	314-201-4942
Tom Westcott	8013 Turtle Cove Ave Las Vegas, NV 89128	702-279-4515
Elroy Atkins Mail Centers	15466 Los Gatos Blvd #109 Los Gatos, CA 95032	
Mooney's Inc dba The UPS Store 0426	221 King St #700 San Francisco, CA 94107	650-834-2588
Lain O'Connell	2393 Crest Ridge Ct Sunford, FL 32220	407-330-6487
Trim Pershad & Vaishali Pershad	37043 Chestnut St Newark, CA 94560	510-494-9538
Iddings & Associates Inc	Suite 205 1015 2 <sup>nd</sup> St NE Hickory, NC 28601	828-322-5754
Gregg Dougherty		917-930-0777
Cling & Cling LLC c/o Richard L. Cline	23 4 <sup>th</sup> Street Alamosa, CO 81101	719-589-4711
Shashikant M Nalk	13050 Miller Ave Norwalk, CA 90650	562-404-1036
B & L #1 Packing & Shipping Inc	12803 Wishing Well Way Briston, VA 20136	703-392-8002
John A Duffus	1021 Singing Hills El Paso, TX 79812	815-584-2835
Cara Denning	136 N Holden Rd Avon, CO 81620	970-471-5183
Michael E. Scarselma	3 Quinn Ed Briarcliff Manor, NY 10510	914-923-7095
Mike and Lisa Dotson	22134 Tumbleweed Dr Canyon Lake, CA 92587	951-244-1448
Granger L. Vinall	415 W Golf View Dr Oro Valley, AZ 85737	520-797-7087
Sintai USA Inc.	713 W Duarte Rd Unit G Arcadia, CA 91007-7564	
Kenneth L. Schlegel	410 Parkside Road Camp Hill, PA 17011	717-763-8064
In Nikki's Memory Inc/Mark Katcher	4439 Sexton Rd Cleveland, OH 44105	440-590-0832
Robert Collett	13829 Sagewood Dr Poway, CA 92064	858-457-3472
Robert H Brown	5241 Rolling Ridge Rd RPV, CA 90275	310-375-5745
Value Tech Solutions Inc	2807 Merrywood Dr Edison, NJ 08817	732-910-6564
Benefits of Recovery Inc, Joseph Dercole, Pres.	4818 Patty Lane Ringwood, IL 60072	815-519-7300
Minnich Inc, Richard Podkin, President	5505 Crestwood Dr Mason, OH 45040	573-398-5204
MJ Richardson LLC (Mose Richardson)	9609 Yorkridge Ct Miamisburg, OH 45342	937-438-8462
Nabil Choueiri	562 New Brunswick Road Somerset, NJ 08873	732-246-8194
Menu Corp	6525 Gunpark Dr Ste 370-418 Boulder, CO 80301	303-530-4986
TYSD, Inc	25621 SE 41 <sup>st</sup> St Issaquah, WA 98029	425-313-3108
		702-396-3655
Richard Uehling	441 Indigo Springs St Henderson, WA 89014	415-308-5537
	PO Box 18246 Munds Park, AZ 86017	
Kender Investments, Inc - Debra Owens	280 North Lodge Rd Munds Park, AZ 86017	928-286-1199
JTBK Associates	1863 Heather Lane Petaluma, CA 94952	707-789-9898
Richard J Pack	10999 E Escalante Pl Tucson, AZ 85730	520-237-6641
Russell Morata	7570 River Ranch Way Sacramento, CA 95831	
Rohit Sharma	151 Shrike Circle Sacramento, CA 95834	916-515-0485
Dennis E Stokka	4653 Adonis Pl Moorpark, CA 93021	805-529-3170
Dr. Donald Jasmin	12613 Catamaran Place Tampa, FL 33618	813-960-4447

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Stephen I. Bierman Contemp Enterprises Inc	3436 Brandywine St San Diego, CA 92117	858-483-0084
P & C Franchising LLC	2102 Lime True Lane Powder Springs, GA 30127	770-432-8203
Robert B. Suh	25575 Tierra Grande Dr Carmel, CA 93923	831-624-8625
Bijal Patel	46656 Merion Cir Northville, MI 48168	734-437-0103
Davar – Summit, LLC	35 Morris Rd Tenafly, NJ 02690	
Renata Gwiazda	385 N Winsome Ct Lake Mary, FL 32746	321-297-9218
Lloyd Schroeder	7070 Beaver Spring Rd Harrisburg, PA 17111	717-594-1924
Charlene Hallenbeck	1165 Cedarberry Circle Folsom, CA 95630	916-984-6403
Malook & Mareener Saini	3661 Exeter Drive San Bruno, CA 94066	650-355-3347
Diane & William Serat	11247 Lasselle St Moreno Valley, CA 92557	951-315-7405
Joongok Shin	8609 Rubio St North Hills, CA 90343	818-830-8199
Richard C. Cecil	4720 Phyllis Road Roanoke, VA 24012	540-977-7084
John & Kay Barber	314 Prospect Road Statesville, NC 28625	704-592-2585
Travis Smith	1404 Southern Hills West Plains, MO 65775	417-293-3621
Jack & Kathleen Sapienza	991 Driftwood Upland, CA 91784	909-946-0536
Jeffery Jarosz	4561 Winding Woods Ln Hamburg, NY 14575	716-868-2536
ATNBN	546 Cartier Ct Dillon, CO 80435	970-468-2800
D.L. Diseth & L.H. Knox	2729 175 <sup>th</sup> St SE Bothell, WA 98012	425-481-4239
Loren Heiniger (Rising Star Enterprises, Inc)	806 Rising Star Drive Henderson, NV 89014	702-497-0653
Doug Nunnery	C/O 450-106 SR 13N Jacksonville, FL 32259	904-233-8731
VR Enterprises Inc	18214 Prairie Ave Torrance, CA 90504	310-210-8637
Robert & Alonza Mace	18725 Newman Ave Riverside, CA 92508	951-780-9060
✓ Kent Hart	✓ 109 Meadow Ln Greenville, OH 45331	937-459-7853
Harpreet Singh	9475 Mandrake Ct Elk Grove, CA 95624	916-686-1886
Bambi Blackburn	3911 Black Creek Ct Missouri City, TX 77478	281-431-4979
Irwin Cohen	239 N Utica Ave Massapequa, NY 11758	516-293-4323
Sowal LLC	7604 Lady Bank Dr Charlotte, NC 28269	704-576-6806
Waller Enterprises Inc	305 Butterworth Ct Henderson, NV 89052	702-525-1001
Meteka Singh Mallik/Desh Mallik	1630 N Main St #202 Walnut Creek, CA 94596	510-484-6901
Leslie McCormick – Kabra II LLC Brad Johnson	2595 Herritage Dribe Mendota Heights, MN 55120	657-424-8849
Richard Louie & Laurie Louie	2305 Lanai Ave San Jose, CA 95122	408-251-8367
Brian L. Smith	533 Ash St Dayton, OR 97114	503-864-2126
Sang Ji	14021 278 <sup>th</sup> Ave NE Duvall, WA 98019	425-985-2948
I & T Support Services Inc	123 Sleeper Circle Fremont, NH 03044	603-679-1255
Karen & Terry Stewart	1928 Regent Boise, ID 83709	208-375-4238
Salancy Inc dba The UPS Store #1638 (Salvador J. & Nancy E. Abeyta)	13057 Logan Street Thornton, CO 80241	303-280-2950
Gerald L. Rodelandier	11 Yazoo Cr Maumelle, AR 72113	501-851-8377
Clifford J. Rogers and Laura Ann Rogers	9827 Red Fox Dr Oakdale, CA 95361	209-848-1218
Imajenay Inc	6053 Braidwood Ct Acworth, GA 30101	770-421-8513
SS Shipping LLC	11466 E Ellis St Mesa, AZ 85207	480-830-7636
Debbie Lang	1715 Via El Prado Redondo Beach, CA 90277	310-567-4517
Balboa Services Ltd. Attn: Angelo Feller	12301 Black Angus Dr Austin, TX 78727	512-219-1847
Brian Howie	4205 Calle Bienvenido San Clemente, CA 92673	949-481-4023
Ramadan Hashem	27 Dickinson Rd Kendall Park, NJ 08824	732-297-4161
Booden & Cooley (Brownsville) Inc	1424 W Rice Rd Brownsville, TX 78520	956-433-1082
Poppi the Shipper Inc	10587 E Bahia Dr Scottsdale, AZ 85255	480-473-4632

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William M. Watson III – P.O.A. W. Marvin Watson	1300 Old Trail Drive – P.O. Box 1604 Wilson, WY 83014	307-739-2550
Bernard, Suzette Elwell	2652 Alameda Dr Paso Robles, CA 93446	805-239-2633
Pat & Arnold Adamsen	8901 Windsor Locks Ave Las Vegas, NV 89134	702-254-8901
Menu Corp	6525 Gunpark Dr Ste 370-418 Boulder, CO 80301	303-530-4986
Business Solutions 1928 Inc	1545 Eagle Tavern Lane Centreville, VA 20120	703-631-0979
Steve Tice	10528 Stanfield Glen Ct Jacksonville, FL 32256	904-363-3721
Joe Uffer	2114 Via Puerta Apt. 0 Laguna Woods Village, CA 92637	949-829-8151
Jatin Shah	707 Hannover Circle Stockbridge, GA 30281	678-234-2276
Walter & Sandra DeVault	219 Beaver Creek Ln Woodstock, CA 30189	678-445-9579
James Oder	9416 Southern Hills Circle Lone Tree, CO 80124	303-250-5513
Jack Cox	3380 Fred George Rd #705 Tallahassee, FL 32303-1504	850-545-9719
Ajay H. Patel	20322 Via Galileo Northridge, CA 91326	818-727-0532
Belmet South Corp./Michael Bady	4700 NW 26 <sup>th</sup> Ave Boca Raton, FL 33434	561-997-6465
Dennis Hallahan	750-6 Hampton Cir Aurora, OH 44202	440-567-1219
Ander Group Inc	15244 South 19 <sup>th</sup> Way Phoenix, AZ 85048	480-460-7424
Holly Sterling (KLHB Inc)	8405 Sea Glen Dr Las Vegas, NV 89128	702-370-3335
Michael C. Wolff (MCW Holdings Incorporated)	19611 Whispering Breeze Ln Houston, TX 77094	281-647-0403
Norma Stewart	19233 Lake Norman Cove Drive Cornelius, NC 28031	704-987-9154
G2H2 Inc dba The UPS Store #2135	355 Sailfish Drive Destin, FL 32541	850-837-7355
PMB Plus LLC David J. Lasko	7 Millstone Rd Mendham, NJ 07945	973-543-6015
Joe and Linda Ball	11664 W Freedom Dr Boise, ID 83713	208-322-4396
Steven M. Lucas	6 W Woodside Ct N. Patchogue, NY 11772	631-654-1712
Charles P Bush & Donna K Bush	600 Garland Ave Fortuna, CA 95540	707-726-7743
Bonnie Coelho	5189 Via La Doncella Tucson, AZ 85750	520-299-3755
Tony O. Shea Ho Brook Services Inc	6600 Glen Arbor Way Naples, FL 34119	239-353-8402
Eagle Summit Corp	4634 Roundhill Rd Ellicott City, MD 21043	410-750-7866
Sundeep Patel	17200 Westgrove Dr #2235 Addison, TX 75001	469-828-4340
Aubrey & Pat Copeland	149 Ardith Drive Ordina, CA 94563	925-376-0821
Cara Denning	136 N Holden Rd Avon, CO 81620	970-471-5183
Ernie Johnson	312 Whittier St Highland Village, TX 75077	972-318-0224
Sean Trident	696 Conisburgh Ct Stone Mountain, GA 30087	678-471-5329
Sparrow, Inc Clyde B. Osborn, Sr	43160 Alto Drive Hemet, CA 92544	951-927-5453
Stead Corporation	13407 S 88 <sup>th</sup> East Ave Bixby, OK 74008	918-369-1867
John Riffaud	11003 Chester Lake Rd E Jacksonville, FL 32256	904-363-3551
MTM Raja Inc/Taha M Raja	21427 Sand Bunker Cir Katy, TX 77450	281-398-2152
Nasco, LLC	PO Box 324 Springfield, NH 03284	603-763-2723
BRP Enterprises LLC, Breter Poloyrn Andersen	693 Janis Way Burley, ID 83378	208-678-8015
Larry L. Lesniak	6393 Sand Rose Ct Castle Rock, CO 80108	303-814-2805
Todd Trainor	2285 Ore Creek Lane Brighton, MI 48114	810-599-4035
Tri-State Visions Inc	572 Quarry Rd Bunker Hill, WV 25413	304-229-2605
Brent & Jane Kostiw	401 La Canada Arroyo Grande, CA 93420	805-481-1042
McCrimmon LLC	734 Dexter Dr Broomfield, CO 80020	303-460-7327
Bruce & Corinne Grant	1085 Pine Knoll Dr Estes Park, CO 80517	970-586-4020
Micro World LLC	4852 Summer Grove Circle Fairfield, CA 94534	707-864-6353
Kyong Y. Park (JKSC Inc)	6354 Giovanni Way Palmdale, CA 93551	661-718-1060
Larry Seab – D & L, LLC	748 Duff Drive Winter Garden, FL 34787	407-267-5700

F & W Investments, Inc Danny Wong	5763 N Via Ligera Tucson, AZ 85750	520-299-7449
Joel Meadows	7827 W Peakview Dr Littleton, CO 80123	303-979-4186
Shamrock Corp of Carmel dba The UPS Store	14492 Cotswold Ln Carmel, IN 46033	317-937-9534
Shanta Ent Inc	16718 New Providence Ln Charlotte, NC 28277	704-540-7333
James Stewart	5209 NW 52 <sup>nd</sup> Topeka, KS 66618	785-246-0972
Stephen H. Friedman	2324 E. Old Shakopee Road Apt 204-C Bloomington, MN 55425	651-206-9388
Audrey Ritt	6865 Joy Rd Dexter, MI 48430	
Island Business Systems, Inc. by Rick Loy, President	16125 Shellcracker Rd Jacksonville, FL 32226	904-714-6322
RJU Corporation	11435 Lemmond Acres Drive Charlotte, NC 28227	704-545-6321
Harold J Walker	8482 Vera Drive Broadview Hts, OH 44147	440-526-1710
Cheri Golden – Northwest Business Solutions LLC	31217 Pacific Hwy S #335 Federal Way, WA 98003	206-399-2933
Roma Enterprise Inc	5255 Stevens Creek Blvd Santa Clara, CA 95051	408-243-1855
Barry Linnens	RR1 Cedar Point, KS 66843	620-340-7220
TR Visions Inc	7557 N Dreamy Draw Dr #259 Phoenix, AZ 85020	602-749-9387
Steel Morse Enterprises Inc	133 Dewey Drive Annapolis, MD 21401	443-482-9884
North Dallas Franchise LLC	7 Ashmere Court Dallas, TX 75238	214-616-9853
CKM, Inc	321 NE Scott Gresham, OR 97030	503-661-7123
Charley Sissney	207 Dogwood Ct Piedmont, SC 29673	864-845-6010
Mark W. Nealy	7117 Steepleview Rd Woodbury, MN 55125	651-739-5807
Mid-Life Marketing Inc	134 Suffolk Rd Boiling Springs, SC 29316	864-578-8421
Dylan T. Fager	11711 Princeton Pike, Suite 321 Cincinnati, OH 45246	513-233-1452
Steve Watmough Shiptime Inc dba The UPS Store	947 Old Annapolis Neck Rd Annapolis, MD 21403	410-263-9118
Yong Choi & Insoon Choi	12911 50 <sup>th</sup> Pl W Mukiltea, WA 98275	425-232-2925
Alpha of Miami, Inc/Evelio & Patricia Ruiz	9321 SW 52 <sup>nd</sup> Terr. Miami, FL 33165	305-630-3996
Ron Marlier/Marlier Associates LLC	4004 Bay Pointe Gulf Breeze, FL 32563	850-712-0943
Loren Heiniger (Rising Star Enterprises Inc)	806 Rising Star Drive Henderson, NV 89014	702-497-0653
Richard C Cecil	4720 Phyllis Road Roanoke, VA 24012	540-977-7084
Keith & Shelly Lankford	301 Richwoods Dr Bryant, AR 72022	501-658-3185
Shelley Levine	21081 Paseo Vereda Lake Forest, CA 92630	949-855-8566
David D & Kelly C Kirkwood	1877 E 1000 S Price, Utah 84501	435-637-1357
Edwin D Cox & Donna S Cox	3041 Doughkeepsie Dr Colorado Springs, CO 80911	719-589-8088
John Greenwood, Maxim Mgmt Corp of GA	2521 Meadow Grove Way Libum, GA 30047	678-580-2663
Greg Hund	878 West End Ave #16D New York, NY 10025	212-932-0157
Quicksilver Enterprises Inc	11432 Harcourt Terrace Richmond, VA 23233	804-270-5088
Roco Mailing Services Inc	6633 E Greenway Parkway #2092 Scottsdale, AZ 85254	480-443-1886
Kerry Smith	1419 Southworth Dr Griffin, GA 30224	770-412-0794
Jessica Hughson	4626 Delwood Park Blvd Panama City Beach, FL 32408	850-230-0027
Richard E Fogelsoncer	111 Fogelsoncer Rd Shippensburg, PA 17257	717-530-5494
Donna Bryant	327 Calvin Blvd Seymour, IN 47274	812-522-4757
Gary Nicodemus & Loran Atkinson	5206 David Street Indianapolis, IN 46226	317-545-8520
Anthony Dispirito	31855 Date Palm Dr Ste 3 #518 Cathedral City, CA 92234	760-831-3392
Mike Pickett	2900 Sunset Blvd West Columbia, SC 29169	803-468-9839
Scott Fidler	708 W Carolina Ave Summerville, SC 29483	843-270-7250
Norm & Michelle Oleco	4 Lampscocch Ln Lincoln, RI 02865	401-725-9333
Chuang Tang	1050 SE Dogwood Ln Gresham, OR 97080	503-706-0061

Dee Parrish & Andrea Allen	17 Singing Wood Ln Poquott, NY 11733	631-831-4844
	15 Singing Wood Ln Poquott, NY 11733	
Greg W. Morton/Jeffrey D. Bunger	3616 Flagstone Dr Carrollton, TX 75007	469-789-9060
Cansel LLC Michele Seltman	146 Nassau Rd Huntington, NY 11743	631-367-4572
RTM Enterprises LLC	455 Monte Vista Court Ft Lupton, CO 80621	303-901-5408
Kuz Enterprises Inc (Kenneth Conlon)	1524 San Ysidro Way Vernice, FL 34285	947-408-1991
Kareen Messerschmidt	1218 SE 121 Ave Vancouver, WA 98683	360-576-1001
Stephen Swerdlow	5 Half Hollow Rd Selden, NY 11784	631-732-1934
Steve Clark	431 N Laguna St Klamath Falls, OR 97601	541-883-4034
McVay Group Inc Russell G McVay, Pres.	364 SW Quiet Woods Port St Lucie, FL 34953	782-343-7674
RSR Enterprises Inc	1310 Robinhood Ln Lakeland, FL 33813	863-644-8668
Craig Harvey	823 N Westridge Ave Glendora, CA 91741	626-914-1872
Alexander & Soon Lim	8110 Tally Ho Tr Austin, TX 78729	512-968-8110
BDJ & Associates LLC (Bill & Diane Thomas)	13 Hayden St Essex, Jct. VT 05452	802-878-3990
Fontenot Properties Inc	18933 E Pinnacle Circle Baton Rouge, LA 70810	225-752-7676
Matthew S Eckman	613 NE Silverleaf Pl Lee's Summit, MO 64064	816-478-1518
Thom Dance	10455 N Central Expressway #109 Dallas, TX 75231	214-692-7678
Susan Andrews	2251 Stone Haven New Braunfels, TX 78130	830-627-0787
Jeffrey L Alianiello	177 US Hwy1 #251 Tequesta, FL 33469	561-379-7796
Elkins, Inc	282 Inwood Trail Lawrenceville, GA 30043	770-995-8051
Four J's Inc Richard and Mary Cecil	4720 Phyllis Road Roanoke, VA 24012	540-977-7084
James T, McGill	856 Puddington Ct Westerville, OH 43081	614-899-7612
Carlos Gonzalez	11427 NW 41 <sup>st</sup> Doral, FL 33178	305-593-6990
Chandler Business Solutions, LLC	16006 S 39 <sup>th</sup> St Phoenix, AZ 85048	480-759-8811
Brian Shirley	20 Waterstone Way Acworth, GA 30101	770-529-9731
Kevin W. & Karen A. Lancaster (Nixon Co Inc)	4255 County Home Road Paris, TN 38242	731-644-2978
Cara Denning	136 N. Holden Rd Avon, CO 81620	970-471-5183
	13771 N Fountain Hills Blvd Suite 114 Fountain Hills, AZ 85268	480-221-2717
Catlar LLC		
Sureshbhai H Patel	2445 Early Settlers Rd Richmond, VA 23235	804-330-3731
Box It Up Ent Inc dba The UPS Store #3560	11856 E Saguaro Crest Pl Tucson, AZ 85747	510-615-1875
William M Watson III – P.O.A. W. Marvin Watson	1300 Old Trail Drive – P.O. Box 1604 Wilson, WY 83014	307-739-2550
Saw Family LLC/Sai & Angie Winkyaw	1744 Menlo St Mesa, AZ 85203	480-655-1189
John W. Rogers	5310 Redwood Ave Portage, IN 46368	219-267-6031
Thomas G. Goodman	9204 Bella Vista Pl Elk Grove, CA 95624	916-686-0700
Ditchman Inc Donald M Ditchman (Pres)	1770 E Tuckey Lane Phoenix, AZ 85016	602-274-6813
James Crockett	25 Magellan Rd Hattinburg, MS 39402	601-264-2302
F&L International LLC/Joanna Foushee	112 New Castle Rd Mebane, NC 27302	919-960-0900
3735 Properties Inc Nilesh Parikh	6742 Forest Hill Blvd West Palm Beach, FL 33413	561-432-0025
Ronnie G. Nash	852 W Woodchase Farragut, TN 37934	865-966-3602
Evan M. & Ruth Ann Spence	8495 N State Rd 39 Mooresville, IN 46158	317-996-4281
Dee & Diane S Russell – D + DR Enterprises	364 E 3350 N North Ogden, UT 84414	801-782-1061
Jimmie Smith & Tammie Smith	2908 Highmeadow Jonesboro, AR 72401	870-931-9938
Theodore M & M Jean Evon	5731 Harbor North Gainesville, GA 30504	770-718-9889
Michael Bean	120 W 9 <sup>th</sup> Ave York, PA 17404	717-845-6931
Rex & Donna Lee	718 Hwy 82E Sherman, TX 75090	903-814-9463
Todd Broom	729 Timmons Court Chesapeake, VA 23320	757-549-4079

Ronald J Eastman (RRE Enterprises Inc)	5624 Nantasket Court St. Louis, MO 63128	314-843-6003
Marc R Kline	21795 McCormick Hill Rd Hillsboro, OR 97123	503-538-5944
Matthew & Tricia Peller	1113 Capistrano Court Fairfield, CA 94534	707-864-8094
Roma Enterprises Inc	2127 Skyview Court Moraga, CA 94556	925-377-5202
Wayne Josephson	6017 Vernon Ave Edina, MN 55436	952-920-8570
CMG Associates Inc	210 Orange Ave Cranford, NJ 07016	908-447-8363
Sombrero Communication Services Inc (Cindy Durkin)	150 Calle Ensueno Marathon, FL 33050	305-289-8080
Peter Choi	161 Pomeroy Lane Amherst, MA 01002	413-253-7345
Christopher P. Laux	6115 Clever Rd Bellville, OH 44813	419-886-4794
VBH Holdings Inc	10743 Spoon Ridge Eden Prairie, MN 55347	952-995-0176
A. Nicholas Flerlage, ZANE Corporation	645 Apalachicola Road Venice, FL 34285	941-480-0958
KDS of Lakeland Inc	7963 Darlington Cir Lakeland, FL 33809	863-248-1638
Cesar Cano	600 N Huntington St San Fernando, CA 91340	818-898-3959
Todd C Klein	11527 N Sunset Hills Dr Highland, UT 84003	801-809-8982
Ferro Business Components Inc	15569 Ethel St Chino Hills, CA 91709	909-821-6675
Karand LLC	13384 W Rimrock St Surprise, AZ 85374	623-386-1855
Come About Inc Edward Binanay	3309 Carrock Ct Raleigh, NC 27613	919-783-8098
Shui Hall	11226 N 58 <sup>th</sup> Dr Glendale, AZ 85304	623-544-7580
Robert Davies/Debby Parsons	2102 5 <sup>th</sup> Ave SE Ruskin, FL 33570	813-641-8977
Raymond Reyes	2734 Blue Glen Houston, TX 77073	281-579-1211
LSV II, Inc	40 Shattuck Rd Andover, MA 01810	978-681-2355
Mark Hagan	6432 Harold Ave Port St. John, FL 32927	321-632-2414
Guaydalira & Brandon Ochoa	650 S Towncenter Dr #2063 Las Vegas, NV 89144	702-658-6964
Michele Berg	12836 Hortense St Studio City, CA 91604	818-760-1462
Todd Gabriel	652 S Moon Biam Way Eagle, ID 83616	208-286-9194
Y & G Express Inc	419 Rich Ave Mt Vernon, NY 10552	914-668-1060
Lamont Willis LLC	6575 Hwy 335 NE New Salisbury, IN 47161	812-366-3848
I3 Intermedia Incorporated – Andrew Roden	6714 Beryl Houston, TX 77074	713-539-4378
Bill Spahn	4240 Allegretto Way Granite Bay, CA 95746	916-765-5272
Rod Dimmitt	128 Canyon Park Ct Carson City, NV 89703	775-888-9149
Gabriel Custom Framing Inc	1616 Common Wealth Avenue Alexandria, VA 22301	703-535-5805 (c)
Jerry Leung	11 Pearce Pl Great Neck, NY 11021	703-519-6949 (o)
Rob Pinter	Stonebridge Stables 1 Brookview Rd, Whitehouse Station, NJ 08889	917-880-8660
E Scott Harwood & Melissa M Harwood	2710 Knob Hill Dr Reno, NV 89506	775-771-7485
Pyung C. Sohn	16411 Fitzpatrick Ct Unit 270 La Mirada, CA 90638	562-902-6494
DB2 Business Services, Inc. (Harry E Norman, President)	121 Walona Ave New Lenox, IL 60451	815-485-5403
M & E Postal Services	11900 Milbern Dr Potomac, MD 20854	301-983-4955
R & L Snyder Investments LLC	3300 Meridian Ave N #301 Seattle, WA 98103	206-284-3136
Charles & Kimberly Johnson	10225 Dunsford Dr Lone Tree, CO 80124	303-471-0156
Paul Tobin	1816 Aspen Lane Weston, FL 33327	954-804-8559
Anthony West	2723 Heatherbend Pearlard, TX 77584	281-997-0101
Bill Spahn	4240 Allegretto Way Granite Bay, CA 95746	916-765-5272
Charlene Hallengeck	1165 Elderberry Cir Folsom, CA 95630	916-984-6403
Diane Perryman	16304 Orange Blvd Loxahatchee, FL 33470	561-793-8141
Jeff Cochrane	7174 Winding Lake Lane Oviedo, FL 32765	407-706-1400

John Tysk	93 Meridian Road Levittown, NY 11756	516-390-7842
SMR Management Corp	140 E Benrich Dr Gilbert, AZ 85296	490-792-6879
RJP of 2753 Broadway Inc	170 E 92 <sup>nd</sup> Street – Apt 54 New York, NY 10028	212-876-8295
Smith Business Centers Inc	9711 S Quindaro Rd Sanday, UT 84070	801-232-4430
IFA Investments Inc The UPS Store #4404 Faisal Malany	925 Trace Ln Lawrenceville, GA 30045	678-698-3893
P. I. Investments Inc (Steve & Cynthia Boykins)	1237 W Ivy Terrace Torrance, GA 90502	310-320-2919
Nice Package LLC/Brian Deecken and James Nappi	1402 Locust Dr Asbury Park, NJ 07712 1319 Locust Dr Asbury Park, NJ 07712	732-774-0012 732-775-3721
Fernando Rey – Communication Stations of DBM	376 Ansin Blvd Hallandale, FL 33009	954-473-1188
Jennifer Lee	1003 Heritage Fields Ave Rockville, MD 20850	301-978-9745
Thom Dance	2218 Worthington Dallas, TX 75204	214-683-8466
Robin & Nigel Cini	1776 Columbia Falls Stage Rd Columbia Falls, MT 59912	
Andrea Allen	15 Singingwood Lane Poquott, NY 11733	631-831-3370
Fanticola Companies Inc	31 Renata Newport Coast, CA 92657	949-232-5240
Curtis Monson	1128 Brook Court Mandeville, LA 70448	985-674-4188
Retail Ventures Inc (Kevin & Susan)	322 Sun creek Dr Allen, TX 75013	214-418-7798
Ambrosio Cantada II	240 Dolores Street, Apt 320 San Francisco, CA 94103	415-621-3631
Hiren & Kinal Patel	24903 I-45 North Spring, TX 77380	916-220-1530
Slater Enterprises Inc/ President: Joseph P Slater	4120 Cornwallis Camp Dr Charlotte, NC 28226	704-541-3888
Upside Business Services LLC (Chris A Kennedy)	27633 172 <sup>nd</sup> PL SE Kent, WA 98042	253-631-6627
Bacon Enterprises LLC	8264 W Camino De Oro Peoria, AZ 85383	623-825-0242
JK Carlisle & Associates Inc	422 Paraiso Ct Arroyo Grande, CA 93420	805-481-0383
Manoj Patel	2904 Overbrook Circle North Little Rock, AR 72116	501-247-7300
Stephen Portaro	444 Saratoga Ave #34D Santa Clara, CA 95050-6200	408-394-7838 703-318-4194 703-901-1130
Geneva LLC/Collins Ifeora	13530 Tranquility Court Herndon, VA 20171	
JP Justin & Co LLC/Jean Dacanay	161 Wood St Rutherford, NJ 07070	201-779-0989
Andra Smith	1416 West Goodwin Pleasanton, TX 78064	830-569-3449
Richard Williams	7809 Belmont Ave Ft Pierce, FL 34951	772-216-3645
Jay Schram	10755 Scripps Poway Pkwy San Diego, CA 92131	858-204-1031
Joe Corpion ( Portaro Corpion Partners)	321 Easy St Mountain View, CA 94043	408-394-7838
Kathleen M Nevin	1261-7 <sup>th</sup> Street Monterey, CA 93940	831-373-4821
T&C Nguyen Inc (Amy C Nguyen & Trang Nguyen)	2233 Arklow Drive Virginia Beach, VA 23456	757-641-9180 757-430-0176
Costello Holdings LLC	1 Old Mill Ct Ringoes, NJ 08551	908-788-5955
Couger Commercial Enterprises Inc	485 Chesterfield Lane N Aurora, IL 60542 3550 Cedar Lake Rd Howell, MI 48843	630-844-0101 517-546-1096
Scott & Maureen Kiefer, Greg & Julie James	1017 Burns St Howell, MI 48843	517-546-8813
BRP Enterprises LLC	643 Janis Way Burley, ID 83378	208-678-8015
Larry & Shirley Sparrow	2107 Arnold Palmer Blvd Louisville, KY 40245	502-253-0767
James A Titus & Nicole A Titus	29640 Elk View Dr Steamboat Springs, CO 80487	970-879-8187
Backoffice II, Inc	875 Tremont St Duxbury, MA 02332	781-934-5348
Gabe Rocha	606 Alamo Pintado Road Solvang, CA 93463	805-450-1746
MTM Raja Inc/Taha M Raja	21427 Sand Bunker Cir Katy, TX 77450	281-398-2152
Randy Pollner	161 Garden Dr Boilingbrook, IL 60440	630-759-8331
Daniel Dobkin	3408 Benedix Way Elk Grove, CA 95758	916-684-8918
Sunrise Distributing LLC	9672 Ashfield Drive Colorado Springs, CO 80920	719-264-0924

Irma Henline	1209 River Lane Evans, GA 30809	706-478-0660
Germaine McEachern	1418 Hiawatha Ave Hillside, NJ 07205	973-223-6830
Shane & Marcie Williams	7166 S Forest Ave Gilbert, AZ 85297	480-626-1676
Sangeeta V Sisodia	6243 Pradera Way Cypress, CA 90630	714-995-5936
James Michael & Lorena Branson	451 Lakeland Drive E-2 Hot Springs, AR 71913	501-520-5659
C & L Shipping LLC	1612 Trumbulls Ct Crofton, MD 21114	410-451-1298
Jerry R Mayfield	1364 Triple Creek Rd Fredericksburg, TX 78624	830-992-2949
Mana Enterprises Inc	9449 Lake WA Blvd NE Bellevue, WA 98004	425-260-4356
Charles Foster	2612 Wood Ave Pascagoula, MS 39567	228-762-7542
Roderty Pan-AM Inc John Rodgers and Mary Jo Rodgers	5503 Sandy Folly Court Fairfax Station, VA 22039	703-250-8957
Rick Martin	1804 Palomino Farm Way N Las Vegas, NV 89054	703-794-9946
Ashrey Parcel Service, Inc	7409 Silent Willow Court Manassas, VA 20110	571-259-0311 (c)
Emerald Ranch LLC	2009 Gladewood Dr Midland, TX 79707	432-699-5879
TJK Enterprises LLC	8024 Quail Meadow Ln West Chester, OH 45069	513-544-2288
Robert Mack	621 Glacier Trail Roselle, IL 60172	630-980-0992
Tom Galindo	8416 N Placita De Los Laureles Tucson, AZ 85742	520-465-5116
Jeff Fetterhoff	521 Keswick Drive Lake St. Louis, MO 63367	636-561-0288
Anano Patel	2001 E Gross Ave #46 Tulare, CA 93274	559-685-1399
S & P Postal Services LLC	15420 West Hardy St Houston, TX 77060	281-451-7065
Lois C Newell	10 Spicebush Ct Sicklerville, NJ 08081	856-728-6636
Pine Tree Holdings Inc dba The UPS Store #5158	826 Sunset Dr Glenwood, IL 60425	708-754-4078
Debbie Branson	126 Riverwood Way Dallas, GA 30157	678-363-4648
Derrick Gainer	707 E Cervantes St Ste 101 Pensacola, FL 32501	950-232-6615
Keith Svec	7255 Bannockburn Cir Lakewood, IL 60014	847-254-5879
Gator Leasing & Fran Dev Inc	13194 US Hwy 301 Riverview, FL 33569	
Jaw 4 Group Inc	5152 Broadway Ste 209 San Antonio, TX 78209	
Jaw 4 Group Inc	6531 FM 78 Ste #110 San Antonio, TX 78244	
Frank Scarso	31 Dell Court Brooklyn, NY 10307	917-416-9155
Matthew S Eckman (Stapuf LLC)	613 NE Silverleaf PL Lee's Summit, MO 64064	816-478-1518
Michael L Hall	103 S Jackson St Beverly Hills, FL 34465	352-527-0343
Third Ave Mail dba The UPS Store	17 Singing Wood Ln Poquott, NY 11733	631-831-4844
Larry Rogoff	7000 E Shea Blvd Ste 258 Scottsdale, AZ 85254	
Joe Seymour	5331 Olde Showboro Ct Grand Blanc, MI 48439	810-853-7398
Jerry Leung	11 Pearce Pl Great Neck, NY 11021	917-880-8660
NWBSG LLC	3702 Fife St K2 #5 Tacoma, WA 98409	
South Riding Shipping Center LLC	43320 Vestals Place Lansdowne, VA 20176	
Lawrence J Rogoff Inc	5838 West Olive Ste C105 Glendale, AZ 85302	
Joseph Maher	1603 W Orangecrest Ave Palm Harbor, FL 34683	727-781-4276
Larry S Knox	520 NE U Ave Ft. Lauderdale, FL 33301	954-523-5609
Glenn Pinke	74 Chestnut St Livingston, NJ 07109	973-992-5759
Galaxy Point Business Services LLC (Rick Rivera)	3044 Heron Ridge Drive Virginia Beach, VA 23456	757-613-4289
Comm Stations of DMB Inc #5525	242 SW Port St Lucie Blvd Port St Lucie, FL 34984	
Gator Leasing & Franc Devt Inc #5556	109 Ambersweet Way Davenport, FL 33897	
Turano Three Business Ventures LLC - Scott Turano	304 Lake Avenue Nesconset, NY 11767	631-265-0263

Lawrence J Rogoff Inc #5620  
Mail Boxes Southeast Inc  
Winmail Inc  
Lawrence J Rogoff Inc  
Jaw 4 Group Inc  
Gator Leasing & Franchise Dev

7000 E Shea Blvd Ste 258 Scottsdale, AZ 85254  
3000 Old Alabama Rd Ste 119 Alpharetta, GA 30022  
309 Blue Run Rd Cheswick, PA 15024-4005  
7000 Shea Blvd #258 Scottsdale, AZ 85254  
5152 Broadway #209 San Antonio, TX 78209  
6860 Gulfport Blvd S St Petersburg, FL 33707

## **ITEM 21. FINANCIAL STATEMENTS**

The financial statements listed below are attached as Exhibit 6:

MBE's audited consolidated financial statements, including the balance sheets at December 31, 2006 and December 31, 2005, and the related consolidated statements of income and retained earnings and of cash flows for the years then ended.

## **ITEM 22. CONTRACTS**

The following contracts that are Exhibits are attached to this Offering Circular in the following order:

- |            |   |
|------------|---|
| Exhibit 1  | Franchise Agreement<br>Contracts that are Exhibits to the Franchise Agreement: <ul style="list-style-type: none"><li>A. Personal Guarantee</li><li>C. Conditional Assignment of Telephone Numbers</li><li>D. Non-Competition and Non-Solicitation Agreement</li><li>E. Software License</li><li>F. Security Agreement</li><li>G. Equipment Lease</li><li>H. Transfer Upgrade Agreement</li><li>I. Addendum to Lease</li><li>J. Spousal Consent</li><li>K. The UPS Store Carrier Agreement</li></ul> |
| Exhibit 2  | Center Option Agreement   |
| Exhibit 4  | Letter of Intent for Franchise <ul style="list-style-type: none"><li>(a) For New Applicants</li><li>(b) For Existing Franchisees</li></ul>  |
| Exhibit 11 | Acknowledgment Regarding Risk Factors   |

## **ITEM 23. RECEIPT**

Two copies of an acknowledgment of your receipt of this offering circular appear as Exhibit 12-1 and 12-2. Please return one copy to us and retain the other for your records.