FRANCHISE DISCLOSURE DOCUMENT

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VALPAK DIRECT MARKETING SYSTEMS, LLC
a Delaware Limited Liability Company
1 Valpak Avenue North
St. Petersburg, Florida 33716
(727) 393-1270
email: Franchise_Information@valpak.com
www.valpakfranchising.com
Twitter / @valpakzee
YouTube / www.youtube.com/valpak
Facebook / @valpakfranchising

The franchise is for the establishment and operation of a business that promotes and sells cooperative direct mail advertising in VALPAK® Envelopes to be distributed within designated geographic areas (a "**VALPAK® Business**").

The total investment necessary to begin operation of a VALPAK® Business ranges from $80,200 to $200,800. These totals include $14,500 to $29,500 that must be paid to us or our affiliates.

This Disclosure Document summarizes certain provisions of your Franchise Agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You must receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your Disclosure Document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Heather Howell, 1 Valpak Avenue North, St. Petersburg, Florida 33716; (727) 399-3000 x3964.

The terms of your contract will govern your franchise relationship. Don't rely on the Disclosure Document alone to understand your contract. Read all of your contract carefully. Show your contract and this Disclosure Document to an advisor, like a lawyer or accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: May 20, 2025, as amended October 1, 2025

How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibits A-1 and A-2.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Valpak® business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Valpak® franchisee?	Item 20 or Exhibits A-1 and A-2 list current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit G.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Florida. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Florida than in your own state.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

1. A prohibition on the right of a Franchisee to join an association of Franchisees.

2. A requirement that a Franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a Franchisee of rights and protections provided in this act. This shall not preclude a Franchisee, after entering into a franchise agreement, from settling any and all claims.

3. A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the Franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

4. A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the Franchisee by repurchase or other means for the fair market value at the time of expiration of the Franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the Franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the Franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

5. A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the Franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

7. A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

   a. The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

   b. The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

   c. The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

   d. The failure of the Franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

8. A provision that requires the Franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that

grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the Franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

9. A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the Franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the Franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the Franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Office of the Attorney General
Franchise Section
670 G. Mennen Williams Building/
525 West Ottawa
Lansing, Michigan 48933
Telephone Number: (517) 373-7567

Note: Notwithstanding paragraph (f) above, we intend to, and you agree that we and you will, enforce fully the provisions of the arbitration section of our agreements. We believe that paragraph (f) is unconstitutional and cannot preclude us from enforcing the arbitration provisions.

VALPAK® FRANCHISE DISCLOSURE DOCUMENT

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L Receipts

ITEM 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor and any Parents, Predecessors and Affiliates

To simplify the language in this Franchise Disclosure Document, "**Valpak**" or "**we**" means Valpak Direct Marketing Systems, LLC, the franchisor. "**You**" means the person who buys the franchise, and if the Franchisee will be a corporation or other business entity, references to "you" will include the shareholders or other owners of the Franchisee. Valpak is a Delaware limited liability company that was formed in fiscal year 2021. We were previously incorporated in Delaware in August 1986 as Valpak Direct Marketing Systems, Inc. before we converted to a Delaware limited liability company in fiscal year 2021. Valpak's principal business address is 1 Valpak Avenue North, St. Petersburg, Florida 33716. Valpak's agents for service of process are listed in Exhibit "G."

Valpak does business under its legal business name and under the name "Valpak." Valpak's parents, their parent and their principal business addresses are as follows:

Name	Principal Business Address	Its Parent
VP Holdings, LLC ("**VPH**")	1 Valpak Avenue North St. Petersburg, FL 33716	PAK Acquisitions Corp ("**PAK**")
PAK	1 Valpak Avenue North St. Petersburg, FL 33716	PAK International Holdings Corp ("**PAK Intermediate**")
PAK Intermediate	1 Valpak Avenue North St. Petersburg, FL 33716	PAK Holding Corporation ("**PAK-HC**")
PAK-HC	1 Valpak Avenue North St. Petersburg, FL 33716	Clipper Media Acquisition I LLC ("**Clipper MAI**")
Clipper MAI	1 Valpak Avenue North St. Petersburg, FL 33716	Clipper Media Holdings Inc. ("**Clipper MH**")

Clipper MH is a private equity investment vehicle sponsored by Amato Martin, a privately-owned private equity investment company with its principal business address located at 139 Cooper Avenue, Montclair, New Jersey 07043. Clipper MH is also the ultimate parent of Clipper Magazine, LLC ("**Clipper Mag**"), which owns and operates Clipper Magazine, a local, regional, and national direct-mail advertising company.

Valpak has offered franchises for the type of business the franchisee will operate since 1986 and began offering distributorships in 1968. Valpak has never operated a business of the type to be operated by you but its affiliate, Valpak Franchise Operations, LLC ("**VPFO**"), operates similar businesses of the type to be operated by you ("**Owned Market Business(es)**"). VPFO's principal business address is 1 Valpak Avenue North, St. Petersburg, Florida 33716. VPFO has operated Owned Market Businesses since 2014. See Items 12 and 20.

No Valpak affiliates have offered franchises in any line of business, and none provide goods or services to franchisees. Valpak has no predecessors.

Valpak's Business

Valpak's primary business is printing, publishing, and distributing cooperative direct mail advertising. "Cooperative direct mail advertising" is a method of advertising in which advertisements from multiple businesses are included in a single envelope or package for mailing, allowing the costs of the mailing to be spread among the businesses. Valpak's principal advertising medium is the "**VALPAK® Envelope**." VALPAK® Envelopes are envelopes, identified by the "VALPAK®" trademark and/or other trademarks,

service marks, trade names, and logos owned by Valpak ("**Marks**"), which contain Advertising Inserts, and which are assembled, addressed, and prepared for publication and direct mailing by Valpak primarily to residential addresses. An "Advertising Insert" is an individual piece of advertising or promotional material, such as a coupon, that is included in a VALPAK® Envelope in accordance with the VALPAK® System, described below. Mailings are made to postal carrier routes or other designated areas in a manner that qualifies for third-class bulk mail postage rates. Valpak has developed methods, formats, specifications, standards, operating policies and procedures for use in the offer and sale of advertising and other promotional materials in VALPAK® Envelopes and the publication and distribution by Valpak of VALPAK® Envelopes (the "**VALPAK® System**"). Valpak may supplement and modify the VALPAK® System in its discretion, including the size and shape of VALPAK® Envelopes and Advertising Inserts.

Currently, Valpak prints and produces the VALPAK® Envelopes from a 466,000 square foot, production facility in St. Petersburg, Florida (the "**Valpak Manufacturing Center"** or **"VMC**").

In addition to the printing of Advertising Inserts and the publication and distribution of VALPAK® Envelopes, Valpak operates an Internet website, www.valpak.com, which offers electronic coupon advertising. Valpak allows its franchisees to offer and sell electronic coupon advertising through various channels including valpak.com website, email, mobile applications and any other local or national promotional advertising distributed electronically on terms and conditions that may vary from time to time.

The Franchise Offered

Valpak is offering franchises to operate businesses under the VALPAK® System under its standard franchise agreement, the valpak.com Program and the VPOFFICE® Software License Agreement (the "**VPOffice® Agreement**") (collectively, the "**Franchise Agreement**" unless the context refers to them separately). As a VALPAK® Franchisee, you will promote and sell cooperative direct mail advertising in VALPAK® Envelopes and related products to be distributed within a designated geographic area (the "**Territory**"), pursuant to the Franchise Agreement. Each VALPAK® Franchisee has an assigned geographic area in which it has the right to order mailings of VALPAK® Envelopes and related products. Valpak reserves the exclusive right to solicit certain types of accounts. You will have the exclusive right to solicit certain types of accounts; while others may be solicited by either Valpak or you. See Item 12. A copy of Valpak's current standard form of Franchise Agreement is included in this Franchise Disclosure Document as Exhibit C-1 and a copy of the VPOffice® Agreement is attached as Exhibit F. If you are a Franchisee renewing your franchise, you also need to sign the Renewal Addendum which is designed to modify those aspects of the Franchise Agreement as they pertain to a renewal. See Exhibit C-2.

As a VALPAK® Franchisee, you will receive marketing materials to assist you in promoting and selling advertising in VALPAK® Envelopes and related products, and guidance on Valpak's specifications and standards for advertising in VALPAK® Envelopes and related products. Valpak will schedule dates for your proposed "Mailing" (as defined below) based on the Valpak Regional Mail Schedule and your required mailing frequency. You are responsible to meet the mailing performance requirements (See Item 12). You attempt to sell advertising to be distributed in your scheduled mailings. A "**Mailing**" is a distribution of VALPAK® Envelopes and PlusOne postcards by Valpak which is arranged to be made during a given period to one or more "Neighborhood Trade Areas" (also known as "NTAS"). NTAS are mapped out by you consistent with Valpak's policies and procedures, to represent the smallest geographic area and number of addresses to which an Advertising Insert can be distributed for an advertiser. An NTA® represents a geographic area containing 10,000 residential addresses and is designated by postal carrier routes or similar designations.

The VALPAK® System has traditionally emphasized Mailings to residential addresses rather than to business addresses. Accordingly, the Territory Fee (described in Item 5) does not include any charge for business addresses located within your Territory, and you are not required to make any Mailings to business addresses. You will assist your customers, as necessary, in developing concepts and layouts for their Advertising Inserts

and will arrange for the preparation by Valpak of final proofs for customer approval. On approval, you will submit final proofs for Advertising Inserts to Valpak's plant, together with all other materials and information required by Valpak to produce a Mailing of VALPAK® Envelopes.

Valpak will use reasonable efforts to complete the production of the Mailing (including graphics preparation, printing, addressing, collation, insertion, and other related services performed in connection with the Mailing) and place the Mailing into distribution in accordance with the VALPAK® System within 9 business days after Valpak receives an "Insertion Order" from you. An "**Insertion Order**" is any order for a Mailing submitted by you for which Valpak has received all of the following: 1) final proofs approved by you and your customer for any Advertising Insert to be printed; 2) any Valpak approved Advertising Inserts not to be printed in quantity sufficient for distribution to at least one of the NTAS to which the ordered Mailing is to be made, in accordance with the VALPAK® System; 3) an adequate description, in accordance with the VALPAK® System, of the geographic areas and types of addresses to which the VALPAK® Envelopes are to be distributed; 4) payment of the amount due; and 5) any other information Valpak requires to complete the production of the ordered Mailing in accordance with the VALPAK® System.

Valpak requires the individuals who own and operate a VALPAK® franchise to be personally responsible to Valpak under the Franchise Agreement. Therefore, you must execute the Franchise Agreement in your individual capacity or agree to assume and guarantee the obligations of any corporation or partnership which is named as the Franchisee under the Franchise Agreement. A copy of the Personal Guaranty of Owner/Shareholder is included in this Franchise Disclosure Document as Exhibit "D."

As a VALPAK® Franchisee, you also sell electronic coupon advertising through Valpak's website - valpak.com (or any others that may be developed and authorized for use). You may offer advertising that Valpak will distribute from its Internet web site located at www.valpak.com. At the web site, customers may search for online coupons by location, category of business and keyword, download and print them from their computers, and then redeem them at businesses in your Territory. Valpak may discontinue it at any time; however, Valpak believes that this service will enhance the VALPAK® System and benefit its Franchisees.

PlusOne became a product of the VALPAK® System in December 2021 and changes to the Intermarket Sales Policy incorporating rules governing PlusOne Matrix Fees went into effect January 1, 2022. Franchisees may sell PlusOne to customers as part of the VALPAK® System. PlusOne is a direct mail advertising product that is mailed separately from VALPAK® Envelopes, as a stand-alone postcard, but must be mailed to the same households as the VALPAK® Envelopes.

Our franchisees may be given the option in the future to sell advertising in Clipper Magazine and on Local Flavor, a digital advertising platform operated by Clipper Mag, pursuant to a separate written agreement.

General Market and Competition

The direct mail advertising business is a well-developed, highly competitive industry. The target market solicited by VALPAK® Franchisees generally consists of small to medium businesses which have a need for relatively inexpensive advertising. There have been several new competitors in the direct mail advertising business in recent years, many of which compete primarily based on price. As a VALPAK® Franchisee, you will compete with other advertising media and sellers of advertising services, particularly with those who offer advertising formats geared to promoting local businesses. These may include Clipper Mag and other sellers of cooperative direct mail advertising services, single-piece direct mail advertisements, magazines, local newspapers and their advertising supplements, and "shopper" brochures and newsletters. Some of these competitors are local companies, some are national in scope, and some are franchised chains.

Valpak believes that it has a competitive advantage over many competitors because of the name recognition associated with the VALPAK® name and Marks. Valpak is not aware of any laws or regulations which are specific to the operation of VALPAK® direct mail advertising businesses.

ITEM 2

BUSINESS EXPERIENCE

Unless stated otherwise, all individuals disclosed in this Item are located at our headquarters in St. Petersburg, Florida.

Chief Executive Officer and Director: John Amato

Mr. Amato became our Chief Executive Officer in November 2023 and has served on our Board of Directors since March 2024. He has also been Founder and Co-Chairman of AmatoMartin, LLC, in New York, New York since May 2021 and the Managing Partner of DM Luxury, LLC, in Atlanta, Georgia since April 2019. From July 2018 to May 2021, Mr. Amato was Founder and Chairman of Aidem Capital, in New York, New York.

President, Chief Information Officer and Director: Chris Cate

Mr. Cate became our President and Chief Information Officer in November 2023 and has served on our Board of Directors since March 2024. Previously, Mr. Cate served as our Chief Executive Officer from August 2021 to November 2023, and as our Chief Operating Officer from April 2017 until July 2021.

Chief Financial Officer and Director: Matt Biasini

Mr. Biasini has been our Chief Financial Officer since January 2017. He has also served on our Board of Directors since March 2024.

Chief Revenue Officer: Jay Loeffler

Mr. Loeffler became our Chief Revenue Officer in August 2021. Before that, he was our SVP, National Sales from August 2017 to August 2021.

Chief Marketing Officer: Mandy Febus

Ms. Febus has been our Chief Marketing Officer since January 2023. Before that, she was our VP Customer Engagement & CRM Operations from June 2019 to January 2023.

Chief Strategy Officer: Michael Thompson

Mr. Thompson has been our Chief Strategy Officer since November 2023. Before that, he was Chief Strategy Officer of Clipper Magazine in Lancaster, Pennsylvania from July 2023 to November 2023. Before that he was Chief Operating Officer of WRK in Montreal, Quebec from July 2021 to July 2023. Before that, he was VP of Service Operations & Inside Sales for Gannet in Washington, DC from November 2018 to July 2021.

Controller: Melinda Cappa

Ms. Cappa has been our Controller since September 2023. Before that, she was our Assistant Controller from May 2018 to September 2023.

Executive Vice President, Audience and Product Development: Benjy Uhl

Mr. Uhl has been our Vice President, Audience and Product Development since September 2017.

Vice President of ITSS: Jessica Waldon

Ms. Waldon has been our Vice President of ITSS since May 2024. Before that, she was Director of ITSS from June 2021 to May 2024. Before that, she was IT Manager from August 2020 to June 2021. Before that, she was Salesforce Admin from May 2019 to August 2020.

Director of Business Planning & Consulting: Melanie Anderson

Ms. Anderson has been our Director of Business Planning & Consulting since October 2017.

Vice President of Business Process Optimization – Sales Technology and Sales Operations: Tanya R. Michael-Relyea

Ms. Michael-Relyea has been our Vice President of Business Process Optimization – Sales Technology and Sales Operations since April 2024. Before that, she was Head of Sales Operations & Client Experience from February 2023 to April 2024. Before that, she was our Senior Director of Sales Operations from January 2020 to February 2023.

Director of Billing, Credits & Collections: Carly Torres

Ms. Torres has been our Director of Billing, Credits & Collections since April 2021. Before that, she was our Manager, Billing, Credit & Collections from January 2019 to April 2021.

Director of Business Planning Support: Lisa Maire

Ms. Maire has been our Director of Business Planning Support since May 1998.

Senior Director of Marketing Strategy & Operations: Phillip Sobczak

Mr. Sobczak has been our Senior Director of Marketing Strategy & Operations since June 2018.

Director of Marketing & Communications: Tanya Creel

Ms. Creel has been our Director of Marketing & Communications since October 2018.

Director of Promotions & Partnerships: Chris Bilotta

Mr. Bilotta has been our Director of Promotions & Partnerships since June 2003.

Director Technical Support: Cheryl Bierworth

Ms. Bierworth has been our Director Technical Support since October 2018.

ITEM 3

LITIGATION

Single Branch, Direct Connect Inc. v. Valpak of Canada Limited, Valpak Direct Marketing Systems Inc., 1600228 Ontario Inc. Todd Leiser, Michael Vivio and Stephen Gracie (Court File No. CV-14-498347; February 13, 2014). The plaintiffs, franchisees of Valpak of Canada Limited, claimed that (i) Valpak provided a deficient disclosure document; (ii) the plaintiffs received misrepresentations about the potential profitability of the Valpak franchise being acquired, and that the template proforma provided by Valpak contained inaccurate or unrealistic information; (iii) Valpak failed to disclose sufficient information about a neighboring franchisee who was suffering losses, and (iv) Valpak failed to adequately review the proforma completed by the plaintiffs. Valpak denied plaintiffs' claims. On February 5, 2016, Valpak paid plaintiffs the amount of $100,000 CDN, the parties' exchanged full and final releases and the lawsuit was dismissed with prejudice.

NFocus Consulting Inc. v. Benjy Uhl and Valpak Direct Marketing Systems, Inc. (Case No. 2:20-cv-05106-MHW-KAJ, United States District Court, Southern District of Ohio; filed September 29, 2020). NFocus Consulting ("**NFocus**"), a former software vendor, filed a complaint against Valpak and its Executive Vice President, Audience and Product Development, Mr. Uhl. NFocus alleged that Mr. Uhl, who was previously employed by NFocus, improperly utilized NFocus' trade secrets, including customer lists and pricing, that he learned by virtue of his employment. NFocus claimed that Valpak developed certain data platforms using such trade secrets. NFocus alleged trade secret misappropriation under federal and state law, breach of contract, tortious interference, and unjust enrichment. Valpak and Mr. Uhl denied plaintiffs' claims. On May 26, 2021, Valpak and NFocus agreed to settle all claims whereby (i) Valpak agreed to pay NFocus $470,000 on behalf of itself and Mr. Uhl; (ii) Valpak and Mr. Uhl agreed that, for a term of 2 years following the effective date of the settlement agreement, they will not provide fulfillment services to or on behalf of Valassis Direct Mail, Inc., Vericast Corp., and their affiliates, related entities, parents, and subsidiaries (collectively, "**Valassis**"), unless Valassis becomes a majority owner of Valpak or Valpak becomes a majority owner of Valassis; (iii) the parties exchanged full and final releases; and (iv) the lawsuit was dismissed with prejudice on June 9, 2021.

Sky High Marketing, Inc. d/b/a Valpak of Rochester v. Valpak Direct Marketing Systems, LLC (Case No. 24-CA-008984, Circuit Court of the Thirteenth Judicial Circuit, for Hillsborough County, Florida; filed November 11, 2024). Current franchisee, Sky High Marketing, Inc. ("SHM"), claims that we have violated our franchise agreement with it by (i) selling CLIPP™ products in SHM's protected territories; (ii) integrating CLIPP™ products into the Valpak® System; and (iii) allowing our affiliates Clipper Media Holdings Inc. and Clipper Magazine, LLC, to access or use the Valpak® System. In its Second Amended Complaint filed on March 25, 2025, SHM seeks unspecified money damages and injunctive relief in counts for declaratory judgment and breach of contract. We have answered SHM's Second Amended Complaint and denied liability. We have also filed a Counterclaim against SHM, alleging that SHM is in violation of its franchise agreement with us by selling certain digital services using the Valpak® mark without authorization. We are seeking monetary damages and injunctive relief., which SHM has answered and denied liability to us. This case is currently in discovery. A trial is set for the trial period beginning June 1, 2026. The parties have commenced discovery. We intend to vigorously defend against JHM's claims while prosecuting our own claims against JHM.

Jennick Direct, Inc., et al. v. Valpak Direct Marketing Systems, LLC (Case No. 25-CA-003557, Circuit Court of the Thirteenth Judicial Circuit, for Hillsborough County, Florida; filed April 18, 2025). Current franchisees, Jennick Direct, Inc, Ad Smart, Inc, Val-Pak of Virginia, Inc., Maryland Media Solutions LLC, Michael Aspittle, Peter W. White, Localize Media, Inc. and Val-Pak of Northern Utah, (together "Plaintiffs") sued us alleging that we have violated their franchise agreements by (i) allowing our affiliates, Clipper Media Holdings Inc. and Clipper Magazine, LLC (together "our Affiliates"), access to the Valpak® system and to their confidential financial information, which information Plaintiffs claim that our Affiliates

have used to their competitive advantage over the Plaintiffs; (ii) selling CLIPP™ products in Plaintiffs protected territories, and (iii) integrating CLIPP™ products into the Valpak® System. In addition, Plaintiffs allege that the renewal franchise agreement issued in June 2025 eliminates or restricts competitive and territorial restrictions and claim that was improper because it required the consent of franchisees and/or is unfair and in violation of the implied covenant of good faith and fair dealing. Plaintiffs' First Amended Complaint, filed on June 18, 2025, seeks money damages and injunctive relief in counts for declaratory judgment, breach of contract, and violation of Florida's Unfair and Deceptive Trade Practices Act. We have filed counterclaims for collection against certain of the Plaintiffs who have unpaid account balances due to us. As of this writing, we have not yet responded to the First Amended Complaint, and the Plaintiffs against whom we filed counterclaims have not responded to the counterclaims. A trial date has not yet been set. We presently intend to settle with some of the Plaintiffs but as of this writing have not consummated or fully documented the settlements. We intend to vigorously defend against claims brought by any non-settling Plaintiffs.

Other than these actions, no litigation is required to be disclosed in this Item.

ITEM 4

BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5

INITIAL FEES

Initial Franchise Fee

You must pay a $2,000 non-refundable initial franchise fee to Valpak for an operating franchise or $2,500 for a dormant franchise when you sign the Franchise Agreement. If you qualify for the VetFran Program sponsored by the International Franchise Association, Valpak will reduce this fee by 20% to $1,600 for an operating franchise or $2,000 for a dormant franchise. All new franchisees pay this uniform non-refundable initial franchise fee.

Training Fee

You must pay a $12,500 non-refundable training fee to Valpak for an operating franchise or $15,000 for a dormant franchise, when you sign the Franchise Agreement. If you qualify for the VetFran Program sponsored by the International Franchise Association, Valpak will reduce this fee by 20% to $10,000 for an operating franchise or $12,000 for a dormant franchise.

If you are already a VALPAK® Franchise Owner, you may not require all aspects of this training (i.e., Sales Orientation, NFOT, VPOffice® Training). In that case, Valpak may reduce the Training Fee to coincide with what you and it agree can be waived.

Valpak may waive one or more of these items for persons already in the VALPAK® System, in which case Valpak will reduce the training fee accordingly.

Territory Acquisition Fee

The initial franchise fee does not cover the cost of acquiring the rights to your particular Territory. You can acquire a Territory either directly from Valpak, or if it has already been assigned to another Franchisee, from that Franchisee. If you obtain the Territory directly from Valpak, you must pay a "**Territory Acquisition Fee**" when you sign the Franchise Agreement. The amount of the fee varies by its size and whether it is "dormant" or "active." Generally, your Territory must include a minimum of 50,000 Prime Households and will be defined by counties located in your Territory.

Dormant Territories

If you acquire a "dormant" territory (meaning a territory in which Mailings have not been made within the last 12 months), the Territory Acquisition Fee will be $5,000 for every 10,000 "**Prime Households**" (as defined below) located in the county or counties situated in the territory rounded to the nearest 10,000 (an "**NTA**") as determined by census and posted data provided by the United States Census Bureau and the United States Postal Service. For example, if there are 118,000 Prime Households located in your Territory, the Territory Acquisition Fee would be $60,000, or 12 x $5,000. Again, if you qualify for the VetFran program, Valpak will reduce this fee by 20%.

For dormant territories, our current policy is to phase in mailings so that you will start mailing only 3 NTAS. Thus, the initial payment in the above example would be $15,000 (3 x $5,000) or $12,000 under the VetFran program. As you begin to mail other NTAS in your Territory, you must pay us $5,000 for each such NTA until the Territory Acquisition Fee is paid in full ($4,000 for the VetFran program). We may change this policy from time to time, including reverting back to requiring the full Territory Acquisition Fee to be paid when you sign the Franchise Agreement.

However, if the number of Prime Households located in the county or counties in your Territory is less than 50,000, then Valpak will establish the number of households (not necessarily Prime Households) within the Territory on which the Territory Acquisition Fee will be calculated (based on its own judgment as to the number of households which are sufficiently near each other to form a reasonable mailing group). The Territory Acquisition Fee will still be calculated as $5,000 for every 10,000 households (rounded to the nearest 10,000), but based only on the number of households which Valpak specifies in an exhibit to the Franchise Agreement.

During the 2024 fiscal year, we did not sell any dormant territories.

"**Prime Households**" are households within a given VALPAK® territory that are considered to be desirable recipients of VALPAK® Envelopes. In addition to certain other demographic criteria, Prime Households are chosen on the basis of a range of total household income. Currently, the range is determined by eliminating the top 5% and the bottom 15% of household incomes in each VALPAK® territory with annual gross income of $20,000 or more; however, on your request, Valpak may in its discretion, agree to adjust the definition of Prime Households in your Territory based on demographics for your Territory.

Active Territories

An "active" territory is a territory that is not dormant. For any "active territory," Valpak will determine the Territory Acquisition Fee or purchase price on a case by case basis, taking into account Valpak's investment in that territory and the existing and potential business in that territory. During the 2024 fiscal year, Valpak did not sell any active territories.

Territory Acquired from Others

If you wish to acquire the rights to an area that is currently assigned to another VALPAK® Franchisee, you must obtain that Franchisee's agreement to sell those rights to you on terms you negotiate. You must pay it when you sign the Franchise Agreement unless selling franchisee has provided financing of this fee. Valpak cannot estimate the price that you would pay to that Franchisee or the terms of payment. Although your acquisition of rights from another Franchisee is subject to Valpak's consent, Valpak will not charge you a separate fee (although the initial franchise fee and the training fee will still be due) for the acquisition. Valpak is currently offering a program whereby existing Franchisees are encouraged to list their dormant territories for sale, and Valpak provides limited assistance to those Franchisees in locating prospective buyers. Franchisees who sell dormant territories through this program "list" their territories at $5,000 per 10,000 Prime Households. This program may be discontinued at any time.

ITEM 6

OTHER FEES

In addition to the initial franchise fee, the training fee and, where applicable, the Territory Acquisition Fee, you must make certain payments to Valpak in connection with the operation of your franchise, as described in the following table (all fees are non-refundable):

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Products and Services for Mailings	Varies (1)	1st 6 Mailings submission of Insertion Order; Mailings 7-12 50% on Insertion Order, balance on Mailing; Mailings 13-18 payments for prior mailing must be paid in full before Insertion Order; Mailing 19 and thereafter, payments for prior Mailings must be paid in full by mail date of next mailing (2)	This fee covers all production and distribution costs of Mailings. See Items 1 and 10.
Electronic Advertising	Varies (3) Set by Valpak from time to time.	Monthly	Payments made to Valpak or other Franchisees. See Item 1. See Schedule H to Exhibit "C-3."
Association Fee / Marketing Fee (4)	$0.168 per Advertising Insert (maximum of 10 mailings per 1,000 addresses per Mailing (5))	Submission of an Insertion Order	Association Fees and Marketing Fees are paid to us, but 100% of Association Fees and, subject to certain conditions, 50% of Marketing Fees, are remitted to the Association to fund national media advertising programs and Association initiatives and costs and support general operating expenses.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Software License Fee	Varies based on your market size from $35 - $175	Monthly for 5 years	License fee for use of operations management software.
Software Support and Maintenance Fee	Varies based on your market size from $78 to $180	Monthly	For support and maintenance services on operations management software.
Customer Relationship Management ("**CRM**") Software Fee	Currently no less than $75 per CRM License per user; currently no less than $25 per Engage License per user	Monthly	For support and services for Salesforce.com. This software is currently optional, and you only pay if you opt to use it, or it becomes mandatory.
Category research and media intelligence fees (formerly CSI) ("**CRMI**")	Varies based on monthly mailing quantity from $40 to $800	Monthly	For AdMall subscription services, category research, and sales intelligence.
Small/Micro Service Program	$50 per NTA per month	Monthly	Data Entry services including operations management software. Currently payable to us but may be paid to a designated third party in the future.
Toll Free Numbers	$17 Flat Rate	Monthly	Use of our 1-800 numbers.
Overweight Postage	Varies per Intermarket Sales Policy. See Schedule B to Exhibit "C-3." Currently ranges from $0.04 to $0.70 per NTA based on the type of insert mailed.	As incurred	Payable to Valpak by Selling Franchisees for all outbound intermarket orders. Fees may be updated from time to time based on USPS rate changes and changes to insert weights.
Supplied Inserts	Starts at $62.50 per NTA	As incurred	Payable for pre-approved products (note: testing may be required) that are printed by third parties. Set from time to time in Intermarket Sales Policy. See Schedule C to Exhibit "C-3."
Additional Training and Assistance	Varies [(6)]	As incurred	Valpak offers several programs for additional training and assistance. See Item 11.

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
Transfer	Currently $1,000 [7]	As incurred	You must pay this fee on request for approval of a transfer of any interest in the franchise, the Franchise Agreement, Franchisee or the franchised business.
Indemnity	Varies	As incurred	You must reimburse Valpak if it incurs any expenses in defending itself or is held liable for claims arising from the operation of your VALPAK® Business.
Interest	Varies; lesser of 1.5% per month and the highest legal rate for account business credit.	As incurred, commences after due date	Payable on all overdue amounts due for Mailings and other amounts you owe us.
Costs and Attorneys' Fees	Varies	As incurred	Payable if you fail to comply with the Franchise Agreement.
Matrix Fee	Varies [8] pursuant to Intermarket Sales Policy. See Schedule A to Exhibit "C-3."	As incurred	Fees paid by Selling Franchisees or National Sales to franchisee whose territory includes the Mailing and, subject to eligibility, PlusOne.
Territory Fee	Varies [8] pursuant to Intermarket Sales Policy. See Schedule A to Exhibit "C-3."	As incurred	Fees paid by Selling Franchisees or National Sales to franchisee whose territory includes the Mailing.
Service Fee	Varies [8]. Currently $30 per 10,000 unduplicated circulation. See Intermarket Sales Policy, Exhibit "C-3."	As incurred	Fees paid by Selling Franchisees or National Sales to franchisee whose territory includes the Mailing.
Account Relocation Fee	$1.50 per 1,000 households; See Intermarket Sales Policy, Exhibit "C-3."	As incurred	Fees paid by a franchisee when a Designated Key Account moves into another territory and changes selling franchisees.
Displacement Fee	Varies [7] [8][9]. Currently for unduplicated circulation previously sold and Mailed within a franchisee's territory, $30	As incurred	

TYPE OF FEE	AMOUNT	DUE DATE	REMARKS
	per 10,000 increments; and for unduplicated circulation previously sold and Mailed as Outbound Intermarket by the franchisee, $15 per 10,000 increments.		
Territory Acquisition Fee Balance	$5,000 for each 10,000 Prime Households. See Item 5.	Prior to mailing each NTA over the first 3 NTAS. See Item 5.	The balance is the difference between the total Territory Acquisition Fee due and $15,000 (representing 3 NTAS). Before you mail each NTA over the first 3 NTAS, you must pay the balance due relating to the NTAS you want to start mailing.

(1) Valpak publishes schedules of the prices charged for the various products and services provided by Valpak to produce VALPAK® Envelopes and other advertising services (including electronic coupons). These prices are established in Valpak's reasonable discretion. You must pay the charges established in accordance with Valpak's price schedules for the production and distribution of VALPAK® Envelopes for Mailings within your Territory, and for any other products and services ordered from Valpak.

(2) For the first 6 Mailings, you must submit full payment for each Mailing together with the Insertion Order for that Mailing. If you have established a satisfactory credit record with Valpak over the course of the first 6 Mailings (unless waived by Valpak in writing) and you are in compliance with all of the terms of the Franchise Agreement, payment terms for your remaining Mailings are as follows:

(a) Mailings 7-12: 50% due on Insertion Order Date; balance due on Mailing Date.
(b) Mailings 13-18: Payments for prior Mailing must be paid in full by Insertion Order Date of next Mailing.
(c) Mailings 19-End: Payments for prior Mailing must be paid in full by Mail Date of next Mailing.

If you are purchasing an existing Territory, this schedule may be modified.

(3) Valpak publishes schedules of the prices charged for the various products and services provided by Valpak for Electronic Advertising. These prices are established in Valpak's discretion. You must pay prices established in accordance with its price for making Electronic Advertising Services available to Advertisers and consumers in your Territory.

(4) "**Association Fees**" or "**Marketing Fees**" refer to required payments for inserts placed into a mailing Franchisee's NTA. The Association is a voluntary membership organization representing the interests of independent VALPAK® Franchisees. Valpak may require you to pay Association Fees and Marketing Fees, as applicable, in connection with all Mailings. All Association Fees and Marketing Fees are paid to Valpak. Any Association Fees paid by you will be remitted by Valpak to the Association, which determines its own expenditures. Valpak from time to time may be party to one or more written agreements with the Association that govern whether and to what extent you must pay and Valpak must collect Association Fees. Except as provided in the Intermarket Sales Policy, Marketing Fees are retained by Valpak and expenditures of Marketing Fees are determined solely by

Valpak. Rates and guidelines for Association Fees and Marketing Fees are established by Valpak from time to time and may be subject to written agreements with the Association.

(5) Association Fees and Marketing Fees may be adjusted from time to time and may be subject to written agreements with the Association.

(6) Valpak charges standard fees for training additional persons and for any additional training it may provide at your request. You must pay for your and your employees' travel, lodging, living expenses and compensation related to attending any additional, supplemental or refresher training programs, and any conventions or meetings held by Valpak. However, Valpak may elect, in its discretion, to pay some of your expenses, as described in Item 11.

(7) You must pay Valpak a transfer fee in the reasonable amount customarily charged by Valpak (currently $1,000) to help defray the direct and indirect costs of reviewing and processing proposed transfers.

(8) The current Matrix Fees and Territory Fees from the Intermarket Sales Policy ("**ISP**") are as follows (per NTA mailed per Mailing Period [rates do not apply to multi-advertiser flyers and booklets]):

Circulation per Mailing Period	Matrix	Territory Fee
0 – 39,999	$80.00	$17.50
40,000 – 99,999	$73.50	$16.50
100,000 – 179,999	$61.00	$15.00
180,000 – 269,999	$55.50	$13.50
270,000 – 499,999	$50.00	$12.50
500,000 – 749,999	$45.50	$12.00
750,000 – 1,499,999	$36.50	$8.00
1,500,000 – 2,999,999	$33.00	$8.00
3,000,000 – 6,999,999	$32.60	$6.00
7,000,000 – 14,999,999	$25.00	$6.00
15,000,000 and above	$19.00	$6.00

Matrix Fees on all intermarket PlusOne orders have been set at $235 per NTA (i.e., $0.0235/piece) as of January 1, 2022.

(9) See Section 8 of Intermarket Sales Policy, Exhibit "C-3."

ITEM 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

TYPE OF EXPENDITURE	ESTIMATED AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee (1)	$1,600 - $2,500	Lump Sum	At signing of Franchise Agreement	Valpak
Training Fee (2)	$10,000 - $15,000	Lump Sum	At signing of Franchise Agreement	Valpak

Territory Acquisition Fee (3)	$12,000 - $100,000	Lump Sum	At signing of Franchise Agreement	Valpak
	(See Note 3)	As Arranged	As Arranged	3rd Party
Prepaid Rent and Deposits (4)	0 -$4,800	As Arranged	As Arranged	3rd Parties
Business Telephone (5)	$300-$1,000	As Arranged	As Arranged	3rd Parties
Office Furniture (6)	0 -$2,500	As Arranged	As Arranged	3rd Parties
Office Equipment (7)	$1,300-$2,000	As Arranged	As Arranged	3rd Parties
Computer Hardware (8)	$2,500 -$5,000	As Arranged	As Arranged	3rd Parties, Valpak
Computer Software (9)	$500 - $1,000 (See Note 9)	As Arranged	As Arranged	Valpak
Insurance (10)	$1,000 - $2,000 (See Note 10)	As Arranged	As Arranged	3rd Parties
Additional Funds (11) (12)	$50,000 minimum (See Note 11and 12)	As Arranged	As Incurred	3rd Parties, Valpak
Vehicle (13)	(See Note 13)	As Arranged	As Arranged	3rd Parties
Start-Up Advertising/Marketing Funds (14)	$1,000-$15,000 (See Note 14)	As Arranged	As Arranged	3rd Parties
TOTAL (15) (16) (17) (18)	$80,200 to $200,800	(Does not include an amount for a vehicle referred to in footnote 13 and includes only the minimum Territory Acquisition Fee because it is not possible to determine a maximum.)		
* Valpak does not refund any fees or other amounts payable to it. Except as arranged by you, amounts paid to 3rd parties are generally non-refundable.				

(1) This fee is payable regardless of whether you are purchasing your franchise from Valpak or from another VALPAK® Franchisee. The low-end cost includes the 20% discount if you qualify for the VetFran Program. See Item 5.

(2) The low-end cost includes the 20% discount if you qualify for the VetFran Program. See Item 5 for details.

(3) This fee is based on $5,000 for every 10,000 households located in your territory. The minimum cost includes the 20% discount if you qualify for the VetFran Program and assumes the minimum initial payment for a dormant territory. The minimum fee for those who do not qualify for the VetFran Program is $25,000. See Item 5 for details. Also, if you buy a franchise for a dormant territory, then we may allow you to pay the Territory Acquisition Fee in installments as you add additional NTAS to your mailings. See Items 5 and 6.

(4) This figure is the estimated cost of the 1st 3 months' rent for your office and a security deposit equal to 1 month's rent. The actual amount will vary depending on local rental market conditions and the size, location and amenities of the office. It does not include any amount for leasehold improvements or decorating, which are at your discretion. The lower end of the range

assumes rent of $300 per month for cooperative shared office space and the higher end of the range assumes rent of $1,200 per month for an office in a modest office building. If you choose to operate your franchise from your residence, you will not incur this type of expense.

(5) This figure is the estimated cost of the purchase, installation and hook-up of a business phone system. It does not include the costs of acquiring cellular phones. The cost of a more sophisticated phone system could exceed this estimate.

(6) This figure is the estimated cost of the purchase of 1 or more desks, chairs, and filing cabinets of moderate quality and condition. Your furniture costs will primarily depend on your personnel arrangements and the quality and condition (new or used) of the furniture selected.

(7) This figure is the estimated cost of the purchase of a high-quality small photocopier and a facsimile transmission machine which meets Valpak's specifications. The actual amount spent will vary according to the equipment needs and size of your franchise, as well as the condition and quality of items purchased.

(8) The cost of computer equipment suitable for most Franchisees ranges from about $2,500 to $5,000. Valpak requires you to use a computer to operate VPOffice.

(9) Valpak requires you to use computer software known as VPOffice® described in Item 11 under the heading "Computer Software." See Item 11 for details. Valpak also offers you the option to purchase a license to use CRM Software known as Salesforce.com. The monthly fee for the Salesforce.com software is currently $75 per user. Valpak also recommends that you have the Microsoft Office Suite. This estimated range includes 3 months Software License Fee and Software Support and Maintenance Fee for the VPOffice® Software and for Salesforce.com. (See Item 6)

(10) Valpak requires you to carry liability and other insurance coverage in such amounts as it specifies in its Operating Procedures. Valpak estimates that the cost of initial premiums for property insurance and business liability insurance for a franchise would range from $1,000 to $2,000. The cost of any required workers' compensation insurance will vary widely and cannot be reasonably estimated by Valpak. Insurance for the benefit of franchise personnel, such as medical and disability insurance, is also at your discretion, and their costs cannot be reasonably estimated by Valpak.

(11) This figure covers miscellaneous expenses for the first 3 month's operation of your franchise, such as business license fees, legal fees, accounting fees, office supplies (including forms, stationery and maps), a complete set of marketing materials supplied by Valpak (which is included within the training fee) and any travel or out-of-pocket costs for attending initial training.

(12) If you are beginning operations in a dormant territory, Valpak requires that you have available working capital (which may be in the form of a line of credit) in an amount of at least $10,000 to $15,000 for every mailed NTA in your Territory. Working capital is needed to cover general operating expenses, such as salaries for any personnel, as well as your costs for Mailings in your Territory. Depending on your market and your business objectives, you may need significantly greater working capital. In addition to this amount, you should have personal funds or outside income sufficient to cover living expenses for 9 to 12 months. If you buy an existing franchise, you may need additional working capital, but Valpak is unable to estimate any range of amounts which would be needed.

(13) You are not required by Valpak to acquire or use any motor vehicle in operating your franchise. However, you and your salespeople typically will make some business use of an automobile. You may use any automobile already owned by you, in which case you will not incur any initial expense for this item, or you may lease or purchase one or more automobiles for your franchise.

(14) This figure is the minimum estimated expense to be allocated toward initial marketing efforts for local advertising and brand building efforts associated with the purchase of a dormant territory. This expense is similar to "Grand Opening" expenses in other franchise systems. Valpak recommends some initial advertising when starting your franchise in a dormant market and offers assistance and recommendations for doing so. The advertising and marketing methods will vary by market.

(15) Valpak has over 50 years' experience in the cooperative direct mail advertising business and has relied on that experience to compile these estimates. Valpak has not conducted any formal survey of its Franchisees to prepare this data; rather, these figures represent Valpak's best estimates of the amounts that a typical Franchisee will spend for the purposes indicated. Your own expenses are likely to differ significantly from these estimates because of the wide variations among geographic regions, business conditions and management styles, and the particular circumstances affecting the franchise (such as the number of prime households in the franchise territory, the size and location of the Franchisee's office, the number of personnel engaged to work for the Franchisee and their compensation arrangements), and the availability and use of financing or leasing arrangements for certain items. For example, the estimated costs shown in the table assume that you will operate from modest premises and will use simple but functional furnishings and equipment. If you choose to purchase expensive furniture or more sophisticated equipment, you should expect to spend substantially more than the amounts shown in the table. However, if you operate from your residence or lease rather than purchase most items, your investment may be less than the amounts shown in the table. You should review these figures carefully with a business advisor before making any decision to purchase a franchise.

(16) The estimated initial investment figures reflected in the table above assume that you are establishing an office for your franchise outside your home. Valpak also has assumed that you will be actively involved in operating your franchise on a full-time basis but that you may not draw a salary in the first 6 months.

(17) This table estimates your initial expenses. These figures are estimates and Valpak cannot guarantee that you will not have additional expenses starting the business.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

The following summarizes the approximate percentages of your purchases of equipment, supplies and services through sourcing restrictions, based on the nature of the restriction: All of your required purchases (which include items which must be purchased from us, our affiliates or approved suppliers and items which must be purchased in accordance with our specifications) represent approximately 34.3% of your total purchases in establishing your Valpak franchise and approximately 70% of your total ongoing operating expenses for your Valpak franchise.

Required Purchases

Valpak is the sole publisher and distributor of its trademarked VALPAK® Envelopes in the United States and will publish and distribute, at your expense, all Mailings of VALPAK® Envelopes in your Territory in accordance with the terms of the Franchise Agreement. Valpak will be the source of all services relating to the production of VALPAK® Envelopes and PlusOne for Mailings in your Territory (including graphics preparation, printing, addressing, collation, insertion and direct mailing), except as otherwise discussed below, and Valpak will derive revenue from the sale of these services to you. Valpak is the only permitted source for the VALPAK® Envelopes and PlusOne, and Valpak is the only permitted source of the collating, inserting and mailing service provided to VALPAK® Franchisees.

The amounts you pay to Valpak for the production and publication of VALPAK® Envelopes and PlusOne are a significant part of the cost of operating the franchised business. Depending on the volume of business, a Franchisee's payments to Valpak for services typically range between 50% and 70% of total revenue. This paragraph should not be construed as a representation or assurance by Valpak that you are likely to experience these operating margins, or that you will be successful in your business if you do realize such margins.

VALPAK® marketing materials are provided to you digitally at no cost. You may print them at your own expense. You must also purchase the VPOffice® Software (or other software Valpak may require in the future) from Valpak. These costs are not estimated to be a significant portion of the cost of establishing or operating your franchised business.

For the fiscal year ended December 28, 2024, Valpak's revenues from sales of required purchases by Franchisees were $139,487,784 representing approximately 68.09% of Valpak's total revenues of $204,863,348. These figures are derived from our audited financial statements and internal financial data. No Valpak affiliates derive revenue from required purchases by Valpak's Franchisees.

All new Franchisees must use VPOffice® and obtain maintenance and support services from Valpak.

You will be offered Advertising Inserts and coupons sold by Valpak's National Sales Department. See Item 12. Valpak will compensate you for including these items in accordance with the rate schedule listed in the then-current version of the ISP. You will also be required to mail Advertising Inserts and Coupons from other Valpak Franchisees pursuant to the Intermarket Sales Policy and you will be compensated for doing so. See Item 12.

Approved Suppliers

Valpak does not require you to purchase or lease any goods, services, supplies, fixtures, equipment, inventory, computer hardware or software or real estate from any designated supplier. Valpak does not negotiate purchase agreements with suppliers, including price terms, for the benefit of franchisees. None of our officers own an interest in a required supplier.

Specifications and Standards

Valpak will, to a limited extent, allow you to provide certain Advertising Inserts for inclusion in VALPAK® Envelopes to accommodate those customers that wish to use their own pre-printed Advertising Inserts. The use of these customer-supplied Advertising Inserts will be subject to the limitations, policies, conditions and procedures established by Valpak. Valpak develops these policies, conditions and procedures based on factors including existing and planned production capabilities and capacities, arrangements with outside sources, standards and requirements for the efficient, accurate and timely publication of Advertising Inserts and the need to maintain such standards, the accommodation of certain types of customers of VALPAK® advertising services and the testing and introduction of new products and procedures.

Valpak describes generally the procedures for the submission of customer-supplied Advertising Inserts for inclusion in a Mailing in the Operating Procedures. Valpak may place conditions on the use of customer-supplied Advertising Inserts including additional service charges, review and pre-approval procedures, the execution of licensing and restrictive agreements with Valpak by suppliers of the Advertising Inserts and restrictions pertaining to the time and place of delivery. In addition, any Advertising Inserts to be supplied by your customers must meet the standards and specifications of quality, function and appearance established by Valpak. Valpak considers such restrictions on customer-supplied Advertising Inserts to be essential to the efficient and accurate distribution of VALPAK® Envelopes meeting Valpak's quality standards.

valpak.com Program

Valpak is the sole operator of, and sole distributor of coupons and other electronic advertising under the **valpak.com** website and such other websites as Valpak offers from time to time. You must comply with Valpak's procedures and conditions when offering or selling electronic advertising services. Valpak may modify those terms in any manner (including implementing fees) or discontinue such electronic advertising services on 30 days' notice to you. See Exhibit "C-3," and Items 1, 6, 11 and 12 for details.

Insurance

At your expense, you must obtain and maintain in force such policies and types of insurance that Valpak prescribes. Valpak may prescribe the types , amounts, terms and conditions of insurance coverage you must carry; standards for underwriters and insurers of such policies; Valpak's protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to Valpak; periodic verification of insurance coverage that must be furnished to Valpak; Valpak's rights to obtain insurance coverage at your expense if you fail to obtain required coverage. The terms and conditions Valpak requires may be provided to you in any manner it determines, including being specified in the Operating Procedures. Valpak may periodically change required coverages, amounts and policy terms. (Please see footnote 10 in Item 7 for estimated costs of the required insurance coverages.)

Purchasing or Distribution Cooperatives

Valpak has no purchasing or distribution cooperatives.

ITEM 9

FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the franchise agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	Not Applicable	Items 6 and 11
b. Pre-opening purchases/leases	Section 10.1	Item 8
c. Site development and other pre-opening requirements	Not Applicable	Items 6, 7 and 11
d. Initial and ongoing training	Section 5.1; Section 3 Renewal Addendum	Item 11
e. Opening	Not Applicable	Item 11

OBLIGATION	SECTION IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
f. Fees	Sections 10.1-10.5; Section 6 Renewal Addendum; Section 5 VPOffice® Agreement	Items 5 and 6
g. Compliance with standards and policies/Operating Procedures	Sections 9.1-9.5; Sections 3, 4 and 6 VPOffice® Agreement	Item 11
h. Trademarks and proprietary information	Sections 4.1, 4.2, 5.2, 6, 8 and 14.1; Section 6 VPOffice® Agreement	Items 13 and 14
i. Restrictions on products/services offered	Sections 3.1, 3.6, 4.1, 5.3 and 9.2	Item 16
j. Warranty and customer service requirements	Section 9.1; Section 6 VPOffice® Agreement	Item 11
k. Territorial development and sales quotas	Section 3.1, 3.2, 9.4 and Exhibit B to Agreement;	Item 12
l. Ongoing product/service purchases	Sections 4.1, 4.3, 5.3, 9.2, 9.4, 10.2 and 10.3; VPOffice® Agreement; Section 7 Renewal Addendum	Item 8
m. Maintenance, appearance and re-modeling requirements	Not Applicable	Not Applicable
n. Insurance	Section 9.5 and 9.10	Items 6, 8 and 10
o. Advertising	Section 6.2	Items 6 and 11
p. Indemnification	Sections 7.2 and 7.3 (also see Personal Guaranty of Owner/ Shareholder)	Item 17
q. Owner's participation/management/staffing	Sections 8.3 and 9.3	Items 11 and 15
r. Records and reports	Sections 8.2, 8.3 and 9.3	Item 10
s. Inspection and audits	Section 9.7	Not Applicable
t. Transfer	Sections 11.2-11.6; Section 12 VPOffice® Agreement	Item 17
u. Renewal	Sections 12.2-12.3	Item 17
v. Post-termination obligations	Section 14	Item 17
w. Non-competition covenants	Sections 8.2 and 14.4-14.5	Item 17
x. Dispute resolution	Not Applicable	Not Applicable
y. Territorial Limitations	Sections 3.1 –3.3 and 8.2	Items 12 and 16
z. Other: Intermarket Sales	Sections 3.1-3.2;	Items 12 and 16
aa. Other: Regional and National Sales	Section 3.4	Items 12 and 16

*Unless otherwise noted, references are to the Franchise Agreement itself; references to addenda are identified as such.

Note: See Exhibit "I" which may contain an addendum or an amendment to the Franchise Agreement under applicable state law (see also Item 17).

ITEM 10

FINANCING

Valpak does not offer direct or indirect financing. Valpak does not guarantee your note, lease or obligation.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING

Except as listed below, Valpak is not required to provide you with any assistance:

Training Programs

NFOT is conducted at Valpak's headquarters or through a virtual training environment (such as Microsoft Teams, Zoom and/or LMS) at the earliest possible date available after the franchise is awarded and all documents signed. This program is mandatory for all new VALPAK® franchisees. You (or, if you are an entity, at least 1 of your owners) must attend class after you sign the Franchise Agreement. On request, other key people involved in the operation of your business also may attend for an additional fee of $1,000 per person.

New Franchise Owner Training ("NFOT")

This portion of the training involves various departments to prepare the new franchisee for all of the related functions in running a VALPAK® franchise, including: Office Operations, Sales Operations, VPOffice® Training, Valpak.com/Digital Strategy, Network/Intermarket Sales, My Design Center and Graphics, GIS (Mapping), Usage of Valpak's intranet (Insidevalpak.com), Customer Service, CRMI, Sales tools, Sales Process and Salesforce.com Training.

As of the date of this Franchise Disclosure Document, this combined program is presented over 3 to 5 days (typically Monday to Thursday or Friday). If training is hosted at Valpak's headquarters, Valpak may pay for up to 5 nights lodging at approved hotel, some meals and travel between your hotel and the training office. Valpak also may pay for the travel to St. Petersburg, Florida, for up to 2 people. You pay all incidental expenses in conjunction with your visit to Valpak's headquarters for this training.

All of Valpak's obligations regarding training of franchisees are set forth in Section 5.1 of the Franchise Agreement. If you are part of a specific program that reduces training fees, you will be required to pay for your own travel and accommodation expenses.

New Representative Training

The initial training of a newly hired Sales Representative ("**Sales Rep**") consists of two segments: (i) on-line training in the Valpak University Learning Management System (LMS) done at the local level; and (ii) attending a facilitator led training session (Orientation).

Sessions: Valpak University® LMS: A newly hired Sales Rep can immediately begin Valpak training by signing into the "Valpak University Learning Management System." The "New Sales Rep Learning Path" includes many short modules which cover the entire sales process, including: planning, organization, prospecting, discovery, presentation, closing and developing the sale, and using the

optional Salesforce customer relationship management (CRM) platform to manage sales activity. Completion of the New Sales Rep Learning Path is required before or concurrently while attending the Orientation session.

Orientation: Orientation sessions are scheduled throughout the year. This class is designed for newly hired Sales Reps. Orientation is a comprehensive and activity driven sales training program with live prospecting, role playing, handling objections and solution selling strategies. Sales Reps will be required to complete the New Sales Rep Learning Path in the LMS and will have a list of pre-work materials to prepare beforehand. This is a fantastic way to kick a new Sales Rep's production into a higher gear. If traveling to Valpak's headquarters, travel and hotel expenses are paid by the Valpak® Franchisee sending the Sales Rep. If attending the training virtually (via Microsoft Teams, Zoom, and/or LMS), computer with camera, Wi-Fi/internet access, and phone are paid or provided by the Valpak® Franchisee sending the Sales Rep.

Advanced Training Sessions

Valpak University® offers several courses designed for Sales Reps and Sales Leaders. These are specific to related topics and sessions are held at Valpak's headquarters or through a virtual training environment (such as Microsoft Teams, Zoom and/or LMS). They are typically 1 to 2 days in length. Attendance is optional. Attendees traveling to Valpak's headquarters are responsible for their own travel and hotel expenses. Some meals and all related class material are included. Available sessions are listed on Insidevalpak.com/Valpak University. If attending the training virtually, computer with camera, Wi-Fi/internet access, and phone are paid or provided by the Valpak® Franchisee sending the Sales Rep. Virtual classes may also be held in shorter 1-2 hour sessions on selected days over a 2-3 week period.

Webinar Sessions

Valpak University® offers a variety of on-line webinars in a range of topics. These include new product roll outs, initiatives, sales strategies, etc. Most of these webinars are also recorded so that new owners and Sales Reps can view them at their convenience.

The materials used in training include the manuals as well as other presentation materials and handouts. The following is a summary of the experience of Valpak's Field Support Personnel who may also provide training:

Mandy Febus, Chief Marketing Officer, oversees brand marketing and communication, customer acquisition and retention, and Salesforce.com strategies. She has over 17 years of experience in managing marketing strategies and Salesforce.com ecosystem, focusing on process improvement, user adoption, and creating actions from data insights. She also oversees the Franchise Development Manager, the Director of Training, Sales Trainers, and the LMS.

Franchise Support Services

Valpak will provide you with an electronic New Franchise Owner kit that contains key contact information and presentation materials.

In addition to receiving the Franchise Owner kit, Valpak currently provides additional limited support. You may have an assigned Franchise Development Manager dedicated to providing support during your first year of operation. This includes coaching calls, conference calls, and assistance as necessary. Valpak support personnel also consist of Franchise Business Consultants. Franchise Business Consultants work with Franchise Development Managers to develop a financial plan and offer operation advice as needed, subject to their availability.

While Valpak believes that the support services described above may be helpful to many new Franchisees, there is no assurance that following the advice or recommendations of any of the support personnel will result in the success of your VALPAK® franchise or improve its performance.

Business Meeting

Valpak generally holds an Annual Business Meeting but is not required to do so. They typically last 2 to 3 days and are open to Franchise Owners and, at times, may be open to General Managers. The Business Meeting offers training including mini-sessions, panels, breakout session, an array of social events and an opportunity to interact with other members of the VALPAK® network.

Sales Support

Selling efforts of Franchisees and their sales representatives are supported by a variety of sales and research materials, newsletters and other promotional tools provided by Valpak. All Franchisees have 24/7 InsideValpak.com access to the Sales Tools, category resources, and industry trend intel. Franchisees and their sales representatives may request samples of client advertising, research, and other data from our marketing department. Certain fees apply to these services.

Incentive Programs

From time to time, Valpak uses several incentive programs to reward Franchisees, Franchisees' sales representatives and advertisers for the purchase and sale of VALPAK® advertising. Valpak is not obligated to offer any of these programs, and it may discontinue or modify any or all of these programs at any time.

Computer Requirements

Valpak requires you to use a software program known as VPOffice®. VPOffice® is a business and sales management system tailored to the needs of VALPAK® Franchise Owners. The core of the VPOffice® product is an enhanced order entry module that will provide the communication link to Valpak for all products and services. Basic order entry can occur in a simplified fashion and the system is developed in a way that will make the system easy to learn. VPOffice® will be used to process and track sales transactions for each franchise office. Specific characteristics that are used to create a specific transaction product (i.e. product type, selling price, quantity, NTA® destinations, advertiser information) are captured and stored in the VPOffice® system. The VPOffice® system uses a central database which is located at Valpak and you access it through the internet. You will use Citrix® software to access the VPOffice® system. Information entered into the VPOffice® system will only be accessible by the specific franchise office that created the data and by Valpak's support staff, not by other franchise offices. Specific transaction data pertaining to sale orders will be passed through to a backend Enterprise Resource Planning package for scheduling and processing of workflow data.

The VPOffice® Agreement is attached as Exhibit "F." The Software License Fee is based on the size of the Franchisee's market and is payable monthly over the term of the Franchise Agreement. The Software Maintenance and Support fee is also based on the size of the Franchisee's market and is payable monthly. (See Item 6 for fee amounts.)

Valpak also provides support and services for Salesforce.com, which is currently optional. If you choose to use it, the amount of the CRM Software Support and License Fee depends on your number of users and is payable monthly.

Under the Small/Micro Service Program, Valpak will provide data entry services including VPOffice® and MDC. The fee for this service is based on the NTA per month.

You are required to have specific computer hardware and software available to operate the system efficiently and effectively. The cost of computer equipment suitable for most Franchisees ranges from about $2,500 to $5,000. VPOffice® is proprietary and no other software package is available that will perform the same functions or integrate with the systems used at Valpak. Valpak will provide a download link to you that will contain the Citrix® software so that you may access the VPOffice® system.

Specific networking recommendations are available through the Corporate Support Center for franchise offices who plan to have multiple VPOffice® users within their franchise.

Updates to the list of components will occur by Valpak. New minimum requirements will be distributed to all franchise offices allowing sufficient time for the upgrades of hardware and software to occur. Franchise offices not complying with the required upgrades will not be allowed to process orders using VPOffice®.

Valpak intends to provide ongoing maintenance, support and software upgrades to all VPOffice® users once it has fully tested new software releases and is satisfied with the performance. As part of the pricing structure of VPOffice®, fees will be charged to cover the costs of upgrades and ongoing maintenance and support. (See Item 6 for Software Maintenance and Support Fees, CRM fees and data entry services fees for the small micro service program.)

Office Location

You will need an office from which to conduct the business of your franchise, which may be at your home or at another location. You will be responsible for the location, set up and operation of the office. Valpak does not specify or approve the type or location of your office.

Start of Franchise Operations

The period between signing the Franchise Agreement and your start of operations will vary, depending primarily on whether you are already familiar with the operation of a business under the VALPAK® System and whether your Territory is a dormant area or an active area (in which there have been recent Mailings) acquired from another VALPAK® Franchisee. A Franchisee who has worked within the VALPAK® System and whose Territory is active may begin operating his or her franchise immediately on execution of the Franchise Agreement if Valpak elects to waive the NFOT requirement. However, for those Franchisees who are new to the VALPAK® System, there may be an interval of 2 to 3 months to allow for training..

Upon request, you are required to provide Valpak with financial information regarding the operation of your franchised business. Valpak may establish and modify the specifications and scope of this financial information in its discretion.

Production of VALPAK® Envelopes and PlusOne

Valpak, as the sole publisher and distributor in the United States of VALPAK® Envelopes, will publish and distribute: (i) within your Territory, all VALPAK® Envelopes for which you have submitted Insertion Orders, all in accordance with the VALPAK® System; (ii) in such other geographic areas for Mailings ordered by other Franchisees in accordance with their franchise agreements and the Intermarket Sales Policy; and (iii) in such other geographic areas as Valpak decides to conduct Mailings from time to time. Valpak will handle the production of all VALPAK® Envelopes and PlusOne to be distributed within your Territory (except for advertiser-supplied inserts approved by Valpak), including, without limitation: 1) the graphics preparation and printing of any Advertising Inserts not supplied by your customers, in accordance with Valpak's policies; 2) collation and insertion of Advertising Inserts; 3) labeling and direct mailing of VALPAK® Envelopes and PlusOne; and 4) any other services provided by Valpak as part of the VALPAK® System. Valpak will have final approval over the form and content of each Advertising Insert and PlusOne postcard prepared by you and

the proposed contents submitted by you for each Mailing, taken as a whole. Valpak also will have the authority to determine the appearance and style of VALPAK® Envelopes and to modify them.

Valpak will use all reasonable efforts to place an ordered Mailing into distribution within 9 business days of receipt of an Insertion Order. Valpak will not be liable to either you or your customers for delays in delivery of VALPAK® Envelopes once Valpak delivers them to the U.S. Postal Service.

Valpak will not be in breach of its obligations to you under the Franchise Agreement if errors occur in the production or packaging of Advertising Inserts or in the distribution of VALPAK® Envelopes. However, Valpak may grant you a credit equal to 100% of the printing and insertion charges for those Advertising Inserts (but not postage charges), if Valpak has timely received an error-free final proof for the Advertising Insert from you and if you have fully complied with the Operating Procedures as it applies to that Mailing. While Valpak is only obligated to provide a 100% production credit in such instances, its current policy provides for a 200% production credit in the case of such production error. This policy is subject to change at any time. If Valpak delivers VALPAK® Envelopes to the U.S. Postal Service for 1 of your Mailings, and all or any portion of those envelopes are not delivered or are delivered to the wrong zip codes due to Valpak's error or the error of the U.S. Postal Service, Valpak will re-mail the envelopes to the areas which did not receive VALPAK® Envelopes at no additional charge to you, unless the error is your fault.

If Valpak is unable to produce VALPAK® Envelopes at its plant as the result of a strike, labor dispute, natural disaster, act of God or similar cause, Valpak will use all reasonable efforts to arrange for the production of VALPAK® Envelopes using alternate resources at a reasonable cost, on a reasonable schedule and in such manner as Valpak determines would facilitate the continuation of production for the VALPAK® System as a whole under the circumstances. If Valpak is unable to make such alternative arrangements, Valpak will notify you, and you may arrange for production by alternate sources. Valpak may require you to discontinue using an alternate source based on that source's general reputation for quality and reliability or on its evaluation of the quality of the products and services provided by that source. Valpak will only require discontinuation of the use of a particular source if other sources are available for production of VALPAK® Envelopes at a reasonable cost.

Valpak will pay you, via credits for amounts due from you, for the mailing costs of National Sales Inserts into your Mailings.

valpak.com®

As a VALPAK® Franchisee, you will offer and sell electronic advertising services to advertisers wanting to reach consumers in your Territory. Under this program, you may offer advertising that Valpak distributes from its Internet web site located at www.valpak.com. At the web sites, customers may search for online coupons by location, category of business and keyword, download and print them from their computers, and then redeem them at the advertisers' businesses.

Under the Valpak.com program, you must obtain written permission from each advertiser to distribute its coupons on the Internet or any comparable electronic medium and submit an order for each online coupon to Valpak as provided in the Operating Procedures. Valpak will then create the online coupons and place them on its web site. You may only offer online coupons to businesses located in your Territory, and the coupons may only be redeemed at businesses located in your Territory. See Items 6 and 12 and Exhibit "C-3." Valpak may modify this program in any manner or discontinue it on 30 days' notice to you (see Exhibit "C-1").

Operating Procedures

During the term of your Franchise Agreement, Valpak will provide you with access to its operating information and procedures, including but not limited to its Production Handbook, Marketing Manual and Sales and Financial Tools (the "**Operating Procedures**") via its website, insidevalpak.com, at no additional charge.

Valpak may modify any of the Operating Procedures at any time to reflect changes in its specifications, standards, policies and operating procedures for the VALPAK® System. Changes to the Operating Procedures must be approved by one of its officers and will become effective upon notice to the VALPAK® franchisees.

Marketing Support

Valpak currently provides support to its Franchisee network through a variety of marketing support. This includes marketing research conducted by Valpak or independent contractors (including consumer awareness surveys, advertiser satisfaction and envelope design studies), product development, national advertising and public relations. Valpak makes digitally available to its Franchisees extensive materials to aid in selling VALPAK® advertising. Franchisees may print these materials at their own expense or utilize electronic versions. Valpak, through its in-house agency, will have approved creative for markets to use in local media, as well provide design assistance for local advertising opportunities.

Advertising and Franchisee Association

Valpak may advertise in various media including print, broadcast media, outdoor and online. Valpak is not obligated to spend any amount on advertising in your territory. Valpak also may offer Franchisees the opportunity to participate in special marketing efforts that aid causes and charities, which helps to promote the VALPAK® name and services.

Valpak has not established an advertising fund. However, currently every independent Franchisee contributes Association Fees to the Association at a rate which is $0.168 per thousand (i.e., $1.68 per NTA) mailed in the first 10 mailing cycles of a calendar year. Association Fees are paid to Valpak but remitted to the Association. The Association is a voluntary membership organization representing the interests of independent Franchisees, and it determines its own expenditures, some of which may be for advertising programs or lead generation. Valpak may be party to written agreements with the Association from time to time but does not control the Association. You should contact the Association for further information. Its contact information is at the end of Item 20.

Franchises owned and operated by VPFO resigned from the Association in 2021. Independent Franchisees who mail Advertising Inserts or PlusOne into markets that are owned and operated by VPFO must pay VPFO a Marketing Fee at the same rate and in the same manner as Association Fees are paid. For so long as the Association represents a majority of independent Franchisees, Valpak will pay the Association, to assist with its general operating expenses, 50% of Marketing Fees Valpak receives from independent Franchisees for inserts placed (intermarket) into markets that are owned and operated by VPFO.

Local Advertising

All advertising, promotion and marketing must be completely clear and factual and not misleading and conform to the highest standards of ethical marketing and promotion policies that Valpak prescribes from time to time and to conform to regulatory requirements. Samples of all advertising, promotional and marketing materials which Valpak has not prepared nor previously approved must be submitted to Valpak for approval before you use them. If you do not receive written approval within 30 days after our receipt of such material, Valpak will be deemed to have disapproved such materials. You may not use any advertising or promotional materials that Valpak has disapproved.

ITEM 12

TERRITORY

Territory Description

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. Valpak will insert a description of your Territory in Exhibit A to the Franchise Agreement before its execution. Your Territory will generally be described by counties within a state, although other boundaries may be used. The size of a Franchisee's territory will vary for each franchise. Valpak generally requires a Franchisee's territory to include a minimum of 50,000 Prime Households located in 1 or more counties, although, depending on demographic and other factors, Valpak may grant a franchise for a territory with fewer Prime Households.

Rights Granted

If you become a VALPAK® Franchisee, Valpak will grant you the following rights under the Franchise Agreement:

a. a right and license to sell, and place orders for distribution, Advertising Inserts, or other advertising products offered by Valpak to be placed in VALPAK® Envelopes to be distributed in your Territory to: (i) any advertiser which maintains a physical place of business within your Territory, or (ii) a purchasing representative with an office located within your Territory;

b. a right and license to sell, and place orders for distribution of Advertising Inserts, or other advertising products offered by Valpak, to be placed in VALPAK® Envelopes to be distributed outside your Territory as Intermarket Advertising;

c. to offer PlusOne;

d. to offer online coupons; and

e. the non-exclusive right to use Valpak's trademarks under the VALPAK® System. Valpak has not granted and will not grant to any other person the right to use Valpak's trademarks in your Territory, except as described under the headings "Intermarket Sales."

From time to time, Valpak may authorize you to offer certain other advertising and marketing services, including an opportunity to sell advertising in Clipper Magazine and on Local Flavor, a digital advertising platform operated by Clipper Mag, pursuant a separate written agreement. Currently, Valpak authorizes its franchisees to offer certain SEO (search engine optimization) services, pay per click advertising campaigns, and certain website and technical internet services. Those offering may or may not be continued and the programs for your participation in sales of them may vary.

Your territorial rights, and the rights of other VALPAK® Franchisees, are affected by the Intermarket Sales Policy and the types of customers. Certain types of customers are handled depending on their advertising profile and are divided into 4 categories: "A", "B," "C" and "F."

(a) A Category A Account is an advertiser who advertises solely within the single Franchisee Territory where its Purchasing Representative is located, or within a single "Designated Market Area" as defined by Neilson Media Research ("**DMA**") provided that the Purchasing Representative and a portion of the DMA is located within the Franchisee Territory. Neither Valpak nor its National Sales Department has the right to solicit or sell advertising inserts, or

other advertising products offered by us, to be distributed through the VALPAK® System to Category A Accounts.

(b) A Category B Account is an advertiser who: (i) advertises in another, or multiple other, Franchisee Territory(ies) outside of the DMA of the Franchisee in whose Territory its Purchasing Representative is located; and (ii) is not listed as a "Category C Account." Our National Sales Department may solicit and sell advertising inserts, or other advertising products offered by us, to be distributed through the VALPAK® System to Category B Accounts if it receives consent from the Territory Franchisee to do so.

(c) A Category C Account is an advertiser that has minimum annual sales revenues of $500 million. They are listed on www.insidevalpak.com or such other website Valpak designates. The Category C list will consist of a maximum of 500 Advertisers and Valpak may modify the list at any time. Valpak will publish the list by region or other agreed-upon geographic designation. The National Sales Department may not add accounts to the Category C list: (i) that have had sales activity with a franchisee in the preceding 12 months; or (ii) are listed on a franchisee's Category B Account list. All consumer package goods manufacturers and direct response companies are categorized as Category C Accounts, but are not required to be included on the Category C Account list of 500 Advertisers. Also, Advertisers in the "franchised dining" category (defined in the Food Program section of the Production Handbook) are also not included as Category C Accounts. Our National Sales Department has the right to solicit and sell advertising services to any Category C Account wherever located and for mailings anywhere.

(d) A Category F Account is an account that is listed on Schedule F of the Intermarket Sales Policy (see Exhibit "C-3" to this Franchise Disclosure Document). Except with respect to Art Reference Directory (a/k/a "ARD"), Network Sales and other similar programs that have been developed by Valpak, approved by the Association or other committee appointed by the Association, our National Sales Department shall not initiate contact with any F List Account for the purpose of selling VALPAK® advertising.

(e) "**No Call Rule.**" Franchisees will not call on Category C Accounts listed on the Category C list that are active. An account is considered active if it is an account with which a party can demonstrate that it is using commercially reasonable efforts in an on-going manner, to obtain a VALPAK® Sales Agreement.

Intermarket Sales and National Sales

If you want to sell, and place orders for distribution, advertising inserts, or other advertising products offered by Valpak, for distribution through the VALPAK® System outside the Territory, the advertiser from whom you are soliciting business must maintain a purchasing representative within your Territory or you must obtain the written consent from the Franchisee in whose territory the purchasing representative is located or from Valpak if the territory has not been granted to another franchisee. A copy of the current VALPAK® Intermarket Sales Policy is attached as "C-3."

If a purchasing representative for an advertiser who has mailed within the prior 12-month period, or is under current contract to mail over such period, five million or more advertising inserts or other advertising products offered by Valpak for distribution in VALPAK® Envelopes (a "**Designated Key Account**") within your Territory relocates to a new Territory, the Designated Key Account will remain your account if: (i) within 30 days of the change, you provide written notice to Valpak and the new Territory Franchisee indicating your intent to continue to solicit and sell to the Designated Key Account; and (ii) the Designated Key Account continues to mail a minimum of five million advertising inserts, or other advertising products offered by us, in

VALPAK® Envelopes per year. If the 30-day notice is not received, you will automatically lose your ability to follow the Designated Key Account. If the Designated Key Account fails to mail the requisite yearly minimum of VALPAK® Envelopes, its relationship with you is terminated, or if the purchasing representative requests, it will become the account of the Franchisee in whose Territory the purchasing representative has relocated. For the period of time that you retain a Designated Key Account, you must pay a fee to the Franchisee in whose Territory the purchasing representative is newly located.

You must carry any Advertising Inserts or other advertising products sold by another franchisee under the Intermarket Sales Policy or National Sales for distribution in your Territory. However, you will not be obligated to distribute such products if: (a) you reject the order within 3 business days if any of the following circumstances exist: (i) the advertisement violates your community standards; (ii) it is for a brand name product or service that is already scheduled for inclusion in that Envelope; (iii) the advertiser is delinquent in paying fees to you; (iv) the selling franchisee is delinquent in payments to you; (v) the advertiser has a current written VALPAK® Sales Agreement with you; (vi) any inbound Advertising Insert you believe, based on the existence of a verifiable state consumer complaint and negative local media cover of such Advertiser, will cause you to incur a significant loss of business; or (vii) the advertising insert falls into a category of which you are currently carrying 4 or more pieces within an individual neighborhood trade area; or (b) the selling franchisee is 90 days past due in payments to you. You will be compensated for carrying such materials in accordance with our Franchisee payment matrix then in effect. See Item 16.

If Valpak amends the Intermarket Sales Policy, it will consult with the Dealers' Association in regard to any material changes. To ensure that as many Valpak® Franchisees as possible are operating under the same rules, new franchises (like you) must agree to follow the Intermarket Sales Policy as in effect from time to time as published by Valpak. Valpak may change the Intermarket Sales Policy at any time and, if so, your territorial rights may change.

An intermarket order will not receive "must carry" status unless the selling franchisee or National Sales pay you the fee specified in Valpak's current Matrix. If the selling franchisee or National Sales negotiate a lower fee with you than the fee indicated in the Matrix, the order will not receive "must carry" status. See Item 6. If a selling franchisee or National Sales enters into a VALPAK® Sales Agreement with an advertiser with a purchase representative located in your Territory, such selling franchisee or National Sales must pay you the current territory fee specified in the Matrix within 30 days after the mailing period ends. See Item 6. National Sales is not obligated to pay a territory fee for direct response or consumer packaged goods advertising inserts. You may earn compensation if you give referrals to National Sales or otherwise collaborate on sales calls with National Sales. You must pay Valpak its current rates when you use advertising inserts that are printed by third parties, known as Supplied Inserts (See Item 6).

You must notify Valpak prior to the initiation of any aggregation activity. An "**Aggregation**" effectively consolidates some or all of the purchasing decisions for an advertiser into your Territory and removes the decision-making authority from purchasing representatives of the advertiser that were located in other franchisee territories. In the event of a "top down" Aggregation, you must pay to eligible impacted franchisees applicable territory and Matrix fees and a displacement fee. In the event of a "bottom up" Aggregation, in addition to the foregoing fees, you must also pay to eligible impacted franchisees a service fee. See Item 6 and Exhibit "C-3". If you receive displacement fees from a franchisee or National Sales initiating a "top down" Aggregation, you are prohibited from calling on advertisers participating in such Aggregation, during the term of such Aggregation, for the purpose of soliciting and selling VALPAK® advertising for the mailing dates in effect for such Aggregation. If you receive displacement and/or service fees from a franchisee or National Sales initiating a "bottom up" Aggregation, you are prohibited from calling on advertisers participating in such Aggregation, during the term of such Aggregation, for the purpose of soliciting and selling VALPAK® advertising for the mailing dates in effect for such Aggregation, but you may solicit and sell VALPAK® advertising for mailing dates not included in such Aggregation and/or other products offered by Valpak not included in such Aggregation.

Under the Intermarket Sales Policy, disagreements between franchisees, among themselves or with the National Sales Department, are resolved by mediation and arbitration by the Dispute Resolution Team. The Dispute Resolution Team is a panel of 3 members, 1 of which is Valpak's Vice President of Franchise Relations (or his or her designee) and 2 "disinterested" members designated by the Association annually. Decisions of the Dispute Resolution Team may be appealed to Valpak's President. The President's decision is final, except as to decisions which substantially support the National Sales Department or any company owned and operated by Valpak or its affiliates. In that case, a franchisee may file suit otherwise in accordance with the Franchise Agreement.

Rights Retained by Valpak

Except for any activity that is exclusively granted to you pursuant to the Franchise Agreement, Valpak reserves to itself and its affiliates the right, in its sole judgment, to engage in any activity that the COMPANY is not expressly prohibited from engaging in by the terms and conditions of the Franchise Agreement. For the avoidance of doubt, the foregoing reservation of rights includes, but is not limited to the following: the right of Valpak to (a) operate and grant to others the license to operate businesses, including, without limitation, a business in accordance with the VALPAK® System, outside your Territory, on such terms and conditions as the Valpak deems appropriate; (b) engage in the offer and sale of any advertising services and products and/or engage in the publication and/or distribution of any advertising or promotional materials within your Territory, by direct mail or otherwise that are not included in VALPAK® Envelopes; (c) identify itself (and its affiliates) by its legal business name in connection with any activity within the Territory; (d) use any of the Marks within your Territory in connection with the promotion of the VALPAK® System or any aspect of the VALPAK® System; (e) solicit and sell, directly by National Sales, advertising products and services for distribution in your Territory using the Marks; and (f) engage in any activity that you have been given an opportunity to engage in, on terms and conditions generally available to other Franchisees, and that you do not wish to engage in. Also for the avoidance of doubt, Valpak's affiliate, Clipper Magazine, LLC (or its successor or assign), may sell advertising for and operate CLIPP™ Magazine (formerly known as Clipper Magazine®, a local, regional, and national direct-mail advertising publication) and Clipp.com (a digital advertising platform and service) in, into, out of, from or for any location, including without limitation your Territory.

A Competitive Business means any activity involving or engaging in marketing, promotion or sale of advertising in, franchising or licensing businesses devoted to marketing, promotion or sale of advertising or print services of or for, or the distribution of: (1) a Cooperative Direct Mail Advertising Product; (2) any advertising product which consists of advertisements for more than one advertiser which are physically delivered by Direct Mail, to consumers; (3) coupon advertising distributed over the internet (or similar electronic medium) from or through anywhere other than a VALPAK® Site; (4) any product or service the same or similar to products or services subsequently developed and made a part of a Franchised business; or (5) any printing, publishing or packaging services (on a brokerage basis or otherwise) for any: (a) Competitive Business, (b) coupon advertising, or (c) any Cooperative Direct Mail Advertising Product. A Competitive Business does not include: (i) the ownership for investment purposes only of publicly traded securities representing 1% or less of the number of outstanding shares of that class of securities; or (ii) paid subscription products that contain editorial content for 20% or more of its total content or that consist primarily of display advertisements (and not coupons or discount offers) ("**Magazine(s)**"); or (iii) the operation of a VALPAK® franchise under a written franchise agreement with Valpak.

As used in this Franchise Disclosure Document, the term "consumer packaged goods" means mass-produced goods packaged by manufacturers and sold through retail outlets. Categories include beverage, food, pet supplies, tobacco, household supplies, baby care, cosmetics, dietary supplements, perfume, toiletries and over-the-counter remedies. As used in this Franchise Disclosure Document, the term "direct response advertising" means advertising which solicits consumers to place orders by mail, phone or the Internet for the product or service advertised, but will not include advertising for products or services: (i) to be delivered to or provided at the consumer's home by the advertiser's employees or agents, or (ii) which can be obtained by

consumers at any of the advertiser's retail store locations, which, collectively, constitute the major source of sales revenue for such products and/or services being advertised.

Valpak will not establish in your Territory, a company-owned outlet or any other channel of distribution using Valpak's trademarks, except:(i) as permitted by the Intermarket Sales Policy; or (ii) if you operate a Competitive Business. As permitted by the franchise agreement and the Intermarket Sales Policy, Valpak currently offers electronic advertising to its Franchisees but reserves the right to offer and sell such services on other terms and conditions or offer them only on its own or through affiliates (described in Item 11 and this Item 12) anywhere. Nevertheless, currently the offer and sale of electronic advertising is subject to the obligations and restrictions for sales activities under the Intermarket Sales Policy, except that Franchisees may not reject any electronic advertising in their Territory and no Intermarket Compensation is paid. See Exhibit "C-3."

Performance Requirements

General Requirements

The Franchise Agreement contains performance requirements which you must meet to maintain your rights as a VALPAK® Franchisee. If you fail to meet these performance requirements, Valpak may reduce your Territory (if the nonperformance relates only to a distinct "Performance Area," as described below), or terminate the Franchise Agreement. These requirements are summarized as follows:

If you are a new Franchisee, and the Territory you are purchasing has not been mailed for an extended period, during the first 12 months after the date specified in Exhibit B to the Franchise Agreement, you must place Insertion Orders for at least 10 Mailings. Valpak will also specify the minimum number of Envelopes for each of the 1st 10 mailings. After the first 12 months, and for each succeeding 12-month period for the rest of the Term, or if you are a renewing Franchisee, you must complete a minimum of 10 Mailings to be sent to at least 70% of the Prime Households in each county (or portion of one) within the Territory. Valpak may elect to phase in these performance requirements as described below. If so, they will be reflected on Exhibit B to the Franchise Agreement.

If you are a new Franchisee purchasing a Territory that is currently being mailed, unless otherwise specified by Valpak on Exhibit B, you must place Insertion Orders for Mailings at the same frequency currently existing in the Territory, but not less than 10 times during a 12-month period, to at least 70% of the Prime Households in each county.

If the Territory does not contain at least 1 county having more than 50,000 Prime Households, Valpak will establish the number of households within the Territory on which the performance requirements will be determined, based on Valpak's judgment as to the number of households which are sufficiently near each other to form a reasonable mailing group.

Valpak will indicate, in Exhibit B to the Franchise Agreement, the approximate number of Prime Households that are located in each county in the Territory on the date the Franchise Agreement is executed and will indicate the number of Prime Households to which you must make Mailings each year. Valpak will round all performance requirements to the nearest 10,000 Prime Households. If Valpak receives information indicating a change in the number of Prime Households, or if Valpak and you agree to adjust the definition of a Prime Household in 1 or more counties within the Territory, Valpak will provide you with a new Exhibit B reflecting the new performance requirements. Valpak will not change the definition of Prime Households and will not effectuate any change until it gives 6 months prior notice to the Franchisee. Valpak generally divides a Territory containing more than 1 county into separate "Performance Areas" on Exhibit B to the Franchise Agreement. If you fail to meet the performance requirements for any Performance Area, Valpak may unilaterally amend the Franchise Agreement to delete from the definition of the Territory the Performance Area in which you did not

meet the performance requirements (i.e., removing a county). If Valpak amends the Franchise Agreement in this manner, you will have no further rights in the Performance Area that was deleted from the Territory.

Phasing-In Requirements

For your benefit, Valpak, in its discretion, may allow you to phase-in performance requirements during the beginning years of your business. If Valpak does so, you must comply with the substitute performance requirements that Valpak specifies in Exhibit B to the Franchise Agreement, or otherwise in writing. They will not exceed the regular performance requirements (described above) without your consent.

In the past, Valpak has phased-in performance requirements in only a limited number of instances, primarily in markets with more than 100,000 Prime Households where no Mailings have been made for an extended period.

Valpak Franchisees who became Franchisees before the date of this offering may have different performance requirements. Your performance requirements will be those set forth in your Franchise Agreement.

National Sales Program

Under the National Sales Program, Valpak seeks to sell advertising to companies in certain categories, for Mailings, on a regional or national basis. Each participating Franchisee where such advertising is mailed is entitled to receive a portion of the revenues from that Mailing at a stated amount per thousand advertising pieces mailed, which amount varies depending on the volume of advertising. Valpak paid $13,728,339.87 to Franchisees participating in this program during the fiscal year ending December 28, 2024. If Valpak successfully sells a national Advertising Insert to be mailed in your NTA®, Valpak will compensate you in accordance with the Intermarket Sales Policy. There is no assurance that you will realize any level of revenues from this program or that the level of revenues will bear any relation to the amounts paid to Franchisees in previous years. Furthermore, Franchisees in different markets of comparable size may realize significantly different results from participating in the program. Valpak has no obligation to utilize any minimum level of efforts or resources to generate national sales.

If you operate a Competitive Business, among other things, Valpak reserves the right to offer competitive products or services in your Territory.

ITEM 13

TRADEMARKS

Registrations, Litigation and Infringing Uses

Valpak has registered each of the following Marks on the Principal Register of the United States Patent and Trademark Office (the "**USPTO**"). Valpak licenses each of these Marks to you for use in the operation of your franchised business in accordance with the terms of the Franchise Agreement:

MARK	REGISTRATION NO.	CLASS	REGISTRATION DATE
CONNECTING ADVERTISERS WITH AUDIENCES	2,624,948	35	September 24, 2002; renewed 09/24/22
CONNECTING AUDIENCES WITH ADVERTISERS	2,639,531	35	October 22, 2002; renewed 10/22/22
NEIGHBORHOOD TRADE AREA	1,635,692	35	February 19, 1991; renewed 02/11/21

MARK	REGISTRATION NO.	CLASS	REGISTRATION DATE
NTA	1,634,955	35	February 12, 1991; renewed 02/11/21
OPEN THE NEIGHBORHOOD	4,812,151	16	September 15, 2015 renewed 09/15/22
OPEN THE NEIGHBORHOOD	4,835,329	35	October 20, 2015 renewed 10/20/22
PAK-TRAK	5,044,753	35	September 20, 2016; renewed 09/20/23
THE BLUE ENVELOPE	3,568,390	16	January 27, 2009; renewed 03/05/19
THE POWER OF THE MAILBOX	2,474,754	35	July 7, 2001; renewed 11/18/21
THERE'S SOMETHING IN IT FOR YOU	2,358,701	35	June 13, 2000; renewed 06/13/20
VALPAK	2,585,359	35	June 25, 2002; renewed 06/25/22
VALPAK	3,080,040	16	April 11, 2006; renewed 03/20/16
VAL-PAK	1,289,322	35	August 7, 1984; renewed 08/31/19
VALPAK.COM	2,504,294	35	November 6, 2001; renewed 11/6/22
SAVINGS BEYOND THE ENVELOPE	4,302,848	35	March 12, 2013; renewed 03/07/23

All affidavits required to maintain registration of the foregoing Marks have been filed and Valpak has applied for, or obtained any, required renewals.

There are no currently effective determinations of the USPTO, the trademark administrator of any state or any court that could materially affect the ownership or use of the Marks, nor are there any pending interference, infringement, opposition or cancellation proceeding or material litigation involving the Marks.

There are no agreements currently in effect that significantly limit the right of Valpak to use or license the use of the Marks in any manner material to you. Valpak does not know of any infringing uses or superior rights that could materially affect your use of the Marks. On occasion, Valpak becomes aware of infringements of its trademark rights and takes action that it considers appropriate to protect its rights.

Your Obligations Regarding the Marks

You must follow Valpak's rules when you use the Marks, or any additional marks.

You may not at any time contest or assist any other person in contesting Valpak's rights and interest in and ownership of any Mark.

You must identify your franchised business and evidence your ownership of it in a manner Valpak approves. You must operate your VALPAK® Business under an assumed business name approved or specified by Valpak. That name typically will include the Mark "VALPAK" together with words descriptive of your Territory. Except as approved by Valpak, you may not use any Mark in any modified form or with any prefix,

suffix or other modifying words, terms, designs or symbols. You may not use any Mark as part of any corporate name or legal business name, nor may you use any Mark to promote the sale of any unauthorized product or service or in any manner not expressly authorized in writing by Valpak.

If it becomes advisable at any time, in Valpak's sole discretion, to modify or discontinue the use of any name or Mark, and/or use one or more additional or substitute Marks, you must comply with Valpak's direction to do so within a reasonable time after notice from Valpak.

Valpak's Obligations Regarding the Marks

You must notify Valpak immediately of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or in any similar trade name or trademark, of which you become aware. You must not communicate with any person other than Valpak and its counsel about any infringement, challenge or claim described above. Valpak will have sole discretion to act as it deems appropriate and the right to exclusively control any litigation, USPTO proceeding or other administrative proceeding relating to an infringement, challenge or claim to any Mark. You must execute all documents, render such assistance and do such acts as may, in the opinion of Valpak's attorneys, be necessary to protect and maintain Valpak's interests in any litigation, USPTO proceeding or other administrative proceeding or to otherwise protect and maintain its interests in the Marks.

If you have timely notified Valpak of any claim or proceeding and have otherwise complied with the Franchise Agreement, and if Valpak has the right to control the defense of that claim or proceeding, Valpak will indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark in compliance with the Franchise Agreement, and for all costs reasonably incurred by you in the defense of any claim brought against you, or in any proceeding in which you are named as a party.

ITEM 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Valpak has various copyrighted materials that it may authorize you to copy or use. However, none of those copyrights are material to the franchise. Valpak does not own any patents which are licensed to you or material to the franchise. Valpak has proprietary rights in confidential information relating to the VALPAK® System, as described in Section 8.1 of the Franchise Agreement. This information includes all information contained in the Operating Procedures, as well as information relating to the VALPAK® System including: (a) prices charged by Valpak for its services to you; (b) prices charged by Valpak to advertisers for national or regional sales; (c) prices charged by franchisees for intermarket sales; (d) marketing research conducted by Valpak or on Valpak's behalf; (e) products or services planned or proposed to be offered by Valpak; (f) the Software, including all source codes, passwords, security precautions and databases relating to it; (g) training systems, methods and content; (h) the graphic library compilation; (i) Valpak's publications to franchisees (i.e. *www.insidevalpak.com* and any other electronic communications); (j) production methods and processes; (k) sales and recruiting techniques; and (l) Customer lists, Customer data and information, proprietary maps and mapping, and demographic studies; except to the extent that any such information has become part of the public domain other than as a result of disclosure of such information by or through a franchisee. You must maintain the confidentiality of this information both during and after the term of your Franchise Agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Your franchise must be operated under your direct supervision or that of a manager approved by Valpak who has completed Valpak's Franchisee training program (a "**Key Person**"). Valpak will charge a $1,000 fee for the Key Person to participate in Valpak's initial training. The Key Person must execute a confidentiality and non-competition agreement in a form prescribed by Valpak, before Valpak will approve him or her as a Key Person.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must use your best efforts to promote your franchised business in the Territory through the promotion and sale of advertising in VALPAK® Envelopes and you may also promote and sell PlusOne. You may not use any Mark or the VALPAK® System to promote, offer, sell or otherwise distribute any products or services other than those offered under the VALPAK® System.

As described in Item 12 ("**Intermarket Sales and National Sales**"), you may not accept or place customer orders for any Advertising Inserts to be distributed outside your Territory, unless the advertiser maintains a purchasing representative with an office located within your Territory, or you have obtained written consent from the VALPAK® Franchisee in whose territory the purchasing representative is located or from Valpak if the purchasing representative is in a territory that has not been granted to another franchisee.

Valpak may reject any Advertising Insert which it believes could reflect negatively on Valpak, other Franchisees or other customers, or which could injure the goodwill associated with the Marks. In addition, Valpak has established certain policies and standards for the content of Advertising Inserts which are described in the Operating Procedures.

The Intermarket Sales Policy may restrict, modify or amend your right to accept or place customers for orders of Advertising Inserts to be distributed inside or outside of your Territory. See Item 12 and Exhibit "C-3." The Intermarket Sales Policy requires you to allow certain Advertising Inserts or coupons sold by Valpak to be included in the VALPAK® Envelopes for mailing. See Item 12 for more information.

Except as described above, there are no restrictions on the customers that you may serve.

Valpak may authorize Franchisees to offer and sell additional products and/or services. You are not required or obligated to offer or sell any goods or services which Valpak may authorize in the future, other than Advertising Inserts to be placed in VALPAK® Envelopes or electronic advertising. Valpak also has the right to change the nature, style and appearance of the VALPAK® Envelope at any time in its discretion.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the Franchise Agreement and other related agreements. You should read these provisions in the agreements in Exhibit "C-1" attached to this Franchise Disclosure Document.

PROVISION	SECTION IN AGREEMENT	SUMMARY
a. Length of the franchise term	§12.1; Section 4 Renewal Addendum	Initial 10-year term for Franchise Agreement and 5 years after the effective date of the Renewal Addendum
b. Renewal or extension of the term	§12.2-12.3	5-year term upon expiration of initial term
c. Requirements for franchisee to renew or extend	§12.3	Your renewal right permits you to remain as a franchisee after the initial term of your franchise agreement expires. However, to remain a franchisee, you must meet all required conditions to renewal, including signing Valpak's then-current form of franchise agreement, which may be materially different than the form attached to this Disclosure Document. No breach of Franchise Agreement, satisfy performance requirements, deliver timely notice of renewal, execute new form of Franchise Agreement
d. Termination by franchisee	None	You have no right to terminate the Franchise Agreement except as applicable law allows.
e. Termination by franchisor without cause	Not Applicable; Sections 2 and 10 VPOffice® Agreement	Not permitted; The VPOffice® Addendum may be terminated by Valpak with 60 days prior written notice or if a third party license agreement with Valpak or its affiliates ends.
f. Termination by franchisor with cause	§13	Valpak may terminate for a variety of causes discussed below
g. "**Cause**" defined – curable defaults	§13.1-13.2	Nonpayment of fees, noncompliance with laws, breach of Agreement (including failure to provide the financial information required by §8.3 of the Franchise Agreement) or Valpak operating procedures
h. "**Cause**" defined – non-curable defaults	§13.1-13.2	Abandonment or neglect of the business, material misrepresentation in Franchise application or on renewal, criminal conviction, unauthorized Transfer, unauthorized use or disclosure of Confidential Information, two or more breaches of Franchise Agreement within 18-month period, failure to meet performance requirements, insolvency, failure to assign franchise within one year of death or disability of Franchisee or any Owner of Franchisee

PROVISION	SECTION IN AGREEMENT	SUMMARY
i. Franchisee's obligations on termination/nonrenewal	§8.1 and §14	Maintain confidentiality, return materials, payment of all amounts owed to Valpak and other VALPAK® Franchisees, covenant not to compete for 2 years, assignment of phone numbers to Valpak. Your obligation to indemnify Valpak under Section 7.2 of the Franchise Agreement will remain in effect for 2 years after termination.
j. Assignment of contract by franchisor	§11.1; Section 12 VPOffice® Agreement	Valpak may assign its rights in the Franchise Agreement to anyone.
k. "**Transfer**" by franchisee – defined	§2 and §11	The voluntary, involuntary, direct or indirect delegation, assignment, sale, division, pledge, grant of a security interest, gift or other conveyance of any interest or right, in whole or in part by operation of law or otherwise held by you (or any person or entity with a direct or indirect legal or beneficial interest in you) in the franchise agreement, the franchise, the ownership of you or substantially all of the assets, including the transfer of ownership or redemption of any equity interest, merger or consolidation or issuance of additional equity interests, any sale of your or your owners' voting stock.
l. Franchisor's approval of transfer by franchisee	§11.2-11.3; Section 12 VPOffice® Agreement	You must obtain Valpak's consent before any Transfer
m. Conditions for franchisor's approval of transfer	§11.3; Section 12 VPOffice® Agreement	Franchisee is in full compliance with agreement; payment of all amounts owed to Valpak and other VALPAK® Franchisees; payment of transfer fee (up to $1,000, depending on nature of transfer) transferee/buyer must have sufficient experience and resources, and must agree to complete training program, Franchisee/seller must execute general release waiving claims against Valpak and its affiliates, Valpak must approve terms of the transfer and related documents, transfer must comply with all laws, and any financing provided by Franchisee/seller must be subordinate to Valpak's rights; Valpak has chosen not to exercise its right of first refusal.
n. Franchisor's right of first refusal to acquire franchisee's business	§11.6	Valpak has 20 days to decide whether to buy your franchise on the terms offered by a 3rd party
o. Franchisor's option to purchase franchisee's business	N/A	None other than the right of first refusal
p. Death or disability of franchisee	§11.3	If you die or become disabled, your franchise must be sold to third party approved by Valpak within 1 year.

PROVISION	SECTION IN AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	§8.2	You cannot engage in a "Competitive Business" during the term of the Franchise Agreement.
r. Non-competition covenants after the franchise is terminated or expires	§14.4-14.5	You cannot engage in a Competitive Business operating, selling, promoting or mailing within the Territory or within any other geographic area where we, Valpak's affiliates, or one of Valpak's franchisees is operating or doing mailings for 2 years after termination or expiration.
s. Modification of the agreement	§15.12	Only by mutual written agreement
t. Integration/merger clause	§15.14	Franchisee acknowledges that the Franchise Agreement constitutes the entire agreement between the parties. * Nothing is intended to disclaim any representation made in this disclosure document. (subject to state law)
u. Dispute resolution by arbitration or mediation	§10 of Intermarket Sales Policy	Intermarket Sales Policy disputes between franchisees and/or between franchisees and our National Sales Department are resolved through arbitration by a panel of 3 disinterested (2 independent and 1 owned) franchisees and Valpak.
v. Choice of forum	§15.4 and 15.10	State or federal court of competent jurisdiction in Tampa, Florida (subject to state law)
w. Choice of law	§15.9	Florida law governs (subject to state law)

*References are to the Franchise Agreement itself unless separately noted.

Note: See Exhibit "I" which may contain an addendum or an amendment to the Franchise Agreement under applicable state law.

ITEM 18

PUBLIC FIGURES

Valpak does not use any public figure to promote VALPAK® franchises.

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The Federal Trade Commission's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about performance at a particular location or under particular circumstances.

Valpak does not make any representations about a franchisee's future financial performance or the past financial performance of company-owned outlets. Valpak also does not authorize our employees or

representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, Valpak may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Melanie Anderson, 1 Valpak Avenue North, St. Petersburg, Florida 33716, (727) 393-1270, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

The name, business address and business telephone number of each current franchisee on December 28, 2024 are listed on Exhibit "A-1."

Table No. 1 Systemwide Outlet Summary
For Years Ending December 28, 2024, December 30, 2023 and December 31, 2022

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	52	48	-4
	2023	48	48	0
	2024	48	44	-4
Company-Operated	2022	87	89	+2
	2023	89	90	+1
	2024	90	94	+4
Total Outlets	**2022**	**139**	**137**	**-2**
	2023	**137**	**138**	**+1**
	2024	**138**	**138**	**0**

Table 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years Ending December 28, 2024, December 30, 2023 and December 31, 2022

State	Year	Number of Transfers
Alaska	2022	0
	2023	1
	2024	0
Hawaii	2022	0
	2023	0
	2024	1
Ohio	2022	0
	2023	0
	2024	1
Washington	2022	0
	2023	0
	2024	**1**
Total	**2022**	**0**
	2023	**1**
	2024	**3**

Table 3
Status of Franchised Outlets
For Years Ending December 28, 2024, December 30, 2023 and December 31, 2022

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Alaska	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
California	2022	3	3	0	0	0	1	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Colorado	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Florida	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	1	1	0	0	0	5
Hawaii	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Idaho	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Indiana	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Iowa	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Kentucky	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Louisiana	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Maryland	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Massachusetts	2022	3	0	0	0	1	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Michigan	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Nevada	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
New Hampshire	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2022	3	0	0	0	1	0	2

New Jersey	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	1	0	1

New York	2022	3	1	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	1	0	3
North Carolina	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
North Dakota	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Ohio	2022	5	0	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	0	0	0	0	1	4
Oregon	2022	1	0	0	0	1	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Pennsylvania	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
South Carolina	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Texas	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Utah	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	1	0	2
Virginia	2022	4	0	0	0	0	0	4
	2023	4	0	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Washington	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
Wisconsin	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
Wyoming	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Totals	**2022**	**52**	**1**	**0**	**0**	**4**	**1**	**48**
	2023	**48**	**0**	**0**	**0**	**0**	**0**	**48**
	2024	**48**	**1**	**1**	**0**	**4**	**0**	**44**

Table 4
Status of Company- Outlets
For Years Ending December 28, 2024, December 30, 2023, and December 31, 2022

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired from Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Alabama	**2022**	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Arizona	**2022**	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
California	**2022**	9	0	0	0	0	9
	2023	9	0	0	0	0	9
	2024	9	0	0	0	0	9
Colorado	**2022**	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Connecticut	**2022**	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Florida	**2022**	11	0	0	0	0	11
	2023	11	0	0	0	0	11
	2024	11	0	1	0	0	12
Georgia	**2022**	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Idaho	**2022**	1	0	0	1	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Illinois	**2022**	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Iowa	**2022**	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Louisiana	**2022**	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
Maryland	**2022**	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Massachusetts	**2022**	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Michigan	**2022**	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Minnesota	**2022**	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Missouri	**2022**	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2022	1	0	0	1	0	0
	2023	0	0	0	0	0	0

Montana	**2024**	0	0	0	0	0	0
Nebraska	**2022**	1	0	0	0	0	1
	2023	5	0	0	0	0	5
	2024	5	0	1	0	0	6
New Mexico	**2022**	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
New York	**2022**	6	0	0	0	0	6
	2023	6	0	0	0	0	6
	2024	6	0	1	0	0	7
North Carolina	**2022**	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
North Dakota	**2022**	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Ohio	**2022**	3	0	0	0	0	3
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Oklahoma	**2022**	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Oregon	**2022**	0	0	1	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Pennsylvania	**2022**	6	0	0	0	0	6
	2023	6	0	0	0	0	6
	2024	6	0	0	0	0	6
Rhode Island	**2022**	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
South Carolina	**2022**	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
Tennessee	**2022**	2	0	0	0	0	2
	2023	2	1	0	0	0	3
	2024	3	0	0	0	0	3
Texas	**2022**	4	0	0	0	0	4
	2023	4	0	0	0	0	4
	2024	4	0	0	0	0	4
Utah	**2022**	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
Virginia	**2022**	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Washington	**2022**	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	1
Wisconsin	**2022**	2	0	0	0	0	2
	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
Total	**2022**	**87**	**0**	**4**	**2**	**0**	**89**
	2023	**89**	**1**	**0**	**0**	**0**	**90**
	2024	**90**	**0**	**4**	**0**	**0**	**94**

Table 5
Projected Openings as of December 28, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year (2025)	Projected New Company- Outlets in the Next Fiscal Year (2025)
	0	0	0
Total	**0**	**0**	**0**

The name, city and state, and current business telephone number (or, if unknown, the last known home telephone number) of the franchisees who have had a VALPAK® Business terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement and who has left the system during the most recently completed fiscal year, or has not communicated with us during the 10 week period prior to the filing of the issuance date are listed on Exhibit "A-2."

We are not currently offering for sale as franchises any VALPAK® businesses that are Owned Market Businesses, but we may do so in the future.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the VALPAK® System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

The VALPAK Franchisees Association, Inc. is a Delaware corporation organized by Valpak's franchisees. You can reach them at: Joy Weatherford Valpak Franchisees Association, 7381 Conch Boulevard, Seminole, Florida 33777; 727.542.1719; joyfw13@outlook.com.

ITEM 21

FINANCIAL STATEMENTS

Attached as Exhibit "B" to this Franchise Disclosure Document are the audited financial statements of Valpak as of and for the fiscal years ending December 28, 2024, December 30, 2023 and December 31, 2022. Our unaudited Balance Sheet as of March 30, 2025 and our unaudited Statement of Income for the 3-month period ending March 30, 2025 are also attached as Exhibit "B."

ITEM 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

AGREEMENT	EXHIBIT
Franchise Agreement	C-1
Renewal Addendum	C-2

Intermarket Sales Policy	C-3
SBA Addendum	C-4
Personal Guaranty of Owner/Shareholder	D
Form of Spousal Consent	E
VPOFFICE® Software License Agreement	F
Conditional Assignment of Telephone Numbers, Listing, and Addresses	J
Franchise Compliance Certificate	K

ITEM 23

RECEIPTS

Exhibit "L" includes detachable documents acknowledging your receipt of this Franchise Disclosure Document. If these pages or any other pages or exhibits are missing from your copy, please contact Valpak at this address, phone number or e-mail address:

Valpak Direct Marketing Systems, LLC
1 Valpak Avenue North
St. Petersburg, Florida 33716
1-800-237-6266
franchise_information@valpak.com

EXHIBIT A-1

LIST OF VALPAK® FRANCHISEES

AS OF DECEMBER 31, 2024

EXHIBIT A-1

VALPAK® Franchisees As Of December 28, 2024

Except where noted, each listing represents 1 franchise under 1 Franchise Agreement with Valpak. If a single Franchise Agreement covers territory in more than 1 state, a full listing appears under 1 state, with a cross reference to it under the other states covered by the same agreement. If the same person or group of persons has more than 1 VALPAK® Franchise Agreement in a state, the number of agreements, or franchises, that such person or group has is designated. The market size of each franchise is also listed. This indicates the number of NTA®'s each franchise mailed. Macro = 50+ NTA®'s; Large = 31 – 49 NTA®'s; Medium = 16 – 30 NTA®'s; Small = 9 – 15 NTA®'s and Micro = 0 – 8 NTA®'s.

Except where noted, each listing represents 1 franchise under 1 Franchise Agreement with Valpak. If a single Franchise Agreement covers territory in more than 1 state, a full listing appears under 1 state, with a cross reference to it under the other states covered by the same agreement. If the same person or group of persons has more than 1 VALPAK® Franchise Agreement in a state, the number of agreements, or franchises, that such person or group has is designated. The market size of each franchise is also listed. This indicates the number of NTA®'s each franchise mailed. Macro = 50+ NTA®'s; Large = 31 – 49 NTA®'s; Medium = 16 – 30 NTA®'s; Small = 9 – 15 NTA®'s and Micro = 0 – 8 NTA®'s.

State	Franchisee	Street Address	City	State/Zip Code	Telephone #
Alaska	Chase Burnett Seth Stetson Alaska Direct Mail, LLC d/b/a Valpak of Alaska Small	405 West 36th Ave., Ste. 113	Anchorage	AK 99503	(907) 378-2632
California	Michael Paul Localize Media, Inc. d/b/a Valpak of North Orange County Small	14151 Newport Avenue, Ste. 201	Tustin	CA 92780	(714) 699-2390
Colorado	Marty Thomas d/b/a Valpak of North Colorado and Southern Wyoming (also mails into Wyoming) Medium	1300 Oakridge Drive, Unit 130	Fort Collins	CO 80525	(970) 223-6245
Florida	Richard Redick Jax Rack, Inc. d/b/a Valpak of Jacksonville East Small	11555 Central Parkway, Suite 702	Jacksonville	FL 32224	(904) 642-6123

State	Franchisee	Street Address	City	State/Zip Code	Telephone #
Florida	Philip I & Jeannie K. Ellington Jennick Direct, Inc. d/b/a Valpak of Southwest Florida Large	10681 Airport Pulling Road Ste. 22	Naples	FL 34109	(239) 594-3531
Florida	Jeffrey & Heidi Palmer VPMC, LLC d/b/a Valpak of Marion County Micro	117300 Northeast 56 Court	Anthony	FL 32617	(419) 290-0348
Florida	Ken & Priscilla Clark Small Pond Advertising, LLC d/b/a Valpak of Daytona Beach Micro	P.O Box 291164	Port Orange	FL 32129	(386) 872-4177
Florida	Bruce A. & Deborah L. Gryniewicz d/b/a Valpak of Central Florida Small	14027 Hampshire Bay Circle	Winter Garden	FL 34747	(407) 973-7357
Hawaii	Aaron & Su-yang MacDaniel Mahalo Advertising, LLC d/b/a Valpak of Hawaii Small	1050 Queen Street, Ste. 100	Honolulu	HI 96814	(808) 767-7923
Idaho	Michael Aspittle d/b/a Valpak of Idaho Small	518 N 13 St	Boise	ID 83702	(208) 331-5011
Indiana	Bob Slattery d/b/a Valpak of Indianapolis Large	303 East 98th Street, Suite 207	Fishers	IN 46038	(317) 806-7821
Iowa	Matthew Goodman d/b/a Valpak of Central Iowa Small	1000 73rd St.	West Des Moines	IA 50265	(515) 254-1388 (515) 770-8725

State	Franchisee	Street Address	City	State/Zip Code	Telephone #
Kentucky	Bob Slattery Val-Pak of Cincinnati, Inc. d/b/a Valpak of Kentucky 3036 Breckenridge Lane, Suite 203 Medium and d/b/a Valpak of Lexington Micro	3036 Breckenridge Lane, Suite 203 and 602 Pasadena Drive	Louisville and Lexington	KY 40220 and KY 40503	(502) 493-7333 and (859) 229-2749
Maryland	Fred Small and Damon Barr Media Solutions LLC d/b/a Valpak of the Chesapeake Macro	1438 Defense Highway, Suite 102	Gaithersburg	MD 21054	(301) 770-1313
Massachusetts	Steve Hebert SPH MARKETING, LLC d/b/a Valpak of Plymouth	PO Box 348	Marshfield	MA 02050	(781) 837-0020
Massachusetts	Rick Baker Berkshire Direct Marketing Group, LLC d/b/a Valpak of Boston Macro	22 Summer Street, Suite 1	Westborough	MA 01581	(508) 475-1300
Michigan	Lia Rain Jensen L. Rain Marketing LLC d/b/a Valpak of West Michigan Medium	1500 E. Beltline Ave., SE, Suite 160	Grand Rapids	MI 49506	(616) 261-2626
Nevada	Mike Aspittle d/b/a Valpak Reno and Northern Nevada Small	335 Cheney Street	Reno	NV 89502	(702) 448-9500
Nevada	Mike Aspittle Blue Concepts, Inc. d/b/a Valpak of Capital City Nevada Micro	335 Cheney Street	Reno	NV 89502	(775) 448-9500

State	Franchisee	Street Address	City	State/Zip Code	Telephone #
New Jersey	Nunzio Pappagallo Boost Omnimedia Inc. d/b/a Valpak of Central Jersey Macro	13 Orchard View Drive, Ste. 4 Park II West	Londonderry	NJ 03053	(732) 294-0808
New York	Bob and Melanie Mouzakes JDT Marketing, Inc. d/b/a Valpak of Long Island East End Micro	31 Apple Blossom Lane, Suite B	East Patchogue	NY 11772	(631) 431-2665
New York	Christopher P. Jacobs d/b/a Valpak of Rochester Small	P.O. Box 23702	Rochester	NY 14692	(585) 586-6410
New York	Sean Conaghan, d/b/a Valpak of Staten Island Large	4553 Arthur Kill Road	Staten Island	NY 10309	(718) 448-0101
North Carolina	Hunter Beahm Pyxis Marketing Solutions, LLC d/b/a Valpak of Coastal Carolina Micro	1714 Searay Lane	Carolina Beach	NC 28428	(910) 395-0000
Ohio	Bob Slattery d/b/a Valpak of Cincinnati/Dayton Large	4601 Marlsbary Rd.	Cincinnati	OH 45242	(513) 794-4100
Ohio	James E. Dixon d/b/a Valpak of Central Ohio/Columbus Large	2140 Riverside Dr.	Columbus	OH 43221	(614) 486-7168
Ohio	Lynn Yopko & Frank Zbiegien LYFZ, Inc. d/b/a Valpak of Northeast Ohio Micro	881 East 222nd	Euclid	OH 44123	(330) 725-7800

State	Franchisee	Street Address	City	State/Zip Code	Telephone #
Ohio	Bob Slattery/Jim Slattery d/b/a Valpak of Northwestern Ohio (also mails into Michigan) Large	4303 Talmadge Road	Toledo	OH 43623	(419) 475-4100
Pennsylvania	Bob and Jim Slattery d/b/a Valpak of Western Pennsylvania Large	10431 Perry Hwy., Suite 110	Wexford	PA 15090	(412) 244-1400
South Carolina	Michele R. Hunter Hunter Target Media, LLC d/b/a Valpak of The Low Country Micro	P. O. Box 2322	Bluffton	SC 29910	(843) 757-0021
South Carolina	Gary Hogeboom d/b/a Valpak of Upstate South Carolina Medium	166 S. Bates Road	Taylors	SC 29687	(864) 525-8274
Texas	Theresa G. Ernest Red Bird Direct, Ltd. d/b/a Valpak of San Antonio Medium	13622 Forest Walk	San Antonio	TX 78231	(210) 341-7300
Utah	Matthew Aspittle and Dane Searle d/b/a Valpak of Northern Utah Small	4729 South 1900 West	Roy	UT 84067	(801) 775-9719
Utah	Gary Stanley GL Stanley Enterprises, Inc d/b/a Valpak of Southern Utah Micro	PO Box 158	St. George	UT 84771	(435) 628-7743

State	Franchisee	Street Address	City	State/Zip Code	Telephone #
Virginia	Fred Small and Damon Barr Val-Pak of Virginia, Inc. d/b/a Valpak of Virginia (also mails into District of Columbia) Macro	44675 Cape Court, Suite 150	Ashburn	VA 20147	(571) 918-4353
Virginia	Kenneth L. Fuchs & Michelle J/ McCartney Guerrilla Marketing LLC d/b/a Valpak of Charlottesville, VA Micro	P. O. Box 738	Charlottesville	VA 22902-0738	(434) 202-8129
Virginia	Bernard Wittkamp III, Andy Horbaker and Scott Bell Marketing Partners VA, LLC d/b/a Valpak of Central Virginia Large	6421 Rigsby Road, Suite 201	Richmond	VA 23226-2916	(804) 673-7373
Virginia	Peter W. White d/b/a Valpak of Roanoke Valley Micro	2615 Rosalind Avenue, S.W.	Roanoke	VA 24014	(540) 343-6378
Washington	Mark Lind First Class Marketings, LLC d/b/a Valpak of Northwest Washington Medium	3293 Berg Rd.	Everson	WA 98247	(360) 961-1527
Washington	Abrann J. and Sharon J. Harris d/b/a Valpak of Western Washington/West Small	P. O. Box 2955	Silverdale	WA 98383	(206) 780-9847
Washington	Steve Dowman Eagle Direct Marketing LLC d/b/a Valpak of Western Washington Macro	16202 64th Street, Suite 117	Summer	WA 98390	(866) 331-8285

State	Franchisee	Street Address	City	State/Zip Code	Telephone #
Wisconsin	Michael Mantik Emissary, LLC d/b/a Valpak of Chippewa Valley Micro	E9465 County Road EE	Elk Mound	WI 54739	(715) 832-3626
Wisconsin	Kevin Ford Build Your Own Business, Inc. d/b/a Valpak of Southeast Wisconsin Large	10909 W. Greenfield Avenue, Suite 208	Franklin	WI 53214	(414) 448-1005
Wyoming	Marty Thomas d/b/a Valpak of North Colorado and Southern Wyoming (also mails into Wyoming) Medium	1300 Oakridge Drive, Unit 130	Fort Collins	CO 80525	(970) 223-6245

Franchise Agreements Signed but not Opened as of December 28, 2024

N/A

EXHIBIT A-2

LIST OF FORMER VALPAK® FRANCHISEES

EXHIBIT A-2

Persons Who Ceased
Operating a VALPAK® Franchise During
The 12 Months Ended December 28, 2024

Each of the former VALPAK® Franchisees listed below ceased doing business as a VALPAK® Franchisee within a specific VALPAK® territory during the 2024 fiscal year, or who did not communicate with us within 10 weeks of the issuance date of the franchise disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

State	Franchisee	City	State/Zip	Telephone No.
Florida*	William Mullon VP Target Marketing, LLC d/b/a Valpak of Space Coast FL	Anchorage	AK 99503	(907) 378-2632
New York	Sean Conaghan, d/b/a Valpak of Greater Brooklyn	Staten Island	NY 10309	(718) 448-0101
Ohio	Richard Nurrenbrock d/b/a Valpak of Troy	Celina	OH 45822	(937) 335-0330
Utah	Gary S. Heaton Super Saver Coupon, Inc. d/b/a Valpak of Salt Lake City	Bluffdale	UT 84065	(801) 255-4150
Washington	Jeff and Kim Goodman Smart Advertising Solutions, Inc. d/b/a Valpak of Northwest Washington	Bellingham	WA 98225	(360) 734-6072 (360) 647-1597

*Termination

EXHIBIT B

FINANCIAL STATEMENTS

VALPAK DIRECT MARKETING SYSTEMS, LLC AND SUBSIDIARY

Consolidated Financial Statements

December 28, 2024, December 30, 2023 and December 31, 2022
(With Independent Auditors' Report Thereon)

VALPAK DIRECT MARKETING SYSTEMS, LLC AND SUBSIDIARY

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CBIZ CPAs P.C.

140 Fountain Parkway North
Suite 410
St. Petersburg, FL 33716

P: 727.572.1400| F:727.571.1933

Independent Auditors' Report

To the Board of Directors and Management of
Valpak Direct Marketing Systems, LLC and Subsidiary:

Opinion

We have audited the accompanying consolidated financial statements of Valpak Direct Marketing Systems, LLC and Subsidiary (the "Company"), which comprise the consolidated balance sheets as of December 28, 2024 and December 30, 2023, and the related consolidated statements of income, changes in equity, and of cash flows for the fiscal years then ended, including the related notes to the consolidated financial statements (collectively referred to as the "consolidated financial statements").

In our opinion, the 2024 and 2023 consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 28, 2024 and December 30, 2023, and the results of its operations and its cash flows for the fiscal years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("US GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Consolidated Financial Statements

The consolidated financial statements of the Company as of December 31, 2022 and for the fiscal year then ended, were audited by other auditors whose report was dated May 3, 2023, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for one year after the date the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events considered in the aggregate that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

CBIZ CPAs P.C.

May 20, 2025
St. Petersburg, Florida

VALPAK DIRECT MARKETING SYSTEMS, LLC AND SUBSIDIARY

Consolidated Balance Sheets

December 28, 2024, December 30, 2023 and December 31, 2022

	2024	2023	2022
Assets			
Current assets:			
Cash	$ -	-	-
Accounts receivable, net of allowance for credit losses	21,858,550	19,020,274	16,610,345
Other receivables	474,567	496,174	1,438,192
Notes receivable, current maturities, net of allowance for credit losses	28,532	149,790	-
Inventories	3,376,935	3,532,149	4,660,326
Prepaid expenses and other current assets	2,264,859	2,672,048	2,138,297
Total current assets	28,003,443	25,870,435	24,847,160
Property and equipment, net	26,125,612	30,142,999	31,183,194
Goodwill, net	6,573,550	7,064,218	8,241,645
Notes receivable, less current maturities, net of allowance for credit losses	-	42,665	-
Operating lease right-of-use asset	77,521,031	81,970,276	86,352,242
Other assets	4,001,822	3,455,885	3,346,957
Total assets	$ 142,225,458	148,546,478	153,971,198
Liabilities and Equity			
Current liabilities:			
Accounts payable	$ 13,273,052	9,381,609	11,439,655
Accrued expenses and other liabilities	7,615,561	4,204,134	3,104,617
Current portion of operating lease liability	3,790,036	3,602,586	3,421,238
Current portion of finance lease liabilities	434,434	375,831	-
Total current liabilities	25,113,083	17,564,160	17,965,510
Operating lease liability, net of current portion	76,610,670	80,400,707	84,003,293
Finance lease liabilities, net of current portion	1,394,517	1,756,336	-
Total liabilities	103,118,270	99,721,203	101,968,803
Equity:			
Member's capital (1 unit $1 par value, issued and outstanding)	30,369,645	28,164,401	26,354,435
Retained earnings	8,737,543	20,660,874	25,647,960
Total equity	39,107,188	48,825,275	52,002,395
Total liabilities and equity	$ 142,225,458	148,546,478	153,971,198

See accompanying independent auditors' report and notes to consolidated financial statements.

VALPAK DIRECT MARKETING SYSTEMS, LLC AND SUBSIDIARY

Consolidated Statements of Income

Fiscal Years Ended December 28, 2024, December 30, 2023 and December 31, 2022

	2024	2023	2022
Net sales	$ 204,863,348	195,818,572	185,509,978
Costs and expenses:			
Cost of sales	112,442,679	112,960,366	110,600,459
Selling, general and administrative	36,091,173	35,844,971	37,790,974
Amortization	1,272,194	1,231,426	1,178,227
Restructuring costs	853,979	427,299	645,418
(Gain) loss on sale of assets	-	(20,000)	17,420
Other operating expense	80,603	2,828	2,320,802
Total costs and expenses	150,740,628	150,446,890	152,553,300
Income from operations	54,122,720	45,371,682	32,956,678
Other expense (income):			
Interest expense (income), net	378,766	342,380	(26,581)
Total other expense (income)	378,766	342,380	(26,581)
Net income	$ 53,743,954	45,029,302	32,983,259

See accompanying independent auditors' report and notes to consolidated financial statements.

VALPAK DIRECT MARKETING
SYSTEMS, LLC AND SUBSIDIARY

Consolidated Statements of Changes in Equity

Fiscal Years Ended December 28, 2024, December 30, 2023 and December 31, 2022

	Member's Capital	Retained Earnings	Total Equity
Balances at December 25, 2021	$ 24,267,098	12,372,679	36,639,777
Distributions	-	(41,328,221)	(41,328,221)
Contributions	2,087,337	-	2,087,337
Adoption of new accounting standard - Accounting Standards Codification 842, *Leases* (Note 2(f))	-	21,620,243	21,620,243
Net income	-	32,983,259	32,983,259
Balances at December 31, 2022	26,354,435	25,647,960	52,002,395
Distributions	-	(50,016,388)	(50,016,388)
Contributions	1,809,966	-	1,809,966
Net income	-	45,029,302	45,029,302
Balances at December 30, 2023	28,164,401	20,660,874	48,825,275
Distributions	-	(65,667,285)	(65,667,285)
Contributions	2,205,244	-	2,205,244
Net income	-	53,743,954	53,743,954
Balances at December 28, 2024	$ 30,369,645	8,737,543	39,107,188

See accompanying independent auditors' report and notes to consolidated financial statements.

VALPAK DIRECT MARKETING SYSTEMS, LLC AND SUBSIDIARY

Consolidated Statements of Cash Flows

Fiscal Years Ended December 28, 2024, December 30, 2023 and December 31, 2022

	2024	2023	2022
Cash flows from operating activities:			
Net income	$ 53,743,954	45,029,302	32,983,259
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	10,479,049	10,106,303	11,995,953
(Gain) loss on sale of assets	-	(20,000)	17,420
Provision (recovery) for credit losses, net	469,041	698,990	(1,186,247)
Reduction in carrying amount of operating right-of-use asset	4,449,245	4,381,966	4,318,108
Change in operating assets and liabilities:			
Accounts receivable	(3,307,317)	(3,108,919)	1,545,600
Other receivables	21,607	942,018	(1,004,302)
Notes receivable	163,923	(192,455)	-
Inventories	155,214	1,128,177	(1,460,796)
Prepaid expenses and other current assets	407,189	(533,751)	(327,627)
Other assets	(545,937)	(108,928)	353,133
Accounts payable	3,891,443	(2,191,240)	2,596,384
Accrued expenses and other liabilities	3,411,427	1,099,517	(1,553,501)
Deferred portion of social security tax	-	-	(437,126)
Operating lease liability	(3,602,587)	(3,421,238)	(3,245,819)
Net cash provided by operating activities	69,736,251	53,809,742	44,594,439
Cash flows from investing activities:			
Purchases of property, plant and equipment	(2,902,570)	(3,243,659)	(3,236,218)
Proceeds from sale of property and equipment	-	20,000	-
Consideration paid to acquire franchise territory, net of cash acquired	(781,526)	(54,000)	(30,000)
Net cash used in investing activities	(3,684,096)	(3,277,659)	(3,266,218)
Cash flows from financing activities:			
Distributions	(65,667,285)	(50,016,388)	(41,328,221)
Payment of initial direct costs on finance leases	-	(423,000)	-
Repayment of finance leases	(384,870)	(92,695)	-
Net cash used in financing activities	(66,052,155)	(50,532,083)	(41,328,221)
Net change in cash	-	-	-
Cash:			
Beginning of year	-	-	-
End of year	$ -	-	-

(Continued)

VALPAK DIRECT MARKETING SYSTEMS, LLC AND SUBSIDIARY

Consolidated Statements of Cash Flows - Continued

	2024	2023	2022
Non-cash investing and financing transactions:			
Acquisition of terminated franchise territories	$ -	-	1,287,914
Contribution of property, plant and equipment from member	$ 2,205,244	1,809,966	2,087,337
Contingent consideration for acquisition of terminated franchise territory	$ -	-	344,773
Leased assets obtained in exchange for new operating lease liability	$ -	-	90,670,350
Derecognition of land, building, building improvements and certain equipment from adoption of Accounting Standards Codification ("ASC") 842, *Leases* (Note 2(f) and 4)	$ -	-	33,574,853
Decrease in financing obligation from adoption of ASC 842, Leases (Note 2(f))	$ -	-	55,195,096
Additions to property, plant and equipment obtained from finance leases:			
Machinery and equipment - finance lease	$ 81,654	2,358,056	-
Finance lease liabilities	$ (81,654)	(2,224,862)	-

(1) Company Operations

(a) Description of the Business

Valpak Direct Marketing Systems, LLC ("Valpak") and Subsidiary (together, the "Company") prints coupons, flyers, and other promotional materials, and distributes them to residences throughout the United States of America in addition to providing digital advertising products. The Company markets these products through a network of franchises.

On December 30, 2016, PAK Acquisition Corporation ("PAK") purchased 100% of the issued and outstanding capital stock of V P Holdings, Inc. ("VPH"), the parent company of the Company from Cox Target Media, Inc. ("CTM"). The transaction qualified as a business combination under Financial Accounting Standards Board ("FASB") Accounting Standards Codification Topic 805, *Business Combinations* ("ASC 805"), with PAK being the acquirer. The Company has elected not to apply pushdown accounting.

Prior to the transaction mentioned above, Valpak's common stock was wholly owned by CTM, an indirect wholly owned subsidiary of Cox Enterprises, Inc. ("Cox or CEI"). Subsequent to the transaction above, V P Holdings, LLC, a wholly owned subsidiary of PAK, is the owner of the common stock of the Company. On December 27, 2020, the Company changed its legal structure to a single member limited liability company, changing its name from Valpak Direct Marketing Systems, Inc. to Valpak Direct Marketing Systems, LLC. Concurrent with the change, all 100 common stock shares were cancelled, and 1 member unit was issued. VPH remained the owner of the sole member unit. The consolidated statement of stockholder's equity has been changed to the consolidated statement of changes in equity to reflect this transaction. Further, as a result, a non-cash financing transaction of $22,199,077 occurred which impacted the Company's equity and converted Common Stock and Additional Paid-In Capital to Member's Capital. VPH changed its legal structure on December 27, 2020 as well, changing its name from V P Holdings, Inc. to V P Holdings, LLC.

On November 21, 2023, Clipper Media Acquisition I LLC ("Clipper") purchased 100% of the issued and outstanding capital stock of PAK Holding Corporation. PAK Holding Corporation's wholly owned subsidiaries include PAK Intermediate Holding Corporation, PAK Acquisition Corporation, and VP Holdings, LLC. The transaction qualifies as a business combination under ASC 805 with Clipper being the acquirer. The Company has elected not to apply pushdown accounting.

Valpak has a wholly owned subsidiary, Valpak Marketing International, Inc. ("VPMI") which has no net assets and is currently not in operation. The consolidated financial statements include the accounts of Valpak and VPMI.

(2) Summary of Significant Accounting Policies

(a) Basis of Accounting

The Company prepares its consolidated financial statements using the accrual method of accounting in conformity with accounting principles generally accepted in the United States of America ("GAAP").

(b) Accounts Receivable and Allowance for Credit Losses

The Company extends unsecured credit to its franchises and customers that subjects the Company to credit risk. An allowance for credit losses is an estimate based upon historical account write-off trends, facts about the current financial condition of the franchisees, forecasts of future operating results based upon current trends and macroeconomic factors. Credit quality is monitored through the timing of payments compared to payment terms and known facts regarding the financial condition of franchisees and customers. Accounts receivable balances are charged off against the allowance for credit losses after recovery efforts have ceased. The Company had the following activity for its allowance for credit losses for accounts receivable for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022:

		2024	2023	2022
Beginning balance	$	2,296,872	1,799,374	3,504,575
Provision for expected credit losses		469,041	840,000	(1,122,411)
Recovery of credit losses		-	(141,010)	(63,836)
Write-offs		(37,241)	(201,492)	(518,954)
Ending balance	$	2,728,672	2,296,872	1,799,374

(c) Inventories

Raw materials inventories are stated at the lower of weighted-average cost or estimated net realizable value, and work-in-progress and finished goods inventories are stated at the lower of standard cost, which approximates the first-in first-out method, or estimated net realizable value. As of December 28, 2024, December 30, 2023, and December 31, 2022, no reserve for obsolete inventory was considered necessary against inventories.

(d) Prepaid Expenses and Other Current Assets

Prepaid expenses and other current assets consist primarily of expenses paid in advance as well as spare parts that are expected to be used by the Company's production facility within one year of the consolidated balance sheet date.

(2) Summary of Significant Accounting Policies - Continued

(e) Property and Equipment

Property and equipment are stated at cost, net of accumulated depreciation and amortization. Depreciation is computed using the straight-line method over the following useful lives with the exception of leasehold improvements, whereby amortization is computed over the lesser of the estimated useful lives or the lease terms. Right-of-use assets ("ROU") related to finance leases are amortized over the life of the asset as it is reasonably certain the Company will exercise the purchase option at the end of the lease.

Machinery and equipment	5 - 20 years
Computer equipment and software	3 - 5 years
Furniture and fixtures	10 years
Leasehold improvements	22 years

Cost and accumulated depreciation of assets sold or retired are removed from the accounts and any resulting gains or losses are credited or charged to earnings. Additions and betterments which extend the useful life of an asset are capitalized. Maintenance and repair costs are charged to expense as incurred.

In accordance with the FASB ASC Topic 360, *Property, Plant, and Equipment* ("ASC 360"), the Company reviews its long-lived assets for impairment if any events or changes in circumstances indicate that the carrying amounts may not be recoverable. In such an event, a comparison is made between the expected future operating cash flows of the long-lived assets on an undiscounted basis and their carrying amounts. If the carrying amounts of the long-lived assets exceed the sum of the expected undiscounted cash flows, an impairment charge is recognized, if necessary, in an amount equal to the excess of the carrying amount over the estimated fair value of the long-lived assets. No such impairment was noted for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022.

(f) Right-of-Use Assets and Lease Liabilities

The Company leases office space and certain equipment. The Company determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets and current and non-current operating lease liability on the accompanying combined balance sheets. Finance leases are included in property and equipment and current and non-current financing lease liabilities on the accompanying consolidated balance sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liability are recognized at commencement date based on the present value of lease payments over the lease term. The Company uses a risk-free rate based on the information available at commencement date in determining the present value of lease payments. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Company's lease terms may include options to extend or terminate the lease when it is reasonably certain the Company will exercise the option.

(2) Summary of Significant Accounting Policies - Continued

(f) Right-of-Use Assets and Lease Liabilities - Continued

The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Company has lease arrangements for certain equipment used in operations. These leases typically have terms of 5 years and include an option for the Company to purchase the underlying asset for a nominal amount.

(g) Software Costs

The Company develops and purchases computer software that is used both internally by the Company and externally to provide services to franchises. These costs are capitalized as qualifying internal and external costs incurred in connection with designing, coding, installing, and testing internal use software. The Company ceases capitalization at the point in which the project is substantially complete and ready for its intended use. These costs are amortized on the straight-line basis generally over 3 years.

(h) Goodwill

Goodwill relates substantially to the acquisition of the Company from predecessor owners as well as from newly acquired franchises.

Under the current accounting guidance Accounting Standards Update ("ASU") No. 2014-02, *Accounting for Goodwill*, private companies have the option to amortize goodwill over ten years or less, and use a simplified, trigger-based impairment model that allows an accounting policy election of assessing impairment at either the entity-wide level or the reporting unit level. The Company amortizes goodwill over ten years and has elected to assess impairment at the reporting unit level.

Under the accounting alternative elected, goodwill is tested for impairment by determining if an event has occurred or circumstances have changed that indicate that the fair value may be below carrying value. If it is determined that there are no triggering events, then further evaluation is unnecessary. If there is a triggering event, an assessment will be made to determine whether it is more likely than not that the fair value of the entity is less than its carrying amount. Asset values determined to be impaired are expensed in the period when impairment is determined. There were no goodwill impairment charges for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022.

(i) Income Taxes

The Company is a limited liability company ("LLC") and is treated as a pass-through entity for federal and state income tax purposes. As such, the Company does not pay federal or state income taxes at the entity level. Instead, pursuant to the Company's election under Section 701 of the Internal Revenue Code, each item of income, gain, loss, deduction, or credit of the Company is reported by the members on their respective income tax returns.

(2) Summary of Significant Accounting Policies - Continued

(i) Income Taxes - Continued

Accordingly, no provision for federal or state income taxes has been included in the accompanying consolidated financial statements.

The Company evaluates all significant tax positions as required by GAAP. As of December 28, 2024, December 30, 2023, and December 31, 2022, the Company does not believe it has taken any uncertain tax positions that would require the recording of a liability for unrecognized tax benefits.

As of December 28, 2024, December 30, 2023, and December 31, 2022, the Company had insignificant income tax expense related to state minimum taxes and no deferred tax assets/(liabilities).

(j) Revenue Recognition and Deferred Revenue

The Company applies the provisions of FASB ASC Topic 606, *Revenue from Contracts with Customers* ("Topic 606"). The standard requires the Company to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

The Company has evaluated each of the five steps in Topic 606, which are as follows: (1) identify the contract with the customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations; and (5) recognize when (or as) performance obligations are satisfied.

The Company generates revenues primarily through the printing and distribution of coupons, flyers, and other promotional materials as well as through the offering of digital advertising products.

Printing and Mailing

Printed products are marketed through a network of franchises throughout the United States with the Company being the Franchisor. A franchise agreement is executed with the marketing firm (i.e., the franchise, who is the customer in the arrangement) and establishes general terms and conditions for sales and distribution of Valpak printed materials within the designated territory, as well as the terms for sales/distributions within different territories. The transaction price is determined through an agreed-upon price list between the Company and the franchise. In addition, the Company sells to national level companies for advertising in multiple Valpak franchise territories. In national sales arrangements, master agreements are executed between the Company and the national customer, under which they submit orders or statements of work which sets forth the specific goods and services to be provided, pricing, timing, and other relevant terms. The transaction price is determined based upon the terms stated within such agreement. National sales advertisements mail into the envelopes/territories that are owned by the individual franchises.

(2) Summary of Significant Accounting Policies - Continued

(j) Revenue Recognition and Deferred Revenue - Continued

Printing and Mailing - Continued

Because the contracts do not involve the franchises directly, the Company issues credits to the respective franchises for national ads that run in these envelopes/territories.

The transaction price for revenue derived from the franchise network and national customers typically consists of fixed consideration, some form of variable consideration, and reimbursements for postage. Variable consideration may include graphic cancellation fees that the Company may charge to the customer at its discretion. In addition, there is a potential for credits to be issued for errors on the part of the Company. All variable consideration has been estimated using the expected value method, and these estimates are constrained to the amount for which it is probable that a significant reversal will not occur, by taking into consideration historical activity with respect to customer behavior, sales history, and other factors impacting these estimates. The Company updates its estimate of the variable component of the transaction price throughout the term of the contract to depict conditions that exist at each reporting date.

Contracts with the franchise network and national customers contain provisions under which the Company will mail replacement envelopes at no additional charge to the customer in the event of a mailing error. These provisions represent assurance-type warranties and are accounted for as cost accruals under existing guidance. As of December 28, 2024, December 30, 2023, and December 31, 2022, the Company has estimated that its exposure under these provisions is immaterial in light of historical trends.

Revenue from printing and mailing is recognized at the estimated amount of the transaction price when the performance obligation is satisfied. The Company satisfies their performance obligation at the point in time at which control of the services transfers to the customer, which is generally at the point of mailing. The Company requires advance payment for some of its mailings. Payments received for mailings which were not completed and fulfilled at year-end are reflected in accrued expenses and other liabilities on the accompanying consolidated balance sheets.

For all printing revenue, the Company excludes sales taxes from the measurement of the transaction price.

Digital Marketing

Digital marketing refers to any method of marketing that enables our customers to reach their customers through digital channels, like the internet or mobile phones. Digital marketing solutions are a great addition to customers' direct mail campaign, increasing the reach of their offer and driving more consumers to their website or social channels. Performance obligations under these contracts typically include any of the following services:

- Development and Maintenance/Hosting
- Search Engine Marketing ("SEM")

(2) Summary of Significant Accounting Policies - Continued

(j) Revenue Recognition and Deferred Revenue - Continued

Digital Marketing - Continued

- Display Advertising
- Search engine Optimization ("SEO")
- Social Media Marketing

The transaction price for these contracts typically consists of a one-time fixed setup fee and fixed monthly payments. Since fees are nonrefundable, and there are no contractual provisions for potential adjustments, there is no variable consideration attributable to probable reversals. The transaction price is allocated to the performance obligations on the basis of their stand-alone selling prices, which are based on list price. Pricing practices and policies take into account factors such as the type of customer and are applied consistently and systematically. Digital marketing service revenues are recognized over time given that, depending on the specific type of service, either:

- the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs, or
- the Company's performance does not create an asset for which it has an alternative use and the Company has an enforceable right to payment for performance completed to date.

The measures of progress toward satisfaction of these performance obligations varies based on the specific service. Time-based ratable methods are used to recognize revenue from recurring monthly services or other stand-ready obligations. Other input methods, such as hours incurred relative to total hours, are used to measure progress for services such as website development.

(k) Advertising Costs

Advertising costs are expensed as incurred. Advertising expenses were approximately $1,269,300, $1,413,200, and $806,000 for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively.

(l) Fiscal Year End

The Company's fiscal years ended on December 28, 2024, December 30, 2023, and December 31, 2022, each containing 52, 52 and 53 weeks, respectively.

(m) Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosures of contingent assets and liabilities at the date of the consolidated financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(2) Summary of Significant Accounting Policies - Continued

(n) Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of cash, accounts receivable, and notes receivable. Cash consists of cash demand accounts held with high-credit-quality financial institutions. The Company grants credit to its franchisees in the form of short-term accounts and notes receivable.

(o) Going Concern

On an annual basis, as required by FASB ASC Topic 205, *Presentation of Financial Statements - Going Concern*, the Company performs an evaluation to determine whether there are conditions or events (known and reasonably knowable), considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued. The evaluation determined that there were no conditions, events, considered in the aggregate that raise substantial doubt about the entity's ability to continue as a going concern for a reasonable period of time.

(3) Inventories

Inventories as of December 28, 2024, December 30, 2023, and December 31, 2022, is comprised of the following:

		2024	2023	2022
Raw materials:				
Paper	$	577,339	627,162	1,975,251
Envelopes		305,923	278,324	435,869
Other		1,123,336	825,876	929,649
		2,006,598	1,731,362	3,340,769
Work in progress		432,040	880,228	753,586
Finished goods		938,297	920,559	565,971
Total inventories	$	3,376,935	3,532,149	4,660,326

(4) Property and Equipment, Net

Property and equipment, net, as of December 28, 2024, December 30, 2023, and December 31, 2022, is comprised of the following:

	2024	2023	2022
Machinery and equipment	$ 157,867,221	153,596,158	150,111,015
Computer equipment and software	15,972,036	25,286,814	22,343,328
Furniture and fixtures	609,827	609,827	609,827
Leasehold improvements	756,176	571,671	461,154
Construction in process	373,529	1,908,115	2,015,229
	175,578,789	181,972,585	175,540,553
Less accumulated depreciation and amortization	(149,453,177)	(151,829,586)	(144,357,359)
Total property and equipment, net	$ 26,125,612	30,142,999	31,183,194

The Company recorded depreciation and amortization expense of $9,206,855, $8,874,876, and $10,817,726 for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively. Depreciation and amortization expense is reflected in cost of sales and selling, general and administrative expense in the consolidated statements of income for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively.

(5) Goodwill, Net

Goodwill, net, as of ended December 28, 2024, December 30, 2023, and December 31, 2022, is comprised of the following:

	2024	2023	2022
Goodwill	$ 13,113,792	12,332,265	12,278,265
Accumulated amortization	(6,540,242)	(5,268,047)	(4,036,620)
Goodwill, net	$ 6,573,550	7,064,218	8,241,645

Amortization expense for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, was $1,272,194, $1,231,427, and $1,178,227, respectively. Goodwill increased by $781,527, $54,000, and $1,662,687 during the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively, as a result of the Company acquiring new franchise territories.

(5) Goodwill, Net - Continued

Future annual amortization expense for goodwill as of December 28, 2024 is as follows:

2025	$ 1,202,539
2026	1,202,539
2027	1,202,539
2028	1,099,829
2029	864,677
Thereafter	1,001,427
	$ 6,573,550

(6) Operating Lease

As of December 28, 2024, the Company's manufacturing facility is the sole non-cancelable operating lease.

The following table presents supplemental consolidated balance sheet information, the weighted-average remaining lease term, and discount rate for operating leases as of December 28, 2024, December 30, 2023, and December 31, 2022:

	Classification on the Consolidated Balance Sheets	2024	2023	2022
Right-of-use assets	Operating lease right-of-use asset	$ 77,521,031	81,970,276	86,352,242
Current lease liability	Current portion of operating lease liability	$ 3,790,036	3,602,586	3,421,238
Non-current lease liability	Operating lease liability, net of current portion	76,610,670	80,400,707	84,003,293
Total lease liability		$ 80,400,706	84,003,293	87,424,531
	Weighted-average remaining lease term	15.01 years	16.01 years	17.01 years
	Weighted-average discount rate	1.92%	1.92%	1.92%

Components of lease cost for operating leases are as follows:

	Classification on the Consolidated Statements of Income	Fiscal Year Ended December 28, 2024	Fiscal Year Ended December 30, 2023	Fiscal Year Ended December 31, 2022
Operating lease cost	Cost of sales	$ 6,030,515	6,030,515	6,352,799
Variable lease cost	Cost of sales	209,514	347,417	20,558
Total lease cost		$ 6,240,029	6,377,932	6,373,357

(6) Operating Lease - Continued

Maturities of operating lease liability as of December 28, 2024 is as follows:

2025	$	5,300,493
2026		5,419,754
2027		5,541,699
2028		5,666,387
2029		5,793,880
Thereafter		65,615,181
Total lease payments		93,337,394
Less imputed interest		12,936,688
Present value of operating lease liability	$	80,400,706

On December 7, 2014, VPH entered into an 8-year lease agreement for the Company's corporate building. The expenses related to this lease were allocated to the Company (see Note 9) during the fiscal year ended December 31, 2022. The lease term ended December 2022 and was not renewed.

(7) Finance Leases

The Company entered into financing leases of machinery and equipment. The finance leases have lease terms of 4 to 5 years.

The following table presents supplemental consolidated balance sheet information, the weighted-average remaining lease term, and discount rate for finance leases as of December 28, 2024 and December 30, 2023:

	Classification on the Consolidated Balance Sheets		2024	2023
Finance lease asset	Property, plant and equipment	$	2,869,254	2,781,056
	Accumulated depreciation		(448,409)	(100,611)
		$	2,420,845	2,680,445
Current finance lease liabilities	Current portion of finance lease liabilities	$	434,434	375,831
Non-current finance lease liabilities	Finance lease liabilities, net of current portion		1,394,517	1,756,336
Total finance lease liabilities		$	1,828,951	2,132,167
	Weighted-average remaining lease term		3.77 years	4.77 years
	Weighted-average discount rate		8.10%	8.15%

(7) Finance Leases - Continued

Components of lease cost for operating leases are as follows:

	Classification on the Consolidated Statements of Income	Fiscal Year Ended December 28, 2024	Fiscal Year Ended December 30, 2023
Amortization of lease assets	Amortization	$ 333,908	100,611
Interest on lease liabilities	Interest income (expense), net	159,239	45,029
Total lease cost		$ 493,147	145,640

Maturities of finance lease liabilities as of December 28, 2024 is as follows:

2025	$ 566,636
2026	566,636
2027	566,636
2028	410,309
2029	8,222
Total lease payments	2,118,439
Less imputed interest	289,488
Present value of finance lease liabilities	$ 1,828,951

(8) Postretirement Benefits

The Company has a 401(k) Plan (the "Plan") whereby employees may voluntarily contribute a percentage of eligible compensation, subject to Internal Revenue Service ("IRS") limitations. The Plan allows the Company to make discretionary matching contributions each year on an annual or periodic basis. For the fiscal years ending December 28, 2024, December 30, 2023, and December 31, 2022, the Company's matching contribution to the plan was $207,537, $611,330, and $619,957, respectively.

(9) Related Party Transactions

On December 30, 2016, PAK entered into a corporate advisory services agreement with Platinum Equity Advisors, LLC, an affiliate of the Company, to provide general business advice, business and organizational strategy and financial and advisory services to the Company. In exchange for these services, the Company pays an annual fee that is not to exceed $5,000,000 in any fiscal year plus reimbursement of related expenses. The Company paid $0, $1,500,000 and $2,000,000 during the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively, for such services which is reflected in selling, general and administrative expense in the accompanying consolidated statements of income. During November 2023, this agreement was terminated upon the sale of the Company's parent entity discussed in Note 1(a).

(9) Related Party Transactions - Continued

For the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, the Company was allocated expenses of $29,060,026, $27,075,334 and $29,700,824, respectively, for administrative services, including technical support and accounting services provided by VPH. These allocations considered both management's estimates of relative requirements and the Company's proportionate size as indicated by employee headcount and monthly activity. The allocations from VPH were recorded as selling, general and administrative expenses in the accompanying consolidated statements of income.

For the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, related-party sales to Valpak Franchise Operations ("VPFO"), an affiliated company, were $105,511,303, $103,403,892, and $97,958,535, respectively. The amounts receivable were credited against the Due from Parent Company account, the balance of which offset against various payables and the net amount is deemed distributed to owners for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively. In addition, the Company paid and expensed approximately $685,000, $605,000 and $564,000 for the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively, to VPFO for rights to certain short-term contracts.

The Company transfers all excess cash daily to VPH after all disbursements are made. The excess cash transferred to VPH is recorded as a due from affiliate and netted against allocations from VPH transactions which is ultimately distributed at the end of the year. The amount distributed to the parent was $65,667,285, $50,016,388, and $41,328,221 in the fiscal years ended December 28, 2024, December 30, 2023, and December 31, 2022, respectively.

As discussed in Note 10, the Company is listed as a guarantor on PAK's term loan and revolving credit agreements. No payments have been made by the Company to fund any of its parent's obligations, as the parent has not experienced any events of default as defined in the term loan and revolving credit agreements. Related to the sale of PAK disclosed in Note 1(a) the Company is no longer a guarantor as the debt was paid in full.

(10) Commitments and Contingencies

(a) Litigation

The Company is involved in various legal actions and claims arising from the normal course of business. In the opinion of management, the ultimate outcome of these matters will not have a material impact on the Company's results of operations, cash flows, or financial position.

(10) Commitments and Contingencies - Continued

(b) Guarantees

The Company, along with other of its parent's subsidiaries, is an absolute and unconditional guarantor of and has pledged substantially all its assets and 100% of its member's unit, to guarantee its parent's term loan and revolving credit agreement. The parent entered into a new credit agreement in 2020, utilizing the proceeds to pay down a portion of the original term loan and a cash payment was made by the parent to pay down the remaining balance on the original term loan. The parent's term loan matures on December 18, 2025 and had a balance outstanding of $17,000,000 as of December 31, 2022, which represented the maximum potential amount of future payments that the Company could incur as obligor if the parent were to default on the term loan. The parent has not experienced any events of default as defined in the term loan agreement. The revolving credit agreement, as amended in 2020, extends credit to the Company's parent by a) revolving loans with an aggregate principal amount at any time outstanding not to exceed $25,000,000; b) letters of credit in an aggregate stated amount at any time outstanding not to exceed $5,000,000; and c) swingline loans in an aggregate principal amount at any time outstanding not to exceed $5,000,000. As of December 31, 2022, there were no letters of credit outstanding.

During the sale of the Company's parent entity effective November 21, 2023 (see Note 1(a)), the outstanding balance of the parent's term loan was paid in full. As of December 28, 2024, there were no outstanding debt agreements that the Company was as a guarantor on.

(11) Subsequent Events

In preparing these consolidated financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through May 20, 2025, the date the consolidated financial statements were available to be issued, and it was determined that there were no subsequent events that require disclosure.

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

Valpak Direct Marketing Systems, LLC and Subsidiary

(A Wholly Owned Subsidiary of V P Holdings, LLC)

Consolidated Balance Sheet	**3/29/2025**
Assets	
Current assets	
Cash	$ -
Accounts receivable, net of allowance for credit losses	22,468,564
Other receivables	650,246
Inventories	3,091,670
Prepaid expenses and other current assets	2,851,683
Total current assets	29,062,163
Property, plant and equipment, net	25,550,377
Goodwill, net	7,635,347
Operating lease right-of-use asset	76,766,036
Other assets	4,011,778
Total assets	$ 143,025,701
Liabilities and Equity	
Current Liabilities	
Accounts payable	$ 13,863,523
Accrued expenses and other liabilities	8,173,404
Current portion of operating lease liabilities	3,838,121
Current portion of finance lease liabilities	500,694
Total current liabilities	26,375,742
Operating lease liabilities, net of current portion	75,990,096
Finance lease liabilities, net of current portion	1,532,575
Total liabilities	103,898,413
Equity	
Member's capital (1 unit $1 par value, issued and outstanding)	30,502,299
Retained earnings	8,624,989
Total equity	39,127,288
Total liabilities and equity	$ 143,025,701

Valpak Direct Marketing Systems, LLC and Subsidiary
(A Wholly Owned Subsidiary of V P Holdings, LLC)

Consolidated Statement of Income	**3/29/2025**
Net sales	$ 48,850,943
Costs and expenses:	
Cost of Sales	27,304,433
Selling, general and administrative	9,613,208
Amortization	264,119
Restructuring costs	55,369
Other operating expense	29,892
Total costs and expenses	37,267,021
Income from operations	11,583,922
Other expense:	
Interest expense	49,781
Total other expense	49,781
Net income	$ 11,534,141

EXHIBIT C-1

FRANCHISE AGREEMENT

VALPAK DIRECT MARKETING SYSTEMS, LLC

FRANCHISE AGREEMENT

WITH

_____

DATED

_____

FOR A TERRITORY LOCATED IN

_____

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VALPAK DIRECT MARKETING SYSTEMS, LLC
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (this "**Agreement**") is made effective as of _____ ("**Effective Date**"), by and between **VALPAK DIRECT MARKETING SYSTEMS, LLC**, a Delaware limited liability company ("**COMPANY**"), with its principal business address at 1 Valpak Avenue North, St. Petersburg, Florida 33716, and _____, a(n) _____, with its principal business address at _____ ("**FRANCHISEE**").

1. **PREAMBLES**.

COMPANY is engaged in the business of publishing and distributing by direct mail promotional literature and packages known as VALPAK® Envelopes and promoting and selling advertising services associated with the Marks and advertising in promotional literature and VALPAK® Envelopes. COMPANY also grants to persons it approves franchise rights to use COMPANY's methods, formats, systems, specifications, standards, operating policies and procedures and Marks to offer and sell, in designated geographic areas, advertising services associated with the Marks and advertising in promotional literature and VALPAK® Envelopes to be distributed within such designated geographic areas, and in Electronic Advertising for placement on VALPAK® Sites or otherwise distributed through electronic medium, and to engage in certain types of Intermarket Advertising in accordance with COMPANY's Intermarket Sales Policy.

2. **DEFINITIONS**.

2.1 **Current Definitions**. As used in this Agreement, the terms below have the meanings which follow them:

"**Active Territory**" (whether or not spelled with initial capital letters) means a Territory or business operated in an area by a Franchisee in which Mailings have been distributed within the trailing twelve (12) months.

"**Advertiser**" or "**Customer"**, which are used interchangeably, means a business that supplies or purchases, and has authority to supply or purchase, Advertising Inserts or other advertising products offered by COMPANY for distribution through the VALPAK® System from a Franchisee or Company.

"**Advertising Insert**" means any individual piece of advertising or promotional material (such as a coupon), whether supplied by an Advertiser or purchased by an Advertiser from COMPANY, to be included in VALPAK® Envelopes and/or Electronic Advertising in accordance with the VALPAK® System.

"**Affiliate**" (whether or not spelled with an initial capital letter) means any person, directly or indirectly, owned or controlled by a person, under common control with a person, or controlling a person.

"**Association Fees**" or "**Marketing Fees**" are required payments at a rate and according to Mailing cycles to be mutually agreed upon from time to time between the COMPANY and the Franchisees Association for Advertising Inserts placed by a Selling Franchisee or National Sales in a Mailing Franchisee's NTAs. The terms "Selling Franchisee" and "Mailing Franchisee" have the meanings provided by the Intermarket Sales Policy.

"**Business Office**" means the premises of the site for the office where FRANCHISEE conducts the Franchised Business.

"**Carry**" means the inclusion of an Advertising Insert, or other advertising products offered by COMPANY in a VALPAK® Envelope, for distribution in the Territory, which was sold by another Franchisee or National Sales in accordance with the terms and conditions of this Agreement.

"**COMPANY**" means Valpak Direct Marketing Systems, LLC or its successors and assigns.

"**Claim Notice**" means the written notice from an Indemnified Party specifying the nature of the claim or demand requiring indemnification.

"**Competitive Business**" means any activity involving or engaging in the marketing, promotion or sale of advertising in, franchising or licensing businesses devoted to marketing, promotion or sale of advertising or print services of or for, or the distribution of: (1) a Cooperative Direct Mail Advertising Product; (2) any advertising product which consists of advertisements for more than one Advertiser which are physically delivered, by Direct Mail, to consumers; (3) coupon advertising distributed over the internet (or similar electronic medium) from or through anywhere other than a VALPAK® Site; (4) any product or service the same or similar to products and services subsequently developed and made a part of a Franchised Business; or (5) any printing, publishing or packaging services (on a brokerage basis or otherwise) for any: (a) Competitive Business, (b) coupon advertising or (c) any Cooperative Direct Mail Advertising Product. Notwithstanding anything to the contrary in this Agreement, a Competitive Business does not include: (i) the ownership for investment purposes only of publicly traded securities representing one percent (1%) or less of the number of outstanding shares of that class of securities; or (ii) paid subscription products that contain editorial content for 20% or more of its total content or that consist primarily of display advertisements (and not coupons or discount offers) ("Magazine(s)"); or (iii) the operation of a VALPAK® Franchisee under a written franchise agreement with COMPANY.

"**Confidential Information**" means all information contained in the Operating Procedures, as well as all information relating to the VALPAK® System including: (a) prices charged by COMPANY for its services to VALPAK® Franchisees; (b) prices charged by COMPANY to Advertisers for national or regional sales, (c) prices charged by VALPAK® Franchisees for intermarket sales (d) marketing research conducted by or on behalf of COMPANY, (e) products or services planned or proposed to be offered by COMPANY; (f) the Software, including all source code, passwords, security precautions, and databases relating to it; (g) training systems, methods and content; (h) the graphic library compilation; (i) COMPANY publications to Franchisees (i.e., insidevalpak.com and any other electronic communications); (j) production methods and processes; (k) sales and recruiting techniques; and (l) Customer lists, Customer data and information (including, without limitation, names, addresses and other information regarding Customers of the Franchised Business), proprietary maps and mapping, and demographic studies; except to the extent that any such information has become part of the public domain other than as a result of disclosure of such information by or through FRANCHISEE.

"**Consent of Franchisees**" means the approval of Franchisees (including O&O Franchisees) that accounted for at least 70% of the total Mailing Volume by VALPAK® Envelopes mailed during the calendar year preceding the notice requesting the approval. For this purpose, a Franchisee's failure to respond or vote on the particular proposed request within 3 business days constitutes approval.

"**Control**" (whether or not spelled with an initial capital letter) means the power to direct or cause the direction of management and policies and will be presumed in any situation where a person, directly or indirectly, has beneficial ownership of 25% or more of the voting or equity securities or ownership interests of another person.

"**Cooperative Direct Mail Advertising Product**" means an envelope or other form of packaging or binding, including without limitation, a magazine, containing advertisements from more than one Advertiser and distributed by direct mail.

"**Covenant Period**" means the time period of two (2) years commencing on the effective date of termination or expiration of this Agreement or upon any Transfer.

"**Direct Mail**" (whether or not spelled with an initial capital letter) means delivery directly to a prospective consumer's business location, property, residence, physical street address, route mailing address, or post office box (serving a similar purpose) via the U.S. Postal Service, a private delivery company, independent contractor offering physical delivery services or otherwise.

"**Dormant Territory**" (whether or not spelled with initial capital letters) means a Territory or business operated in an area by a Franchisee in which Mailings have not been distributed within the trailing twelve (12) months.

"**Electronic Advertising**" means any advertising for placement on any VALPAK® Sites or to be distributed via other electronic means (like e-mail), which include, without limitation, electronic coupons, ad banners, framing, pop-ups and the like, and local promotional advertising.

"**Electronic Advertising Services**" means the services provided by COMPANY which make available printable electronic coupons and other advertising to consumers on the VALPAK® Sites or other electronic means.

"**Entity Owner**" means any entity having a direct or indirect legal or beneficial interest in FRANCHISEE (e.g., a corporate stockholder of a corporate FRANCHISEE) that is not a natural person (e.g., an Owner that is a corporation).

"**Franchise**" means the bundle of rights granted by COMPANY to FRANCHISEE in Section 3.1.

"**FRANCHISEE**" (in all capital letters) means the party who signs this Agreement other than COMPANY as identified at the beginning of this Agreement.

"**Franchisee**" (spelled with all lower-case letters other than a capital "F") means any person who is party to a franchise agreement with COMPANY including FRANCHISEE and O&O Franchisees.

"**Franchisees Association**" means a voluntary membership organization representing the interests of Franchisees who are members of the Franchisees Association. The Franchisees Association establishes and operates pursuant to its own independent bylaws.

"**FRANCHISEE Financial Information**" means (a) financial information and data concerning FRANCHISEE, and (b) financial information and data concerning Competitive Businesses operated by FRANCHISEE; except to the extent that any such information has become part of the public domain or may be disclosed by COMPANY in accordance with the terms of this Agreement. The following are specifically excluded from the definition of FRANCHISEE Financial Information: (i) information that is included in intermarket reports distributed by COMPANY to Franchisees; (ii) information distributed concerning the VALPAK® System and Franchisee network that does not exclusively identify such information as pertaining solely to FRANCHISEE; (iii) information regarding the Territory, Mailing volume and market penetration; (iv) information that is used by COMPANY in COMPANY's Franchise Disclosure Document including, without limitation, in financial performance representations, earnings

claims or the like; or (v) information that is used by COMPANY to collect amounts due, to enforce this Agreement, or to conduct any operations in the Territory once this Agreement expires or terminates.

"**Franchised Business**" means the business of purchasing and selling Advertising Inserts that is operated by FRANCHISEE pursuant to the Franchise and this Agreement.

"**Indemnified Party**" means a party, its affiliates, and their respective stockholders, officers, directors, employees, agents, successors and assigns, who are entitled to indemnification by the other party under this Agreement.

"**Insertion Order**" means any order for a Mailing submitted by FRANCHISEE to COMPANY and for which COMPANY has received all of the following: (1) final proofs approved by Customers and FRANCHISEE for any Advertising Inserts to be printed by COMPANY; (2) any Advertising Inserts not to be printed by COMPANY in quantity sufficient for the ordered Mailing to at least one of the NTAs in which such Mailing was ordered to have been made in accordance with the VALPAK® System; (3) an adequate description, in accordance with the VALPAK® System, of the geographic areas and types of addresses to which the VALPAK® Envelopes are to be distributed; (4) payment of the amount due with Insertion Order under FRANCHISEE's credit arrangements with COMPANY, if any, then in effect; and (5) any other information required by COMPANY to complete the Production of the ordered Mailing in accordance with the VALPAK® System. This term is synonymous with the term "Final Order."

"**insidevalpak.com**" (or a successor website) means the website owned and controlled by COMPANY to communicate information (including Operating Procedures and other Confidential Information) to and provide Franchisees with tools and resources regarding the VALPAK® System.

"**Intermarket Advertising**" means the selling by a FRANCHISEE of Advertising Inserts, or other advertising products offered by COMPANY, for distribution through the VALPAK® System to households or businesses located in a geographic area that COMPANY has licensed to another FRANCHISEE or into an area that is not licensed to any FRANCHISEE.

"**Intermarket Sales Policy**" means those policies designated as such in the Operating Procedures, Production Handbook or other publication (electronic or otherwise) which govern intermarket sales transactions under the VALPAK® System, as such policies may be amended from time to time.

"**Key Person**" means the person designated by FRANCHISEE and reasonably approved by COMPANY who: (1) has satisfactorily completed COMPANY's new owner training; and (2) directly supervises the Franchised Business.

"**Mailing**" means a distribution by COMPANY of VALPAK® Envelopes (and other authorized products) by direct mail or by such other means as may be mutually agreed upon by COMPANY and FRANCHISEE, which FRANCHISEE requests to be made within a specified geographic area in the Territory and within a specified period of time.

"**Marketing Fees**" or "**Association Fees**" are required payments for Advertising Inserts placed by a Selling Franchisee or National Sales in a Mailing Franchisee's NTAs. The terms "Selling Franchisee" and "Mailing Franchisee" have the meanings provided by the Intermarket Sales Policy.

"**Marks**" means the trade names, trademarks, logos or other commercial symbols used from time to time to identify the goods and advertising services and which COMPANY designates and licenses as part of the VALPAK® System, including, without limitation, the trademark VALPAK®, a federally registered trademark (Reg. Nos. 2585359 and 3080040) and associated logos.

"**National Sales**" means the division or department of COMPANY and/or its affiliates and their employees, agents or representatives that offer, promote and sell VALPAK® products and services, all of whom will be subject to COMPANY's obligations or restrictions for sales activities under the Intermarket Sales Policy. National Sales does not include O&O Franchisees, or any Affiliate of COMPANY engaged in a Competitive Business.

"**Neighborhood Trade Area®**" or "**NTA**" means a geographic area, the boundaries of which generally consist of approximately 10,000 Prime Households but may, upon determination of COMPANY subject to Consent of Franchisees, include more or fewer Prime Households from time to time with respect to the Franchised Business and the unique circumstances applicable thereto. FRANCHISEE's initial NTA is set forth on Exhibit "B".

"**New Representative Orientation**" means a facilitator led training session held at the COMPANY's headquarters throughout the year, designed for newly hired sales representatives.

"**O&O Franchisee**" means a company that is owned and operated by COMPANY or its Affiliates that is a Franchisee.

"**Operating Procedures**" means the materials and information provided by COMPANY which contain the specifications, standards, policies, marketing methods and programs, and Operating Procedures prescribed by COMPANY for the operation, promotion and marketing of franchised businesses operating under the VALPAK® System, including information contained within insidevalpak.com, the Production Handbook and such marketing, lead generation and sales programs COMPANY may institute from time to time. Such materials and information may be periodically amended, modified, replaced and/or supplemented by COMPANY and will be provided in writing, electronically, via online access or in any other format or means so selected by COMPANY. COMPANY's changes to the Operating Procedures will not materially and detrimentally alter the substantive rights and obligations of the FRANCHISEE under this Agreement without the Consent of Franchisees.

"**Owner**" means any person, natural or otherwise, with a direct or indirect legal or beneficial ownership interest or voting power in FRANCHISEE.

"**Performance Area**" means the geographic area(s) within which FRANCHISEE's performance is measured, as indicated on Exhibit "B" to this Agreement. It may consist of the Territory in its entirety, but if the Territory contains more than one county, then the Performance Areas may consist of each county within the Territory and such other portions of the Territory as COMPANY specifies.

"**Person**" (whether or not spelled with an initial capital letter) means any natural person and any artificial entity or business organization (e.g., corporations, partnerships, etc.).

"**Prime Households**" are households within a given VALPAK® Territory that are considered to be desirable recipients of VALPAK® Envelopes. In addition to certain other demographic criteria, Prime Households are chosen on the basis of a range of total household income. Currently, the range is determined by eliminating the top 5% and the bottom 15% of household incomes in each VALPAK® Territory with annual gross income of $20,000 or more. Subject to Section 9.4, on request Valpak may agree to adjust the definition of Prime Households in a Territory based on the Territory's demographics.

"**Production**" means the publication of VALPAK® Envelopes for a Mailing and all the services performed in connection therewith, including but not limited to, graphics preparation, printing, addressing, collation and insertion.

"**Purchasing Representative**" means a person: (1) who has been duly authorized by an Advertiser to execute legally binding agreements with COMPANY and FRANCHISEE, on behalf of the Advertiser, for the purchase of Advertising Inserts, or other advertising products offered by COMPANY, for distribution through the VALPAK® System; and (2) who is additionally duly authorized to obligate the Advertiser to pay for such purchases of Advertising Inserts, or other advertising products offered by COMPANY, for distribution through the VALPAK® System. When an Advertiser has more than one Purchasing Representative, the term only refers to the Purchasing Representative with authority to bind the Advertiser to the Participation Agreement for the sales activity in question.

"**Renewal Agreement**" means the franchise agreement and any ancillary agreements customarily used by COMPANY in the grant or renewal of franchises for the operation of businesses under the VALPAK® System at the time that such grant or renewal is provided to FRANCHISEE.

"**Section**" means a section of this Agreement.

"**Software**" means any and all software licensed by COMPANY to FRANCHISEE or purchased from COMPANY by FRANCHISEE or purchased or licensed by FRANCHISEE from third parties approved by COMPANY, from time to time (including VPOffice® and successor systems).

"**Term**" means the time period beginning on the commencement of this Agreement and ending on the last day of the calendar month in which the tenth (10th) anniversary of such commencement date occurs, unless this Agreement is terminated sooner in accordance with its terms. The word "Term" also means any extension of this Agreement in accordance with its terms.

"**Territory**" means the geographic area described in Exhibit "A" to this Agreement.

"**Transfer**" means and includes: the voluntary, involuntary, direct or indirect delegation, assignment, sale, division, pledge, grant of a security interest, gift or other conveyance of any interest or right, in whole or in part, by operation of law or otherwise, held by FRANCHISEE (or any person or entity with a direct or indirect legal or beneficial interest in FRANCHISEE) in: (1) this Agreement; (2) the Franchise; (3) the ownership of FRANCHISEE or any Entity Owner; or (4) substantially all of the assets, or any portion of the income of, the Franchised Business (including any rights to accounts or solicitation rights other than pursuant to and in accordance with the terms and conditions of the Intermarket Sales Policy). An assignment, sale or other conveyance shall, without limitation, include the following events: (a) the Transfer of ownership or redemption of capital stock, partnership interest or other equity interest of FRANCHISEE or any Entity Owner; (b) merger or consolidation or issuance of additional securities representing an ownership interest in FRANCHISEE or any Entity Owner; (c) any sale of voting stock of FRANCHISEE or any security convertible to voting stock of FRANCHISEE or any Entity Owner; or (d) Transfer of an interest in FRANCHISEE or any Entity Owner, this Agreement, the Franchise or the Franchised Business in a divorce, insolvency, corporate or partnership dissolution proceeding, foreclosure proceeding, or otherwise by operation of law.

"**VALPAK® Envelope**" means an envelope or other form of packaging or binding that is identified primarily by the VALPAK® Mark (or its successor specified by COMPANY) and may include one or more of the Marks, together with the Advertising Inserts, prepared for distribution by COMPANY to specified types of households or addresses within designated areas utilizing the VALPAK® System.

"**VALPAK® Site**" means any of COMPANY's internet worldwide web sites, www.valpak.com, or other websites designated by COMPANY or otherwise identified by the VALPAK® Marks.

"**VALPAK® System**" means (1) the methods, formats, systems, specifications, standards, and operating policies and procedures established by COMPANY from time to time for use in the offer and sale of advertising in VALPAK® Envelopes, Valpak.com and Valpak® PlusOne, and the Production and distribution of VALPAK® Envelopes, Valpak.com and Valpak® PlusOne, by COMPANY; and (2) the methods of operation of, and benefits from, and features associated with, participation in the network of Franchisees.

3. **GRANT OF FRANCHISE**.

3.1 **Grant**. Subject to the terms and conditions contained in this Agreement, COMPANY hereby grants to FRANCHISEE, and FRANCHISEE hereby accepts from COMPANY, the right, license and obligation:

(a) to sell, and place orders for distribution of advertising, Advertising Inserts, or other products and/or services offered by COMPANY, to be placed in VALPAK® Envelopes to be distributed within the Territory, to: (i) any Advertiser which maintains a physical place of business within the Territory; or (ii) a Purchasing Representative with an office located within the Territory;

(b) to sell Electronic Advertising to: (i) any Advertiser which maintains a physical place of business within the Territory; or (ii) a Purchasing Representative with an office located within the Territory;

(c) to sell, and place orders for distribution of advertising, or other products offered by COMPANY, or Advertising Inserts to be placed in VALPAK® Envelopes or in the form of Electronic Advertising to be distributed outside of the Territory as Intermarket Advertising so long as: (i) the Advertiser from which the FRANCHISEE is soliciting business maintains a Purchasing Representative with an office located within the Territory; or (ii) FRANCHISEE has first obtained written consent from the Franchisee in whose Territory the Purchasing Representative is located, or from COMPANY if the Purchasing Representative is located in an area that has not been granted to another Franchisee; and

(d) to use the Marks in connection with the foregoing activities in accordance with the VALPAK® System.

Subject to the terms and conditions contained in this Agreement, during the Term FRANCHISEE's rights to operate the Franchised Business in the Territory shall be exclusive.

3.2 **Intermarket Sales - FRANCHISEE Rights and Obligations**.

(a) **Intermarket Compensation**. Compensation will be paid to Franchisees in accordance with the terms and conditions of the Intermarket Sales Policy, as it may be modified from time to time. If FRANCHISEE is obligated to Carry in VALPAK® Envelopes any Advertising Inserts or other advertising products offered by COMPANY, sold by other Franchisees, or sold by National Sales, then FRANCHISEE will be compensated for such sales in accordance with the Franchisee Payment Matrix set forth in the Intermarket Sales Policy.

(b) **Intermarket Compliance**. FRANCHISEE agrees to comply in all respects with all applicable provisions of the Intermarket Sales Policy in effect from time to time (including, without limitation, as it relates to Electronic Advertising and Electronic Advertising Services). Without limitation of the foregoing, FRANCHISEE:

(i) acknowledges that COMPANY may (A) in Company's sole discretion, change, replace and modify the Intermarket Sales Policy with respect to Schedules B, C, G and H, and terms governing Electronic Advertising and Electronic Advertising Services; and (B) subject to Section 3.2(c), change, replace and modify any other terms of the Intermarket Sales Policy from time to time to reflect market conditions and other factors, as well as the desires of the distribution network for products and services sponsored by the COMPANY or the network of Franchisees;

(ii) agrees that it will only sell and place orders for Electronic Advertising related to a geographic area outside of the Territory if FRANCHISEE complies with this Agreement and the Intermarket Sales Policy;

(iii) must Carry in VALPAK® Envelopes, any Advertising Insert, or other advertising products offered by COMPANY that have been sold in accordance with the terms and conditions of this Agreement or the Intermarket Sales Policy by another FRANCHISEE or National Sales for distribution within the Territory.

(c) **Intermarket Sales Policy Amendment Conditions**. Except as provided in Section 3.2(b)(i)(A), or as may otherwise be provided in this Agreement or the Intermarket Sales Policy, COMPANY may not amend the Intermarket Sales Policy unless and until: (i) it has consulted with the Franchisees Association; (ii) it gives three (3) months' prior notice to FRANCHISEE before the amendment becomes effective; and (iii) within two (2) months from the date of such notice COMPANY has obtained Consent of Franchisees. Unless authorized in accordance with the preceding sentence, no amendment by COMPANY to the Intermarket Sales Policy (other than as provided in Section 3.2(b)(i)(A)) shall serve to reduce or infringe upon the rights granted to FRANCHISEE under this Agreement. Notwithstanding anything to the contrary, COMPANY and the Franchisees Association, upon their mutual written agreement, reserve the right to make changes, material or otherwise, to the Intermarket Sales Policy, including changes that may be imposed on short or no notice in order to serve the VALPAK® System.

(d) **Modifications to Electronic Advertising and Other Rights**: Notwithstanding anything to the contrary in this Section 3.2, FRANCHISEE agrees and acknowledges that: (i) Advertiser categories, and the rights and obligations of the parties with respect to the sale of Electronic Advertising or VALPAK® Envelopes to Advertisers in each category, are described in the Intermarket Sales Policy; (ii) COMPANY may, at any time in its sole discretion and without Consent of Franchisees, vary the duties, rights, obligations, compensation, pricing and vary the terms and conditions by which FRANCHISEE may participate in the sale and distribution of Electronic Advertising and Electronic Advertising Services, either as part of changes to the Intermarket Sales Policy, or otherwise; (iii) COMPANY may cancel its offering of Electronic Advertising and Electronic Advertising Services at any time upon six (6) months' notice; (iv) all such changes and/or cancellations will be effective, valid and binding on the FRANCHISEE on notice by the COMPANY to FRANCHISEE; and (v) any such cancellation, changes or modifications will have no other effect on the rights, duties and obligations of the parties under this Agreement.

3.3 **COMPANY Reserved Rights**. Except for any activity that is exclusively granted to FRANCHISEE pursuant to Section 3.1 of this Agreement, COMPANY reserves to itself and its affiliates the right, in its sole judgment, to engage in any activity that the COMPANY is not expressly prohibited from engaging in by the terms and conditions of this Agreement. For the avoidance of doubt, the foregoing

reservation of rights includes, but is not limited to the following: the right of COMPANY to (a) operate and grant to others the license to operate businesses, including, without limitation, a business in accordance with the VALPAK® System, outside the Territory, on such terms and conditions as the COMPANY deems appropriate; (b) engage in the offer and sale of any advertising services and products and/or engage in the publication and/or distribution of any advertising or promotional materials within the Territory, by direct mail or otherwise that are not included in VALPAK® Envelopes; (c) identify itself (and its affiliates) by its legal business name in connection with any activity within the Territory; (d) use any of the Marks within the Territory in connection with the promotion of the VALPAK® System or any aspect of the VALPAK® System; (e) solicit and sell, directly by National Sales, advertising products and services for distribution in the Territory using the Marks; and (f) engage in any activity that FRANCHISEE has been given an opportunity to engage in, on terms and conditions generally available to other Franchisees, and that FRANCHISEE does not wish to engage in. Also for the avoidance of doubt, COMPANY's Affiliates, including Clipper Magazine, LLC (or its successor or assign), may sell advertising and operate in, into, out of, from or for any location, including without limitation the Territory. Upon FRANCHISEE'S or COMPANY'S written request, COMPANY'S Affiliate will provide FRANCHISEE a six-month window to enter into a separate license agreement with the Affiliate to sell Clipp.com.

3.4 **Limitations**. The Franchise granted by this Agreement does not include any right on the part of FRANCHISEE to itself print, publish or distribute VALPAK® Envelopes or Advertising Inserts bearing the Marks or to cause any third party to do any of the foregoing, or to use the Marks other than in connection with the offer, sale and promotion of advertising in VALPAK® Envelopes in accordance with the VALPAK® System, and FRANCHISEE is expressly prohibited from engaging in any of such activities.

3.5 **Best Efforts**. During the Term, FRANCHISEE shall at all times: (a) faithfully, honestly and diligently perform its obligations hereunder; (b) continuously exert FRANCHISEE's best efforts to: (i) promote and enhance the VALPAK® System and the Marks; and (ii) the sale of Advertising Inserts, Electronic Advertising and all other products and services COMPANY authorizes FRANCHISEE to sell, in the Territory; and (c) follow and comply with Operating Procedures and participate in and support COMPANY's marketing, promotional and lead generation programs.

4. GRANT OF SOFTWARE LICENSES.

4.1 **Software**. FRANCHISEE must utilize, and license or purchase from COMPANY or its designees, as COMPANY may designate from time to time, all computer or other electronic device Software and related systems that COMPANY designates from time to time (currently known as VPOffice®). Pursuant to one or more separate written license agreements, COMPANY will, subject to this Agreement, license the Software to FRANCHISEE on a nonexclusive, nontransferable basis in accordance with the policies and procedures COMPANY designates for the use of such Software (or FRANCHISEE must license directly from COMPANY's designee, as COMPANY specifies). FRANCHISEE will sign and deliver to COMPANY such license agreements for the Software as COMPANY then currently requires. Upon the expiration (without renewal) or earlier termination of this Agreement, COMPANY will have full access to all data input in the Software for any purpose whatsoever, and FRANCHISEE's rights to use all such Software, and the related license agreements, will terminate. FRANCHISEE will be solely responsible for obtaining, maintaining, and operating at its expense all computer hardware and Software necessary for the use of the Software. COMPANY will not require FRANCHISEE to purchase, license or use any Software unless COMPANY reasonably believes that FRANCHISEE's use of such Software will: (i) improve FRANCHISEE's performance under this Agreement; (ii) improve communication and dissemination of information between and among COMPANY and its Franchisees or with Customers and Advertisers; (iii) enable transmission of graphics, advertising copy, copyrighted designs, artwork and other information or data concerning VALPAK® products and services between and among Advertisers,

Franchisees and COMPANY; and/or (iv) enable FRANCHISEE to furnish financial information to COMPANY and utilize such financial information to improve the operation of the Franchised Business.

4.2 **Restrictions on Use**. Except as expressly provided in this Agreement or as may be designated by COMPANY in the Operating Procedures, FRANCHISEE: may use the Software solely for internal business purposes related to the Franchised Business; and must not Transfer, sublicense or otherwise assign its rights in the Software to any third party nor allow any third party to access or use the Software. FRANCHISEE shall not have the right to alter or modify the Software without the express prior authorization of COMPANY. FRANCHISEE shall not have the right to, and must not, reverse engineer the Software to develop any other computer program or business system or methods. FRANCHISEE may make a reasonable number of object code copies of the Software for archival purposes. FRANCHISEE may not otherwise copy all or any part of the Software without COMPANY'S consent.

4.3 **New or Replacement Business Systems**. COMPANY may, in its sole judgment, designate new or replacement business systems, accounting systems, software, Customer relationship and prospective Customer/management systems ("**CRM Software**") from time to time, which FRANCHISEE must utilize and which COMPANY may require FRANCHISEE to license or purchase from COMPANY, its designees or third parties. CRM Software is currently optional, and FRANCHISEE must pay a monthly fee pursuant to Section 10.3 if it uses such software. FRANCHISEE must keep all types of data COMPANY designates in such or relating to such systems current, in accordance with the standards COMPANY may designate from time to time. FRANCHISEE must use and adhere to the accounting, bookkeeping, recordkeeping, prospecting/client management, and similar systems specified by COMPANY from time to time in the Operating Procedures. Some of these systems may be added to the Software or may be software acquired at FRANCHISEE's expense from third parties. FRANCHISEE acknowledges and agrees that, without limitation of Section 8.1(c), all information and data input contained in the CRM Software at any time is at all times the sole property of COMPANY.

5. TRAINING, GUIDANCE AND SERVICES.

5.1 **Training**. COMPANY will provide to FRANCHISEE (or, if FRANCHISEE is a business entity, up to two Owners) and, unless COMPANY otherwise agrees in writing, FRANCHISEE (or, if FRANCHISEE is a business entity, at least one Owner) will attend and complete to COMPANY's satisfaction the new franchise owner training offered after the execution of this Agreement. In its discretion, COMPANY may offer new franchise owner training and New Representative Orientation to additional persons associated with FRANCHISEE. COMPANY may charge, and FRANCHISEE will pay, COMPANY's then-current standard fees for furnishing new franchise owner training and/or New Representative Orientation to additional persons. New franchise owner training and New Representative Orientation will occur at such places and times as COMPANY designates.

In addition to new Franchise owner training and New Representative Orientation, FRANCHISEE and/or its Owners shall attend and complete such supplemental, refresher or new or additional training programs as COMPANY, in its discretion, may require. COMPANY will provide sales training to large and regional Advertisers at such times and in such frequency as it determines appropriate based on the demand of Franchisees in general and the number of trainees qualified to undertake such training, and FRANCHISEE may attend such training if it has qualified for it, has the potential Customers and marketplace to justify attending, and resources to implement the training in its business. COMPANY may charge and FRANCHISEE will pay COMPANY's then-current standard fees for furnishing such training programs.

COMPANY may, but is not required to, host periodic Business Meetings for Franchisees. In its discretion, COMPANY may require FRANCHISEE (or if FRANCHISEE is a business entity, at least one

Owner that is not an Entity Owner and/or the Key Person) to attend, another COMPANY-affiliated national meeting.

Unless COMPANY otherwise agrees, FRANCHISEE shall be solely responsible for all compensation, travel, lodging and living expenses incurred by FRANCHISEE, its Owners and employees in connection with attendance at new franchise owner training, and New Representative Orientation, supplemental and refresher training programs, and all other meetings and training sessions held by COMPANY.

Unless COMPANY and FRANCHISEE otherwise agree, COMPANY will provide to FRANCHISEE a New Franchise Owner Kit to assist FRANCHISEE with the start-up of the Franchised Business.

5.2 **Operating Procedures**. During the Term, COMPANY will provide FRANCHISEE with access to the Operating Procedures, either through insidevalpak.com or other electronic means, at no additional charge by COMPANY. COMPANY has the right to modify the Operating Procedures periodically to reflect changes in the specifications, standards, policies and Operating Procedures prescribed for franchised businesses operating under the VALPAK® System. All changes to the Operating Procedures shall be approved by an officer of COMPANY and shall become effective on the later of (i) 20 days after the date on which COMPANY gives notice of such change to FRANCHISEE, or (ii) such later date as COMPANY may specify in its notice to FRANCHISEE. FRANCHISEE shall keep any copies of Operating Procedures it maintains during the Term current; however, in the event of a dispute, the master copy maintained by the COMPANY at its principal office shall control. FRANCHISEE agrees that the contents of the Operating Procedures are confidential, and that FRANCHISEE will not disclose any Operating Procedures to any person other than employees of the Franchised Business who need to know them.

5.3 **COMPANY's Publication of VALPAK® Envelopes**. If FRANCHISEE is not in default of any monetary obligations to COMPANY, is in substantial compliance with this Agreement, any related agreements with COMPANY and with Operating Procedures, then COMPANY and its affiliates, as the sole publisher and distributor of VALPAK® Envelopes, agrees to publish and distribute VALPAK® Envelopes: (1) within the Territory in Mailings for which FRANCHISEE has submitted Insertion Orders, all in accordance with the VALPAK® System; (2) in such other geographic areas for Mailings ordered by other Franchisees in accordance with and subject to their franchise agreements and the Intermarket Sales Policy; and (3) in such other geographic areas (that may be outside the network of VALPAK® Franchisees) as COMPANY decides in its sole discretion to conduct Mailings from time to time. Notwithstanding the foregoing, COMPANY will not be liable for, or be in breach of this Agreement due to, the failure to mail or distribute, or for the Production of, VALPAK® Envelopes anywhere other than in the Territory.

(a) **Content**: FRANCHISEE and COMPANY acknowledge and agree that COMPANY:

(i) shall have final approval over the form and content of each individual item to be included in a VALPAK® Envelope;

(ii) shall have the sole discretion to determine the appearance and style of VALPAK® Envelopes, and to modify them from time to time, but the content of the VALPAK® Envelope itself (as opposed to the contents inside the VALPAK® Envelope) is at COMPANY's sole discretion;

(iii) shall have the right to reject any Advertising Insert if COMPANY believes that such Advertising Insert: (1) would violate any state, federal or local law; (2) would violate any common law, intellectual property, statutory or contractual right of any person or entity; or (3) the Customer ordering such Advertising Insert could, by association, reflect negatively on COMPANY, its franchisees or on other Customers or which could injure the goodwill associated with the Marks; and

(iv) shall produce and distribute, or arrange for the Production and distribution, of all VALPAK® Envelopes to be distributed in accordance with this Agreement, which Production shall include, without limitation: (1) the graphics preparation and printing, from final proofs provided by FRANCHISEE, of all Advertising Inserts other than those supplied by FRANCHISEE in accordance with Section 9.2; (2) collation and insertion of Advertising Inserts, including those supplied by FRANCHISEE in accordance with Section 9.2; (3) labeling and direct mailing of VALPAK® Envelopes; and (4) any other services provided by COMPANY as part of the VALPAK® System.

(b) **Mailings**: COMPANY shall use its reasonable efforts to place an ordered Mailing into distribution within nine (9) business days, or such shorter time as COMPANY may from time to time specify, following its receipt of an Insertion Order. COMPANY shall not be deemed to be in breach of its obligations to FRANCHISEE as a result of errors in the Production or distribution of VALPAK® Envelopes. However, in the event that COMPANY delivers a Mailing to the U. S. Postal Service and all or any portion of such Mailing is not delivered or is delivered to the wrong zip codes due to COMPANY's error or the error of the U.S. Postal Service, and through no fault of FRANCHISEE, COMPANY will re-mail VALPAK® Envelopes at no additional charge to FRANCHISEE. COMPANY shall publish in its Operating Procedures its policies regarding credits for Production errors, as such policies may be amended from time to time.

(c) **Disruptions / Alternatives**: In the event COMPANY is unable to accomplish the Production of VALPAK® Envelopes as a result of a strike, labor dispute, natural disaster, fire, war, act of terror, act of God or other event beyond the reasonable control of COMPANY, COMPANY shall use reasonable efforts to arrange for the Production of VALPAK® Envelopes using alternate resources. If COMPANY is unable to arrange for Production through an alternate source, then COMPANY shall so notify FRANCHISEE, and FRANCHISEE shall then be entitled to make arrangements for the Production of VALPAK® Envelopes using its own sources; provided however, that COMPANY may require FRANCHISEE to discontinue using such alternate source at any time based on the general reputation of such source for quality and reliability, or on COMPANY's evaluation of the quality of the products and services provided by such source, provided that other sources are then available on reasonable terms. FRANCHISEE shall resume using COMPANY for all Production at such time as COMPANY notifies FRANCHISEE that COMPANY is again able to perform Production services.

6. **MARKS**.

6.1 **Ownership and Goodwill of Marks**. FRANCHISEE acknowledges that FRANCHISEE has no right, title or interest in the Marks other than the limited right to use the Marks in strict accordance with this Agreement, and that FRANCHISEE's right to use the Marks is derived solely from this Agreement and is limited to the conduct of the Franchised Business pursuant to and in compliance with this Agreement and all applicable specifications, standards, policies and Operating Procedures prescribed by COMPANY

from time to time. Any unauthorized use of the Marks by FRANCHISEE shall constitute an infringement of the rights of COMPANY in and to the Marks.

FRANCHISEE agrees that all usage of the Marks by FRANCHISEE and any goodwill established thereby shall inure to the exclusive benefit of COMPANY, and FRANCHISEE acknowledges that this Agreement does not confer any goodwill or other interest in the Marks upon FRANCHISEE. FRANCHISEE shall not, at any time during the Term or after its termination or expiration, contest COMPANY's rights and interest in and to the Marks, or COMPANY's ownership of any of the Marks, or assist any other person in contesting COMPANY's rights and interest in and to the Marks or COMPANY's ownership of any of the Marks, or the application for registration of any of the Marks as trademarks, service marks or trade names. FRANCHISEE further agrees that it will not, during the term hereof or thereafter, register or seek to register as a trademark, service mark, trade name or corporate name, federally or in any state, territory, district or foreign country, any of the Marks or any trademark, service mark, trade name or corporate name similar to or derivative of any of the Marks.

All provisions of this Agreement applicable to the Marks apply to any additional trademarks, logo forms and commercial symbols hereafter authorized for use by and licensed to FRANCHISEE pursuant to this Agreement.

6.2 **Limitation on FRANCHISEE's Use of Marks**. FRANCHISEE agrees to identify COMPANY and its ownership thereof in a manner prescribed or approved in writing by COMPANY and shall identify itself as a franchisee of COMPANY and a licensed user of the Marks. If FRANCHISEE uses a fictitious or assumed name in connection with the operation of the Franchised Business, it shall file appropriate fictitious or assumed name affidavits in the jurisdictions where it is conducting business. FRANCHISEE shall not use any Mark as part of any corporate or legal business name, or (except in its assumed or fictitious business name approved by COMPANY) with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form. FRANCHISEE shall not use any Mark in connection with the offer or sale of any products or services other than advertising in VALPAK® Envelopes, or in a manner that may result in liability of COMPANY for any indebtedness or obligation of FRANCHISEE, or in any other manner not expressly authorized in writing by COMPANY. Any advertising or promotional materials used by FRANCHISEE that use the Marks must be in compliance with COMPANY's requirements relating to such use of the Marks and with COMPANY's standards for advertising. FRANCHISEE agrees to display the Marks prominently and as prescribed by COMPANY on signs, stationery and forms, and to use only the Marks as the names or Marks in connection with the Franchised Business. FRANCHISEE agrees not to use the Marks in any manner which could adversely affect the reputation of COMPANY. In each instance that FRANCHISEE uses the name "VALPAK®," it shall use the symbol ® immediately after such name to denote the federal registration of the VALPAK® name. FRANCHISEE shall furnish to COMPANY upon request, at any time and from time to time, samples of all materials on which FRANCHISEE uses any of the Marks.

6.3 **Modification or Substitution**. If it becomes advisable at any time, in COMPANY's sole discretion, for COMPANY and/or FRANCHISEE to modify or discontinue use of any Mark, and/or to use one or more additional or substitute trademarks, FRANCHISEE agrees to comply with COMPANY's directions to do so immediately upon receipt of notice thereof by COMPANY, and FRANCHISEE shall have no right to compensation or reimbursement from COMPANY for any loss arising from the loss of the use of such Marks. COMPANY will consult with the Franchisees Association prior to making a final decision to modify or discontinue the VALPAK® mark.

6.4 **Notification of Infringements and Claims**. FRANCHISEE shall notify COMPANY of any apparent infringement of or challenge to FRANCHISEE's use of any Mark, or claim by any person of any rights in any Mark as soon as reasonably practicable but in no event later than ten days of the receipt

by FRANCHISEE of notice of any of the foregoing. FRANCHISEE shall not communicate with any person other than COMPANY and COMPANY's counsel in connection with any such infringement, challenge or claim. COMPANY shall take such action, if any, as it, in its sole and absolute discretion, deems appropriate, and shall have the right to exclusively control any litigation or Patent and Trademark Office proceeding or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark, and FRANCHISEE agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of COMPANY's counsel, be necessary or advisable to protect and maintain the interests of COMPANY in any such litigation or Patent and Trademark Office proceeding or other proceeding or to otherwise protect and maintain the interests of COMPANY in the Marks. COMPANY will reimburse FRANCHISEE for its reasonable out-of-pocket expenses incurred in complying with specific requests made by COMPANY under this Section 6.4.

7. **RELATIONSHIP OF THE PARTIES/INDEMNIFICATION**.

7.1 **Relationship of Parties**. The parties agree that this Agreement does not create a fiduciary relationship between them, that FRANCHISEE is an independent contractor, and that nothing in this Agreement is intended to make either party a general or special agent, legal representative, joint venturer, partner or employee of the other party for any purpose. FRANCHISEE shall conspicuously identify itself in all dealings with Customers, Advertisers, suppliers, public officials, employees and others as the independent owner and operator of the Franchised Business under a franchise agreement with COMPANY, and shall place such other notices of independent ownership and operation on such signs, forms, stationery, advertising and other materials as COMPANY may require from time to time.

In consideration of the Franchise granted to FRANCHISEE, FRANCHISEE, on behalf of itself and its predecessors, affiliates, owners, directors, officers, employees, representatives, agents, successors and assigns (for purposes of this Section 7.1, the "**FRANCHISEE Releasors**"), hereby release, discharge and agree to hold harmless the COMPANY and its predecessors, affiliates, owners, directors, officers, employees, representatives, agents, successors and assigns (for purposes of this Section 7.1, the "**COMPANY Releasees**") from any and all suits, claims, liabilities, demands, promises, obligations, costs, expenses, actions and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected, which the FRANCHISEE Releasors now own or hold or have at any time heretofore owned or held or may at any time own or hold against the COMPANY Releasees arising out of or in any way related to FRANCHISEE's independent contractor status including, without limitation, wage and hour laws, misclassification theories or any similar type of laws or liability theories aimed at protecting employees ("**Released Claims**"). FRANCHISEE Releasors hereby covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against the COMPANY Releasees with respect to the Released Claims. Any of the COMPANY Releasees may plead or assert the covenant not to sue in this Section 7.1 as a complete defense and bar to any claim brought against any of them in contravention of this Section 7.1 and, if any such claim is brought against any of them, the FRANCHISEE Releasors, jointly and severally, shall indemnify, defend, and hold harmless any such COMPANY Releasees from and against any such claim. The FRANCHISEE Releasors acknowledge that they have read and understand the significance and consequences of Section 1542 of the California Civil Code which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.

Nevertheless, the FRANCHISEE Releasors acknowledge that this Section 7.1 has been agreed upon and they expressly waive any and all rights which any of them may have under Section 1542 of the California Civil Code, or any other state or federal statute or common law principle of similar effect.

Neither COMPANY nor FRANCHISEE shall make any express or implied agreements, guarantees or representations on behalf of the other, or incur any debt in the name of or on behalf of the other, or represent that FRANCHISEE has any relationship with COMPANY other than as a franchisee of COMPANY pursuant to this Agreement. COMPANY shall not be obligated by or have any liability under any agreements or representations made by FRANCHISEE, nor shall COMPANY be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business.

COMPANY and/or its affiliates will be solely responsible for all use and sales taxes imposed by any state on the sale of advertising, printing services and sales or use of other products and services by National Sales. But COMPANY shall have no liability for any sales, service, value added, use, excise, gross receipts, property or other taxes, whether levied upon FRANCHISEE, the Franchised Business or its assets, or upon COMPANY, in connection with sales made, services performed or business conducted by FRANCHISEE, or payments made to COMPANY by FRANCHISEE, except for (i) any taxes which COMPANY actually collects from FRANCHISEE with respect to purchases from COMPANY; (ii) any taxes due upon COMPANY's taxable income; or (iii) taxes imposed by the State of Florida on the sale of COMPANY's services to FRANCHISEE, provided that such taxes relate to Insertion Orders submitted by FRANCHISEE before COMPANY's receipt of notice of such assessment, or to the first Insertion Order submitted by FRANCHISEE thereafter. COMPANY agrees to notify FRANCHISEE of receipt of any such notice of assessment within a reasonable time thereafter.

7.2 **Indemnification by FRANCHISEE**.

(a) **Scope**: FRANCHISEE agrees to indemnify and hold all COMPANY-affiliated Indemnified Parties harmless against any loss, liability, expense or damages, which any of them may suffer or incur, which arises from or in connection with FRANCHISEE's breach of its obligations hereunder, FRANCHISEE's ownership or operation of the Franchised Business, the use of the Marks by FRANCHISEE in a manner which is inconsistent with COMPANY's instructions with respect thereto, any Advertising Insert or any other material provided to COMPANY by FRANCHISEE, or by reason of the Transfer or sublicensing of any interest in this Agreement, the Franchise, the Franchised Business, or the ownership of FRANCHISEE. For purposes of this Section, damages shall include all reasonable costs and expenses incurred by an Indemnified Party in connection with any claim, suit, proceeding or investigation against such Indemnified Party, including without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

(b) **Procedure**: If any claim or demand is asserted against or sought to be collected from an Indemnified Party by a third party, said Indemnified Party shall send a Claim Notice to FRANCHISEE within thirty (30) days of the receipt of such claim or demand; provided however, that any failure to give such COMPANY Claim Notice shall not constitute a waiver of any rights of the Indemnified Party hereunder unless such failure materially prejudices the defense of the third party claim. The Indemnified Party shall have the right to exercise exclusive control over the defense of any such claim or demand in such manner as it, in its sole discretion, deems appropriate or desirable. The Indemnified Party shall state in its Claim Notice whether it elects to control the defense of such claim or demand; provided however, that an election by the Indemnified Party not to control the defense of such claim or demand shall not preclude the Indemnified Party from

subsequently assuming control of such defense, which it may do at any time during the pendency of such claim or demand by delivering written notice to FRANCHISEE of such election.

(c) **Defense**: Regardless of whether COMPANY elects to exercise control over the defense of any claim or demand in which COMPANY is a named party, in no event shall FRANCHISEE concede liability on its own behalf or on behalf of COMPANY, or compromise or offer to compromise such claim without COMPANY's prior written consent, nor will FRANCHISEE take any other action which might impair COMPANY's ability to defend such claim.

(d) **Limitations**: An Indemnified Party shall have no right to seek or obtain indemnification from FRANCHISEE under this Section unless it sends a Claim Notice to FRANCHISEE during the Term or within two years from its expiration or termination.

(e) **Remedies**: FRANCHISEE acknowledges and agrees that the provisions of this Section do not constitute an exclusive remedy, and COMPANY retains all remedies which it may otherwise have at law or in equity for the duration of the applicable statute of limitations.

7.3 **Indemnification by COMPANY**.

(a) **Scope**: COMPANY agrees to indemnify and hold all FRANCHISEE-affiliated Indemnified Parties harmless against any loss, liability, expense or damages, which any of them may suffer or incur, which arises from or in connection with:

(i) National Sales;

(ii) operation of COMPANY's or National Sales' business and their sale of advertising services and products, and any Advertising Insert or any other material provided by COMPANY; and

(iii) infringement claims by third parties due to FRANCHISEE's use of the Marks pursuant to and in compliance with this Agreement.

For purposes of this Section, damages shall include all reasonable costs and expenses incurred by an Indemnified Party in connection with any claim, suit, proceeding or investigation against such Indemnified Party, including without limitation, reasonable accountants', attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses.

(b) **Procedure**: If any claim or demand is asserted against or sought to be collected from an Indemnified Party by a third party, said Indemnified Party shall send a Claim Notice to COMPANY within thirty (30) days of the receipt of such claim or demand (or within 10 days for claims involving the VALPAK® Mark); provided however, that any failure to give such FRANCHISEE Claim Notice shall not constitute a waiver of any rights of the Indemnified Party hereunder unless such failure materially prejudices the defense of the third party claim. COMPANY shall have the right to exercise exclusive control over the defense of any such claim or demand in such manner as it, in its sole discretion, deems appropriate or desirable. Notwithstanding the foregoing, COMPANY shall have the right (but not the obligation) to exercise exclusive control over the defense of any such claim or proceeding involving infringement claims by giving written notice to FRANCHISEE of its intent to do so at any time during the pendency of such claim or proceeding or during any appeal relating thereto.

(c) **Defense**: In no event shall COMPANY concede liability on its own behalf or on behalf of FRANCHISEE, or compromise or offer to compromise such claim without FRANCHISEE's prior written consent, nor will COMPANY take any other action which might impair FRANCHISEE's ability to defend such claim, unless COMPANY is responsible for satisfying the claim without contribution from FRANCHISEE.

(d) **Limitations**: An Indemnified Party shall have no right to seek or obtain indemnification from COMPANY under this Section unless it sends a Claim Notice to COMPANY during the Term or within two years from its expiration or termination.

(e) **Remedies**: COMPANY acknowledges and agrees that the provisions of this Section do not constitute an exclusive remedy, and FRANCHISEE retains all remedies which it may otherwise have at law or in equity for the duration of the applicable statute of limitations.

8. CONFIDENTIAL INFORMATION/EXCLUSIVE RELATIONSHIP.

8.1 Confidential Information.

COMPANY has a proprietary interest in all Confidential Information and all Confidential Information shall constitute a trade secret of COMPANY. Certain Confidential Information will be disclosed to or learned by FRANCHISEE in connection with its ownership and operation of the Franchised Business. FRANCHISEE acknowledges and agrees that, among other things, all Customer lists and Customer data and information generated by the Franchised Business constitute Confidential Information and shall be and remain the sole and exclusive property of COMPANY.

(a) **Limitations On Use**: The Confidential Information is made available to FRANCHISEE by COMPANY solely on the condition that FRANCHISEE agrees, and FRANCHISEE does hereby agree, that FRANCHISEE (and each of its Owners): (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the Term; (3) will not make copies of any Confidential Information provided to FRANCHISEE in writing; (4) will not reduce to writing any Confidential Information provided to FRANCHISEE in an unwritten form; and (5) will adopt and implement all reasonable procedures prescribed from time to time by COMPANY to prevent unauthorized use or disclosure of the Confidential Information, including without limitation, restrictions on disclosure thereof to FRANCHISEE's employees and contractors, and the use and enforcement of nondisclosure clauses in employment agreements or service contracts with such persons. FRANCHISEE (and its Owners) shall be responsible for any breach of this Section 8.1(a) by any of FRANCHISEE's officers, directors, employees, agents and representatives, and shall take all reasonable measures not prohibited by law, including but not limited to legal action, to restrain a violation hereof by any of such persons.

(b) **FRANCHISEE Compelled Disclosure**: In the event that FRANCHISEE (or its Owners), or FRANCHISEE's officers, directors, employees, agents, or representatives receives a request or is required (by deposition interrogatory, request for documents, subpoena, civil investigative demand or similar process) to disclose all or any part of the Confidential Information, FRANCHISEE (and its Owners) agree to (i) immediately notify COMPANY of the existence, terms and circumstances surrounding such a request, (ii) consult with COMPANY on the advisability of taking legally available steps to resist or narrow such request, and (iii) assist COMPANY in seeking a protective order or other appropriate remedy. In the event that such protective order or other remedy is not obtained or that COMPANY waives compliance with the provisions hereof, (1) FRANCHISEE may disclose to any tribunal only that portion of the

Confidential Information which FRANCHISEE is advised by written opinion of counsel is legally required to be disclosed or else stand liable for contempt or suffer other censure or penalty, and shall exercise FRANCHISEE's best efforts to obtain assurance that confidential treatment will be accorded such and (2) FRANCHISEE shall not be liable for such disclosure unless disclosure to any such tribunal was caused by or resulted from a previous disclosure by FRANCHISEE (or its Owners), or FRANCHISEE's officers, directors, employees, agents or representatives in violation of this Agreement.

(c) **FRANCHISEE Financial Information**: Franchisee acknowledges and agrees that certain FRANCHISEE Financial Information will be disclosed to and/or learned by COMPANY in connection with its relationship to FRANCHISEE and the Franchised Business. The preceding sentence notwithstanding, COMPANY agrees that it (1) will not use FRANCHISEE Financial Information in any other business or capacity, including a Competitive Business, unless disclosure relates to a product to be distributed primarily through the VALPAK® System; (2) will adopt and implement reasonable procedures to prevent unauthorized use or disclosure of FRANCHISEE Financial Information, including without limitation, restrictions on disclosure to COMPANY's Franchisees, affiliates, employees and contractors, and where appropriate, COMPANY shall use appropriate nondisclosure provisions in employment agreements and service contracts with persons who have access to FRANCHISEE Financial Information. For the avoidance of doubt, other than FRANCHISEE Financial Information, COMPANY and its Affiliates may utilize Confidential Information at COMPANY'S sole discretion. Despite anything to the contrary, COMPANY and FRANCHISEE agree that this Section 8.1(c) shall supersede provisions contained in Software license agreements between COMPANY and FRANCHISEE that govern COMPANY's obligation to maintain FRANCHISEE Financial Information in confidence. COMPANY agrees that it will not provide any competitors, including Clipper Magazine, LLC and Clipp.com, with COMPANY'S internal list of FRANCHISEE'S current Customers. For the avoidance of doubt, nothing herein will prevent competitors, including Clipper Magazine, LLC and Clipp.com, from determining who Customers are through publicly available information or selling to FRANCHISEE'S current Customers.

(d) **COMPANY Disclosure of FRANCHISEE Financial Information**: In the event that COMPANY, or COMPANY's officers, directors, employees, agents, or representatives, receives a request or is required to disclose FRANCHISEE Financial Information, COMPANY agrees to (i) notify FRANCHISEE of the existence, terms and circumstances surrounding such a request, (ii) consult with FRANCHISEE on the advisability of taking legally available steps to decline or narrow the scope of such request, and (iii) assist FRANCHISEE in seeking a protective order or other appropriate remedy.

(e) **Security Audit by Franchisees Association**. The Franchisees Association, at its own expense, shall have the right to conduct a security audit of COMPANY's policies, procedures, and systems related to the protection of FRANCHISEE Financial Information. Such audit may occur no more than once per twelve-month period, during normal business hours, and upon at least thirty (30) days' prior written notice. The audit scope shall be limited to COMPANY's safeguards of FRANCHISEE Financial Information. The Franchisees Association agrees that any reports, findings, or documentation resulting from the audit are Confidential Information of COMPANY and may solely be used to verify COMPANY's compliance with this Agreement. COMPANY agrees to address material deficiencies identified during the audit within a reasonable time.

8.2 **Competitive Activities**. FRANCHISEE acknowledges and agrees that COMPANY would be unable to protect its Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and any information among Franchisees if FRANCHISEE (or its

Owners or affiliates) were permitted to hold interests in, engage in, or support in any capacity, directly or indirectly, any Competitive Business. Therefore, neither FRANCHISEE nor its Owners or affiliates may hold interests in, engage in, or support in any capacity, directly or indirectly, any Competitive Business that has not been approved by COMPANY, in COMPANY's sole discretion, in advance in writing.

(a) COMPANY may, in its sole discretion, grant a waiver from any of the restrictive provisions of this Section 8.2, and thereby permit FRANCHISEE, its Owners or affiliates, and/or other Franchisees, to hold interests in, engage in, or support a Competitive Business. Any such waiver must be in writing and signed by a duly authorized officer of COMPANY. COMPANY shall determine the standards and qualifications upon which it may grant such a waiver, any or all of which may change from time to time and which may, amongst other things, include the following:

(i) the Competitive Business is not subject to control or restriction by any Person other than FRANCHISEE (or its Owner(s));

(ii) FRANCHISEE does not share any Confidential Information with the Competitive Business and takes precautions satisfactory to COMPANY (including written and other substantiating evidence) to ensure Confidential Information is neither disclosed to, nor used by, the Competitive Business;

(iii) the Competitive Business is not associated with any of the Marks in any way;

(iv) the Competitive Business is conducted solely within the Territory, and will not involve the distribution, marketing, sale or publication of advertising products or services outside the Territory, unless written consent of the COMPANY and the Franchisees operating in the Territory affected have been obtained; and

(v) the Competitive Business does not involve an advertising product which is substantially similar to an advertising product which is included in the VALPAK® System.

(b) If engaged in a Competitive Business with the prior written approval of COMPANY, FRANCHISEE must:

(i) provide COMPANY with a detailed listing of all Customers of the Competitive Business, both Customers that use the services of both the Franchised Business and the Competitive Business, as well as any Customers for whom the Competitive Business provides services or distributes advertising outside of the Territory, along with an obligation to update that list on a monthly basis or as otherwise requested by COMPANY from time to time;

(ii) provide COMPANY with a detailed listing, with annual or periodic updates, of all advertising services and products provided by the Competitive Business, the markets in which the Competitive Businesses operate and the degree to which such businesses promote, market, sell, service and otherwise operate outside of the Territory; and

(iii) provide COMPANY with a list of directors, officers, partners, managers and all personnel in a management or sales level position with the Competitive Business and updates such information as changes occur.

(c) Information supplied by FRANCHISEE to COMPANY pursuant to the foregoing will constitute FRANCHISEE Financial Information.

(d) FRANCHISEE will not enter into any contracts or business relationships that would either: (i) result in a violation of this Agreement; or (ii) restrict FRANCHISEE's performance under this Agreement.

(e) Notwithstanding the foregoing or any other contrary provision of this Agreement, during the Term, FRANCHISEE must not engage, directly or indirectly, in any business that involves cooperative direct mail advertising or the sale, marketing, promotion, printing or distribution of any Cooperative Direct Mail Advertising Products, other than Magazines.

8.3 **Other Businesses**. FRANCHISEE must operate the Franchised Business on a full-time basis or have a Key Person doing so. FRANCHISEE may be engaged in other business activities (other than a Competitive Business which is addressed in Section 8.2 above) subject to its obligation to dedicate its best efforts and commitments to operating the Franchised Business and selling advertising products and services authorized by COMPANY, only on the following terms and conditions:

(a) FRANCHISEE represents and warrants to the COMPANY that it has fully disclosed to the COMPANY, prior to entering into this Agreement, all other business interests and investments of any kind or nature, other than passive investments in publicly traded securities or mutual funds if the FRANCHISEE or its Owners or affiliates own or control less than 5% of the voting and equity securities of such publicly traded company or mutual fund.

(b) During the Term, FRANCHISEE must notify the COMPANY before entering into any other businesses either directly, or separately, via its Owners or affiliates. Furthermore, FRANCHISEE (and its Owners) agree to promptly, truthfully, accurately and completely disclose all other business interests to COMPANY as and when COMPANY requests, and on such forms and other documents as COMPANY directs.

8.4 **Discontinuation**. If FRANCHISEE is engaged in a Competitive Business (directly or indirectly) as of May 2003, and COMPANY has approved (in writing or otherwise) FRANCHISEE's engagement in such Competitive Business prior to May 2003, but COMPANY is not willing to approve FRANCHISEE's involvement in such Competitive Business going forward, then FRANCHISEE will have one year from the Effective Date of this Agreement to sell or otherwise discontinue all of its operations and ownership in such Competitive Business and will not be considered in violation of this Agreement if it does so.

9. COVENANTS OF FRANCHISEE.

9.1 **Specifications, Standards and Operating Procedures**. FRANCHISEE shall provide prompt and courteous service to its Customers and comply with Operating Procedures at all times. FRANCHISEE acknowledges that the operation of the Franchised Business in an ethical and professional manner and in compliance with Operating Procedures is essential to preserve Customer relations and the goodwill associated with the VALPAK® System.

9.2 **VALPAK® Envelope Requirements**. COMPANY has developed standards and specifications for the products and services used in the Production of VALPAK® Envelopes, and in order to protect and maintain the reputation and goodwill of the VALPAK® System, Company will provide all goods and services in connection with the Production of VALPAK® Envelopes, except as otherwise provided herein. COMPANY will permit FRANCHISEE to supply certain components of VALPAK® Envelopes to be distributed within the Territory to a limited extent in accordance with the policies, conditions and procedures for FRANCHISEE supplied components established by COMPANY in its sole discretion from time to time, it being agreed by the parties, however, that a material premise and condition of this Agreement upon which COMPANY relies is that COMPANY shall be the main source of the components of VALPAK® Envelopes. The policies, conditions, and procedures under which such components of VALPAK® Envelopes may be supplied by FRANCHISEE will be established in the discretion of COMPANY based upon factors that may include (but are not limited to) COMPANY's existing and planned Production capabilities and capacities, COMPANY's arrangements with outside sources, COMPANY's standards and requirements for the efficient, accurate and timely publication and distribution of VALPAK® Envelopes and the continuation of COMPANY's ability to maintain such standards, the accommodation of certain types of Customers, and the testing and introduction of new products and procedures. The conditions and limitations on the use of FRANCHISEE supplied components may include, without limitation, additional service charges, review and pre approval conditions and procedures, the entering of appropriate licensing and restrictive agreements with COMPANY by suppliers of such components, and restrictions or requirements pertaining to the time and place of delivery. In addition, any components of VALPAK® Envelopes to be supplied by FRANCHISEE must meet the standards and specifications of quality, function, and appearance established by COMPANY from time to time. COMPANY has no obligation to use in the Production of a Mailing any components of VALPAK® Envelopes not prepared or supplied by COMPANY (or its agents or subcontractors) except as provided by, and on the condition that there has been full compliance with, the terms of this Section and COMPANY's policies, conditions and procedures established hereunder.

9.3 **Management and Personnel of the Franchised Business**. The Franchised Business shall at all times be under the direct supervision of FRANCHISEE (or its Owners, if applicable), or with COMPANY's written permission, a Key Person. In order to be qualified as a Key Person, the Key Person must first: (i) have been approved by COMPANY; and (ii) shall have satisfactorily completed COMPANY's new franchise owner training at FRANCHISEE's expense. As a condition to the designation of a Key Person, FRANCHISEE shall require such person to execute an agreement containing confidentiality and non-compete provisions, which agreement shall be in the form prescribed by COMPANY for such purpose. With exception of the hiring and initial training of a Key Person, FRANCHISEE shall be exclusively responsible for the hiring and firing of all of FRANCHISEE'S employees, the terms of their employment, the proper training and for complying with all applicable laws, such as, but not limited to, wage, withholding tax, overtime, labor, and workers compensation.

9.4 **Performance Requirements**. Without limiting FRANCHISEE's other obligations under this Agreement, for each 12-month period after the Effective Date and for each calendar year, FRANCHISEE must complete a minimum of 10 Mailings sent to at least 70% of the Prime Households in each county (or portion thereof) that falls within the Territory for the entire Term, or higher frequency and market penetration rates as have been established by COMPANY.

If the Territory contains more than one county, the Territory may be divided into separate Performance Areas indicated on Exhibit "B" attached hereto. Despite anything contained in Section 13.2 below, failure by FRANCHISEE to satisfy the performance requirements set forth herein with respect to any county or Performance Area shall entitle COMPANY to unilaterally delete such Performance Area or county from the Territory by delivering written notice of such deletion to FRANCHISEE, and in such event, FRANCHISEE shall have no further rights with respect to such county or Performance Area.

Notwithstanding the foregoing, in the event that FRANCHISEE (or an Owner holding a controlling interest in FRANCHISEE) dies or becomes permanently disabled during the Term, the performance requirements applicable for the performance period in which such event occurs (or at FRANCHISEE's option, the next performance period) shall be reduced by one Mailing, but the performance requirements thereafter shall be as set forth above. FRANCHISEE agrees to provide COMPANY with such information as COMPANY specifies for each Mailing to be made in each calendar year during the Term no later than April 30 of the previous calendar year or such other date as may be agreed to by COMPANY and the Franchisees Association. Such information will include, without limitation, frequency, NTAs and Prime Households.

Nothing in this Agreement shall be construed as a representation by COMPANY that FRANCHISEE can or will achieve the performance requirements in this Section. FRANCHISEE'S failure to satisfy any performance requirement in this Section shall constitute a material breach of this Agreement and cause for termination, unless: (a) the Territory contains more than one Performance Area; and (b) such failure relates to less than all of FRANCHISEE's Performance Areas. However, if FRANCHISEE, or its Owners or affiliates, own or operate a Competitive Business, then FRANCHISEE must meet all performance requirements in this Section for all Performance Areas.

9.5 **Compliance with Laws and Good Business Practices**. FRANCHISEE shall secure and maintain in force all required licenses and permits relating to the operation of the Franchised Business, and shall operate the Franchised Business in full compliance with all applicable laws, ordinances, and regulations, including without limitation, all government regulations regarding workers' compensation insurance, unemployment insurance, and withholding and payment of federal, state, and local taxes. All advertising and promotion used by FRANCHISEE shall be accurate in all material respects and conform to the highest standards of ethical advertising and shall meet specifications issued by COMPANY from time to time. FRANCHISEE agrees to refrain from any business or advertising practice which may be harmful to the business of COMPANY, the goodwill associated with the Marks, or other VALPAK® Franchisees. FRANCHISEE shall notify COMPANY in writing as soon as reasonably practicable, but in no event later than ten days after FRANCHISEE receives notice of or otherwise becomes aware of the commencement of any action, suit, proceeding or investigation, or of the receipt of any notice of the issuance of any order, writ, injunction, award or decree of any court, agency or governmental unit which involves an alleged violation by FRANCHISEE of any law, ordinance or regulation which may adversely affect the operation, financial condition or reputation of COMPANY or any other VALPAK® Franchisee, or which may materially adversely affect the operation, financial condition or reputation of FRANCHISEE.

9.6 **Marketing Materials**. FRANCHISEE shall use its reasonable efforts to maintain at all times a complete set of then-current marketing materials available to VALPAK® Franchisees for use in the promotion of VALPAK® Envelopes and the sale of advertising services in connection therewith, and the first set of such materials shall be provided to FRANCHISEE by COMPANY at no charge. If requested by FRANCHISEE, COMPANY will at any time furnish FRANCHISEE with a complete additional set of then current marketing materials, and COMPANY shall have the right to charge a reasonable fee as established by COMPANY from time to time to cover its direct and indirect costs of providing such materials to FRANCHISEE. COMPANY will make available to FRANCHISEE from time to time such sales, marketing and promotional materials that it or National Sales utilize from time to time for marketing, promoting and selling VALPAK® advertising and services, to the extent COMPANY determines such materials will be beneficial for use by FRANCHISEE in the Franchised Business, that FRANCHISEE is fully trained and qualified to use them, and that FRANCHISEE has both the market of potential Customers and the resources to maximize the use of such materials. This provision does not apply to Customer-targeted or specific account marketing materials; but only to generic ones. Such materials will be available for such reasonable charges and fees as COMPANY establishes from time to time, and only upon written request by FRANCHISEE. FRANCHISEE must also purchase from COMPANY such NTA lists and data

as COMPANY makes available from time to time at COMPANY's then-current rates and charges. All such fees, costs, shipping and handling charges must be paid by FRANCHISEE prior to shipment by COMPANY. FRANCHISEE agrees to participate in, cooperate with, and encourage its Customers to complete, such evaluation forms and surveys as COMPANY periodically prescribes, whether performed directly by COMPANY, FRANCHISEE, or others designated by COMPANY. FRANCHISEE must immediately correct or repair any unsatisfactory conditions COMPANY specifies.

9.7 **Inspections**. FRANCHISEE shall, during the one-year period commencing on the date specified in Exhibit "B" to this Agreement or for such longer period as COMPANY may specify, provide COMPANY with such financial information regarding the operation of the Franchised Business as COMPANY may require, on a monthly basis or at such other intervals as COMPANY may specify. The specifications and scope of this financial information shall include, but will not be limited to, an income statement, balance sheet, accounts receivable aging report, commissions earned and cash disbursement journal. During any time period in which FRANCHISEE is not in compliance with this Agreement, FRANCHISEE must provide COMPANY with the information described above, and COMPANY or its designated agents have the right on 48 hours' prior notice to FRANCHISEE, during FRANCHISEE's regular business hours, to:

(a) Inspect FRANCHISEE's Business Office, and any other facility or location where FRANCHISEE conducts business activities and:

(i) Observe the operations of the Franchised Business for such consecutive or intermittent periods as COMPANY deems necessary;

(ii) Interview personnel, suppliers, subcontractors, service providers and Customers of the Franchised Business;

(iii) Inspect, access and copy any books, records and documents relating to the operation of the Franchised Business; and

(iv) Require the FRANCHISEE to provide COMPANY complete and accurate copies of all of FRANCHISEE's bank records, loan applications, tax records and other documents requested by COMPANY which reflect the Franchised Business.

(b) Inspect and audit, or cause to be inspected and/or audited: the Business Office business records, bookkeeping and accounting records, licensing applications and reports, sales, payroll and income tax or banking records and returns and other records of the Franchised Business (and such documents of any corporation or partnership which is the Owner of the Franchised Business under this Agreement).

(c) FRANCHISEE agrees to cooperate fully with COMPANY in connection with any such inspections, observations and interviews. FRANCHISEE agrees to cooperate fully with and provide unrestricted access for such inspection or audits to COMPANY's representatives and independent accountants it may hire to conduct any such inspection or audit.

(d) FRANCHISEE will allow COMPANY to inspect all books and records of any Competitive Business for purposes of determining compliance with this Agreement, on the same terms as otherwise granted to COMPANY with respect to the Franchised Business.

(e) The foregoing rights or remedies are in addition to COMPANY's other rights and remedies under this Agreement and applicable law.

9.8 **Conditional Assignment**. FRANCHISEE must sign and deliver to COMPANY its Conditional Assignment of Telephone Numbers, Listings, and Addresses maintained at any location in the form attached as an exhibit to the COMPANY's Franchise Disclosure Document.

9.9 **Security Agreement**. FRANCHISEE grants to COMPANY a security interest in all of its inventory, equipment, supplies, intangibles, goods, accounts receivables and any other assets of the FRANCHISEE used in the Franchised Business. FRANCHISEE agrees to execute and deliver to COMPANY the security agreement and UCC financing statements in the form attached as Exhibit "D." FRANCHISEE covenants and agrees that at any time, and from time to time, it will execute and deliver such additional instruments and take such actions as may be reasonably requested by COMPANY to confirm or perfect or otherwise to carry out the intent and purposes of this Section. The Security Agreement and security interest will be effective at all times in which FRANCHISEE owes any amounts to COMPANY.

9.10 **Insurance**. During the Term of this Agreement, FRANCHISEE must obtain and maintain in force, at its expense, such policies and types of insurance as COMPANY prescribes from time to time. COMPANY may prescribe the types, amounts, terms and conditions of insurance coverage FRANCHISEE is required to carry; standards for underwriters and insurers of policies; COMPANY's protection and rights under such policies as an additional named insured; required or impermissible insurance contract provisions; assignment of policy rights to COMPANY; periodic verification of insurance coverage that must be furnished to COMPANY; COMPANY's right to obtain insurance coverage at FRANCHISEE's expense if it fails to obtain required coverage. COMPANY may specify the terms and conditions in the manner it specifies including in the Operating Procedures. COMPANY may periodically change required coverages, amounts and policy terms.

10. **FEES**.

10.1 **Initial Fees**. Upon execution of this Agreement, FRANCHISEE shall pay COMPANY an initial franchise fee in the amount of Two Thousand and 00/100 Dollars ($2,000.00) for an active territory or Two Thousand Five Hundred and 00/100 Dollars ($2,500.00) for a dormant territory, which shall be non-refundable and fully earned by COMPANY upon execution of this Agreement.

Unless otherwise provided in Exhibit "C" to this Agreement, FRANCHISEE shall pay COMPANY a training fee of Twelve Thousand Five Hundred and 00/100 Dollars ($12,500.00) for an active territory or Fifteen Thousand and 00/100 Dollars ($15,000.00) for a dormant territory upon execution of this Agreement, which shall be non-refundable and fully earned by COMPANY upon execution of this Agreement.

FRANCHISEE shall also pay COMPANY a Territory acquisition fee (if applicable) in the amount and on the terms set forth in Exhibit "A" to this Agreement.

10.2 **Payments for Mailings and Purchases**. COMPANY will publish from time to time schedules of the prices charged by COMPANY to its VALPAK® Franchisees for the products and services provided by COMPANY in connection with the Production of the VALPAK® Envelopes, Electronic Advertising and other products or services it makes available to FRANCHISEE, which prices shall be established by COMPANY in its reasonable discretion. FRANCHISEE agrees to pay COMPANY for Production of the VALPAK® Envelopes for all Mailings within the Territory, and for any other products

and services ordered from COMPANY, in accordance with such price schedules as amended by COMPANY from time to time.

(a) **Mailings**: For the first six Mailings following the Effective Date of this Agreement, FRANCHISEE must pay COMPANY in full for each Mailing together with the Insertion Order for that Mailing. If FRANCHISEE establishes a satisfactory credit record with COMPANY over the course of FRANCHISEE's first six Mailings (unless waived by COMPANY in writing) and provided further that FRANCHISEE is in compliance with all of the terms of this Agreement, FRANCHISEE will pay for its Mailings as follows:

(i) Mailings 7-12: 50% due on Insertion Order date; balance on Mailing Date;

(ii) Mailings 13-18: Payments for prior Mailings must be paid in full before Insertion Order Date of next Mailing;

(iii) Mailings 19-End: Payments for prior Mailings must be paid in full before Mailing Date of next Mailing.

If you are purchasing an existing Territory, this schedule may be modified.

(b) **Electronic Advertising Fees**: Payment obligations for Electronic Advertising Services are calculated as a flat fee per month per mailed NTA in accordance with its then-current rate card for Electronic Advertising Fees, which may change from time to time at Valpak's discretion.

(c) **Deficiencies**: If payment terms are not met, COMPANY may suspend its performance and require payments for any Mailings on or before the associated Insertion Order Date or Mailing Date, in COMPANY's discretion. All such payments shall be made on the basis of a good faith estimate by COMPANY of all cost items. FRANCHISEE hereby agrees that in the event that such charges exceed COMPANY's estimates thereof, it will pay such deficiency to COMPANY within ten (10) days of receipt of notice of such deficiency.

10.3 **Customer Relationship Management Software Support and License Fee**. FRANCHISEE must pay to COMPANY a monthly CRM Software fee ("CRM Fee") for support and services for CRM Software for so long as CRM Software is supplied by COMPANY or its affiliates and FRANCHISEE either (i) is required by COMPANY to use it or (ii) elects to use it. The amount of the CRM Fee will vary based on the size of the FRANCHISEE's Territory but will not in any event be less than $75 per month. If COMPANY designates a third party to provide CRM Software, then FRANCHISEE shall agree to the terms of use of such CRM Software and pay any associated fees for use thereof.

10.4 **Small/Micro Service Program Fee**. FRANCHISEE shall pay a monthly data entry services fee (currently $50 per NTA per month) to COMPANY for so long as COMPANY offers this service to Franchisees, or to COMPANY's designated third party, if in the future a third party supplier is designated by COMPANY to supply this service to Franchisees.

10.5 **Association Fees and Marketing Fees**. COMPANY may require FRANCHISEE to pay Association Fees and Marketing Fees, as applicable, in connection with all Mailings. All Association Fees and Marketing Fees are paid to COMPANY. Any Association Fees paid by FRANCHISEE will be remitted by COMPANY to the Franchisees Association, which determines its own expenditures. COMPANY from time to time may be party to one or more written agreements with the Franchisees Association that govern whether and to what extent FRANCHISEE must pay and COMPANY must collect Association Fees.

Except as provided in the Intermarket Sales Policy, Marketing Fees are retained by COMPANY and expenditures of Marketing Fees are determined solely by COMPANY. Rates and guidelines for Association Fees and Marketing Fees are established by COMPANY from time to time and may be subject to written agreements with the Franchisees Association.

10.6 **Interest on Late Payments**. All amounts due for Mailings ordered by FRANCHISEE and other amounts which FRANCHISEE owes to COMPANY or its affiliates shall bear interest commencing ten (10) days after the due date at the highest applicable legal rate for an account business credit, not to exceed one and one-half percent (1.5%) per month. FRANCHISEE acknowledges that this Section 10.6 shall not constitute COMPANY's agreement to accept such payments after same are due or a commitment by COMPANY to extend credit to, or otherwise finance FRANCHISEE's operation of, the Franchised Business. Further, FRANCHISEE acknowledges that its failure to pay all such amounts when due shall constitute an event of default.

10.7 **Intermarket Sales and Electronic Advertising**. FRANCHISEE must pay to COMPANY or to such other Franchisees as COMPANY may designate, all applicable fees or compensation designated in the Intermarket Sales Policy or COMPANY's Policy for Electronic Advertising (e.g., as may be defined in the Intermarket Sales Policy, without limitation: Turf Fees, Matrix Fees, Over-weight Postage Fees, Collaboration Fees, Electronic Advertising Fees, and the like). On a periodic basis, at times and in the manner determined by COMPANY (which may be by electronic means only), COMPANY will report to FRANCHISEE information to enable FRANCHISEE to determine its compensation and costs associated with National Sales activities and Intermarket transactions. COMPANY will design the format of these reports and will consult with the Franchisees Association from time to time to improve the method and content of such reports. COMPANY may specify such reporting in the Intermarket Sales Policy.

10.8 **Application of Payments**. COMPANY shall have sole discretion to apply any payments received from FRANCHISEE or any indebtedness of COMPANY to FRANCHISEE to any past due indebtedness of FRANCHISEE for Mailings ordered by FRANCHISEE, purchases from COMPANY or any other indebtedness of FRANCHISEE to COMPANY or its affiliates.

11. TRANSFER.

11.1 **Transfer by COMPANY**. This Agreement and COMPANY's interests under it are fully assignable by COMPANY and shall inure to the benefit of any transferee or other legal successor to COMPANY's interests herein.

11.2 **FRANCHISEE May Not Transfer Without Approval**. FRANCHISEE understands and acknowledges that the rights and duties created by this Agreement are personal to FRANCHISEE and that COMPANY has granted the Franchise to FRANCHISEE in reliance upon the individual or collective character, skill, aptitude, attitude, business ability and financial capacity of FRANCHISEE (or the Owners, where FRANCHISEE is a business entity). Accordingly, neither this Agreement nor the Franchise (or any interest therein), nor any part or all of the ownership of FRANCHISEE or the Franchised Business (or an interest therein) may be transferred without the prior written approval of COMPANY, which it may, except as set forth in Sections 11.3, 11.4 and 11.6, grant or deny in its sole discretion, and any such Transfer without such approval shall constitute a breach hereof and shall convey no rights to or interests in this Agreement, the Franchise, FRANCHISEE, or the Franchised Business. It is expressly agreed that FRANCHISEE shall not be permitted to grant or offer to grant any sublicense with respect to the Franchise, the Marks or the Franchised Business.

11.3 **Conditions for Approval of Transfer by FRANCHISEE**. If FRANCHISEE (or its Owners) desires to make a Transfer, then COMPANY shall not unreasonably withhold its approval of a

Transfer that meets all the requirements of this Section. The conditions set forth below shall also apply to any Transfer which is not subject to COMPANY's right of first refusal pursuant to Section 11.6 but to which COMPANY, acting in its sole discretion, consents after receipt of a written request from FRANCHISEE.

A Transfer of ownership or rights to the assets or income of the Franchised Business may be made only in conjunction with a Transfer of the Franchise. As to any Transfer, all of the following conditions must be met prior to or concurrently with the effective date of the Transfer:

(a) FRANCHISEE and its Owners must be in full compliance with this Agreement;

(b) FRANCHISEE must pay all amounts owed to COMPANY or its affiliates or to other VALPAK® Franchisees which are then due and unpaid;

(c) the transferee (and each of its owners, if applicable) must: (i) have sufficient business experience, aptitude, and financial resources to successfully operate the Franchised Business; (ii) be of good character; and (iii) meet COMPANY's then-applicable standards for VALPAK® Franchisees (including all credit standards and financial capability, recognizing that COMPANY's standards may be greater for an active territory than for a startup);

(d) transferee (or its representative approved by COMPANY) must agree: (i) to complete COMPANY's training program to COMPANY's satisfaction at the transferee's own expense; and (ii) to be bound (jointly and severally with respect to owners of the transferee, if any) and execute COMPANY's then-current form of franchise agreement or at COMPANY's election, execute an assignment agreeing to be bound by all the terms and conditions of this Agreement for the remainder of its Term; and (iii) regardless of the form of franchise agreement, the transferee must agree to place Insertion Orders for Mailings at the same or greater frequency as FRANCHISEE at the time of Transfer, but not less than 10 times during each 12-month period to at least 70% of the Prime Households in the Territory.

(e) FRANCHISEE (and each of its Owners) must execute a general release, in a form satisfactory to COMPANY, of any and all claims against COMPANY, its affiliates, and their respective officers, directors, employees and agents;

(f) FRANCHISEE must pay COMPANY a Transfer fee in the amount of $1,000, which amount may be increased from time to time in the reasonable discretion of COMPANY;

(g) COMPANY must have approved the material terms and conditions of the assignment and related contracts, and must have determined to its satisfaction (without representing same to transferee or FRANCHISEE) that the price and terms of payment are not so burdensome as to adversely affect the operation of the Franchised Business by the transferee (provided that FRANCHISEE and transferee acknowledge in writing that such approval shall not constitute a representation by COMPANY to transferee or FRANCHISEE as to the fairness of the contract terms or otherwise, or the agreement by COMPANY to any modification of this Agreement or a waiver by COMPANY of any of its rights under this Agreement or otherwise);

(h) FRANCHISEE shall have demonstrated to the satisfaction of COMPANY that the Transfer complies with all applicable state, federal, and local laws;

(i) if FRANCHISEE finances any part of the sale price of the transferred interest, FRANCHISEE (and its Owners) must agree that all obligations of the transferee to make payments

to FRANCHISEE (and/or its Owners) under or pursuant to any promissory notes or agreements shall be subordinate to the transferee's obligations to pay COMPANY any amounts due to COMPANY or its affiliates and to otherwise satisfy its obligations to COMPANY. Notwithstanding the foregoing, in the event that FRANCHISEE has financed the sale of the transferred interest and has provided copies of all financing documents in connection with obtaining COMPANY's consent to such Transfer, should the transferee default on its obligations to COMPANY prior to the repayment in full of such transferee's indebtedness to FRANCHISEE, COMPANY shall, at its option, either (a) provide FRANCHISEE with 15 days' notice and opportunity to cure prior to exercising COMPANY's right to terminate the Franchise, or (b) if COMPANY elects to terminate the Franchise without prior notice to FRANCHISEE, COMPANY will permit FRANCHISEE to reacquire the Franchise from COMPANY, subject to the provisions hereof. In the event that FRANCHISEE desires to reacquire the Franchise pursuant to the immediately preceding sentence, the exercise of such right shall be subject to (1) cure by FRANCHISEE of all of the defaults which were the basis for termination of the Franchise, including without limitation, the payment of all past due amounts, together with interest accrued thereon at the rate of two percent over the prime rate of interest, as published in the Wall Street Journal; (2) execution by FRANCHISEE of COMPANY's then current form of Franchise Agreement; and (3) payment by FRANCHISEE to the terminated Franchisee of any amounts which may be required by applicable law in connection with such termination;

(j) COMPANY may require that the transferee abide by the payment terms for Mailings that it then currently offers new Franchisees as a condition for approving the Transfer or other terms that may differ from the payment terms enjoyed by FRANCHISEE at the time of the Transfer, based on COMPANY's sole judgment;

(k) FRANCHISEE (and its Owners) must have fully complied with, and COMPANY must have chosen not to exercise, the right of first refusal described in Section 11.6; and

(l) if FRANCHISEE, its Owners or affiliates, own or operate a Competitive Business, then after the Transfer, neither the transferee nor its affiliates shall own or operate a Competitive Business without COMPANY's prior written approval and compliance with all terms and conditions, in this Agreement or the franchise agreement governing the transferee, for a franchisee's involvement with a Competitive Business.

Subsection 11.3(d) will not apply to Transfers made pursuant to Section 11.4 below. Transfers made due to death or disability of FRANCHISEE or any Owner are subject to Section 11.5 below and only conditions 11.3(b), (c), (d), (f), (g), (i) – but first sentence only, (j) (k) and (l) above.

11.4 **Transfer to a Wholly Owned Corporation**. Subject to the provisions of this Section 11.4, this Agreement and the Franchise may be assigned by FRANCHISEE to a newly-formed corporation with no debts or liabilities and which conducts no business other than the Franchised Business (and other VALPAK® franchised businesses), which FRANCHISEE actively manages, and in which FRANCHISEE is the sole legal and beneficial owner of all of the issued and outstanding capital stock. Such corporation must agree to assume and be bound by all the terms and conditions of this Agreement. FRANCHISEE (and each Owner) shall continue to be personally bound by this Agreement, jointly and severally. FRANCHISEE and such corporation shall be required to execute a form of assignment and assumption agreement then prescribed or approved by COMPANY for such assignments. Transfers of interests in such corporation will be subject to the terms and conditions of this Section 11.

11.5 **Death or Disability of FRANCHISEE**. Subject to the terms and conditions of Section 11.6 below, upon the death or permanent disability of FRANCHISEE (or any Owner), the executor,

administrator, or other representative of such person, upon receipt of payment of the fair market value therefor, shall assign the interest of FRANCHISEE (or such Owner) in this Agreement and the Franchise (or such interest in FRANCHISEE), to a third party approved in writing by COMPANY in its sole discretion. Such disposition of this Agreement and the Franchise or such interest in the FRANCHISEE shall be completed within a reasonable time, not to exceed one year from the date of death or permanent disability, and shall be subject to all the terms and conditions applicable to Transfers contained in Section 11.3. Failure to so Transfer the interest in this Agreement and the Franchise or such interest in FRANCHISEE within the specified period shall constitute a breach of this Agreement. Notwithstanding the foregoing, the provisions of Section 11.3 (other than subparagraphs (c) and (d) thereof) and Section 11.6 below shall not be applicable to a Transfer to a family member of FRANCHISEE (or Owner, if FRANCHISEE is not a natural person) upon the death or disability of FRANCHISEE (or Owner), provided that such Transfer is consummated within one year of the date of such death or disability. For purposes of this Section, a member of a FRANCHISEE's (or Owner's) family shall mean such person's spouse, lineal descendants or adopted children, ancestors, siblings or the lineal descendants or adopted children of siblings.

11.6 **COMPANY's Right of First Refusal**.

(a) **Offer**: If FRANCHISEE (or its Owners) shall at any time determine to make any Transfer (other than by gift or bequest), FRANCHISEE (or its Owners) shall obtain a bona fide, executed written firm offer from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to COMPANY. Any such offer must separate the Franchised Business being sold from any other business FRANCHISEE, its Owners or affiliates are selling or disposing of; including separate price and payment terms. Any contingency condition or term in such offer that makes the transaction contingent on the purchase or sale of both the Franchised Business and any other business or asset will not be binding on the COMPANY.

(b) **COMPANY Option**: COMPANY shall have the right, exercisable by written notice delivered to FRANCHISEE within twenty (20) days from the date of delivery of an exact copy of such offer to COMPANY, to purchase such assets or interest for the price and on the terms and conditions contained in such offer, provided that if COMPANY exercises such purchase right, it shall have sixty (60) days to prepare for closing. If the offer applies to assets or businesses in addition to the Franchised Business, then the COMPANY will have sixty (60) days to make its decision and one hundred twenty (120) days to prepare for closing. At the COMPANY's option, it may either acquire the Franchised Business and all other assets or businesses described in the offer on the same terms and conditions; or substitute for the price specified in the offer for the Franchised Business, a price to be determined by the following appraisal process.

(c) **Closing**: In the event that COMPANY exercises its rights hereunder, FRANCHISEE shall deliver to COMPANY at closing all sales data and other information which COMPANY may reasonably request regarding FRANCHISEE's operations. If COMPANY has not exercised its right of first refusal within the applicable time period (through no fault of FRANCHISEE or its Owners), FRANCHISEE (or its Owners) may complete the sale to such purchaser pursuant to and on the exact terms of such offer, subject to COMPANY's approval of the Transfer and fulfillment of all conditions otherwise set forth in Section 11.3, which approval shall not be unreasonably withheld. However, if the sale to such purchaser is not completed within one hundred twenty (120) days after delivery of such offer to COMPANY, or if there is a material change in the terms of the proposed Transfer, COMPANY shall again have the right of first refusal herein provided.

(d) **Appraisal**: If FRANCHISEE is transferring assets or businesses in addition to the Franchised Business as part of the transaction, and COMPANY elects to acquire the Franchised Business only, then:

(i) When COMPANY makes its election, it will specify a purchase price and pay a deposit of 50% of the proposed price to be held in escrow by a mutually acceptable escrow agent;

(ii) If FRANCHISEE and COMPANY have not agreed on a purchase price within the next 30 days, FRANCHISEE will obtain, at its expense, an appraisal of the Franchised Business from a reputable firm qualified to value businesses acceptable to COMPANY;

(iii) If such appraisal is lower than the price offered by COMPANY, then it will be the purchase price;

(iv) If such valuation is higher, then COMPANY may either purchase at such higher price or obtain a final and conclusive appraisal from another reputable and qualified appraiser (with the appraisal costs split between the parties), chosen by consent of both parties, and the purchase price determined by such appraiser will be final and binding;

(v) The purchase price will be paid at the earlier of the closing or 10 business days following determination;

(vi) If the purchase price is determined by appraisal because the FRANCHISEE does not accept COMPANY's proposed price, then Transfer and possession of the Franchised Business will occur on payment of the deposit and payment of the balance will be a condition subsequent to closing.

12. **TERM AND RENEWAL**.

12.1 **Term**. The Term and the Franchise shall commence on the date of COMPANY's signature on this Agreement and shall expire on the last day of the calendar month in which the tenth (10th) anniversary of the date hereof occurs, unless this Agreement is terminated sooner in accordance with its terms.

12.2 **Renewal Rights**. Subject to FRANCHISEE's satisfaction of the terms and conditions contained in Section 12.3 below, FRANCHISEE will have a right to renew the Franchise for a period of five (5) years upon expiration of the Term.

12.3 **Renewal Conditions**. In order to renew the Franchise, FRANCHISEE must satisfy all of the following terms and conditions:

(a) FRANCHISEE must have substantially complied with all material provisions of this Agreement during the Term and at the time of renewal must be in full compliance with the terms hereof and not be in default of any of its obligations to COMPANY or its affiliates under any other agreement.

(b) Without limiting (a) above, during the Term, FRANCHISEE must have substantially satisfied the performance requirements as set forth in Section 9.4 hereof.

(c) FRANCHISEE must deliver to COMPANY written notice of its desire to renew the Franchise not more than one hundred eighty (180) days and not less than ninety (90) days prior to the expiration of the Term.

(d) FRANCHISEE (and FRANCHISEE's Owners) must, within thirty (30) days after receipt, execute and deliver to COMPANY the Renewal Agreement, which may contain terms and conditions materially different from the terms and conditions contained in this Agreement.

Failure by FRANCHISEE or its Owners to fulfill either of the conditions set forth in (c) and (d) above shall be deemed an election by FRANCHISEE not to renew the Franchise. If FRANCHISEE gives COMPANY the notice of renewal as set forth in (c) above but COMPANY determines that FRANCHISEE has not satisfied all of the conditions for renewal, COMPANY will, within thirty (30) days of receiving FRANCHISEE's notice of its intent to renew, give FRANCHISEE written notice stating the reasons for COMPANY's refusal to renew the Franchise. COMPANY's failure to deliver such notice within such thirty (30) day period shall not be deemed to be a waiver of COMPANY's right to refuse FRANCHISEE's renewal request.

13. **TERMINATION**.

13.1 **Termination / Default**. Upon the occurrence of any of the events set forth below, each of which shall constitute an event of default, COMPANY shall have the right, in addition to all other rights and remedies available to COMPANY, to terminate this Agreement by delivering a written notice to FRANCHISEE stating that COMPANY elects to terminate this Agreement, which notice shall describe the event of default and FRANCHISEE's right to cure, if applicable. Termination shall be effective immediately upon delivery of such notice in those instances in which FRANCHISEE has no right to cure and shall be effective immediately upon the expiration of any cure period to the extent such default remains uncured, in whole or in part, at the expiration of the relevant cure period. Termination of this Agreement shall constitute a termination of the Franchise. It shall be an event of default if FRANCHISEE (or any of its Owners):

(a) fails to timely pay any fees, payments for Mailings, or other amounts due to COMPANY, unless such failure is cured within ten (10) days after delivery by COMPANY of notice of such failure;

(b) abandons or neglects in any material respect the overall operation of the Franchised Business;

(c) has made any material misrepresentation or omission in the application for the Franchise or any renewal thereof, or in connection with any amendment to this Agreement;

(d) is convicted of or pleads no contest to any criminal offense likely to adversely affect the reputation of COMPANY, FRANCHISEE, or the VALPAK® System;

(e) fails, within ten (10) days after notification of noncompliance, to comply with any federal, state or local law applicable to FRANCHISEE or the operation of the Franchised Business; provided however, that such noncompliance shall not constitute an event of default so long as FRANCHISEE contests such legal requirement in good faith and at its own expense by appropriate legal proceedings, and provided further that such legal proceedings effectively forestall any action

by any governmental body which would materially and adversely affect the operation of the Franchised Business;

(f) makes an unauthorized Transfer (including without limitation by sublicense) of an interest in this Agreement, the Franchise, the Franchised Business, or an ownership interest in FRANCHISEE;

(g) makes any unauthorized use or disclosure of any Confidential Information. makes any unauthorized use of any of the Marks, or engages in any conduct likely to adversely affect the reputation of COMPANY, FRANCHISEE, or the VALPAK® System;

(h) breaches (i) any provision of this Agreement (other than those otherwise described in any other subsection of this Section 13.1) or any specification, standard, or operating procedure prescribed by COMPANY, unless such breach is cured within thirty (30) days after delivery of COMPANY's notice of such breach; (ii) the same provision of this Agreement (other than the performance requirements referred to in Section 9.4) on two or more separate occasions within any period of twelve (12) consecutive months, whether or not such breaches are cured after receipt of notice thereof; or (iii) any provision of this Agreement (other than the performance requirements referred to in Section 9.4) on three (3) or more separate occasions within any period of eighteen (18) consecutive months, whether or not such breaches are cured after receipt of notice thereof;

(i) becomes insolvent (cannot pay its debts as they become due in the ordinary course) or files or has filed against it a petition in bankruptcy;

(j) fails to assign an interest within a one-year period upon death or disability of FRANCHISEE (or any Owner); or

(k) is in breach of any other written agreement with COMPANY or its affiliates.

13.2 **Termination / Performance Requirements**.

(a) **No Competitive Business**: Despite anything contained Section 13.1 to the contrary, if FRANCHISEE fails to satisfy the performance requirements contained in Section 9.4 or COMPANY reasonably believes in good faith that FRANCHISEE has not met its obligation under Section 3.5, but FRANCHISEE and its Owners and affiliates are not engaged in any way in a Competitive Business and FRANCHISEE has not defaulted under Sections 9.4 or 3.5 on three (3) or more separate occasions within any period of twenty four (24) consecutive months during the Term, then:

(i) COMPANY will not terminate this Agreement unless (A) COMPANY has provided FRANCHISEE with 180 days' prior written notice, and (B) FRANCHISEE has not cured the default within such 180-day period;

(ii) provided that, during such 180-day period and thereafter for the duration of the Term, COMPANY may require FRANCHISEE to adopt and adhere to a business plan mutually developed and designed to accomplish FRANCHISEE's performance requirements; and

(iii) provided further, that, if the Territory contains more than one Performance Area and FRANCHISEE's failure to satisfy the performance requirements contained in Section 9.4 relates to less than all of such Performance Areas,

then, despite anything to the contrary contained in this Section 13.2, such failure shall not constitute an event of default hereunder.

(b) **Competitive Business**: If FRANCHISEE, its Owners or affiliates is engaged in a Competitive Business, and has failed to satisfy the performance requirements specified in Section 9.4 of this Agreement or COMPANY reasonably believes in good faith that FRANCHISEE has not met its obligations under Section 3.5, then COMPANY may terminate this Agreement:

(i) on sixty (60) days prior written notice; or

(ii) immediately if FRANCHISEE has violated the requirements or Section 9.4 or 3.5 on three (3) or more separate occasions within any period of twenty-four (24) consecutive months, whether or not such violations are cured after receipt of notice thereof.

(c) **Voting Proxy and Power of Attorney; National Sales Requests**: Despite anything to the contrary contained in this Agreement, if FRANCHISEE fails to cure any default of this Agreement after notice and opportunity to cure, as provided for in this Agreement, then, prior to the expiration or termination of this Agreement, (i) upon notice from COMPANY and without limiting any other right or remedy available to COMPANY, FRANCHISEE grants a proxy and power of attorney to COMPANY to vote on FRANCHISEE's behalf on all matters coming before, and take such actions relating to, the Franchisees Association including, without limitation, matters that require Consent of Franchisees, and (ii) FRANCHISEE shall accept all requests for consent from National Sales. The proxy and power of attorney and the requirement of FRANCHISEE to accept all requests for consent from National Sales, that are described in this Section 13(c) will be automatic, irrevocable and effective on the date of COMPANY's notice and will continue in effect until FRANCHISEE (x) cures the default that is the subject of COMPANY's notice of default, and (y) otherwise remains in full compliance with this Agreement for a period of three (3) consecutive months after the date that FRANCHISEE has cured the default.

14. POST TERMINATION OBLIGATIONS.

14.1 **Marks and Confidential Information**. FRANCHISEE agrees that after the termination or expiration of the Franchise, FRANCHISEE will: (i) not disclose to any other person or use, directly or indirectly, any Confidential Information disclosed to or otherwise learned by FRANCHISEE; (ii) not use any Mark or colorable imitation thereof, or any other commercial symbol suggesting or indicating a connection with COMPANY, in any manner or for any purpose; (iii) immediately return to COMPANY any materials containing any Mark, Confidential Information, or otherwise relating to the VALPAK® System, including but not limited to any printed copies of the Operating Procedures; (iv) immediately cancel all fictitious or assumed name or equivalent registrations which incorporate any of the Marks or which are confusingly similar thereto; and (v) immediately furnish to COMPANY evidence satisfactory to COMPANY of FRANCHISEE's compliance with the foregoing obligations.

14.2 **Continuing Obligations**. All obligations of COMPANY and FRANCHISEE which expressly or by their nature survive the termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding its expiration or termination, and until they are satisfied or by their nature expire.

14.3 **Payment of Amounts Owed to COMPANY**. Immediately upon the effective date of termination or expiration of the Franchise, FRANCHISEE shall pay any fees and amounts owed for products or services purchased by FRANCHISEE from COMPANY, and all other amounts owed to

COMPANY or its affiliates or to other VALPAK® Franchisees which are then unpaid, and furnish a complete accounting of all such amounts owed to COMPANY, its affiliates, or other creditors of the Franchised Business. Within fifteen (15) days after the effective date of termination or expiration of the Franchise, COMPANY shall pay to FRANCHISEE any amounts which it then owes to FRANCHISEE, less any amounts then owed by FRANCHISEE to COMPANY.

14.4 **Covenant Not to Compete**. FRANCHISEE (and each Owner) agrees that for the Covenant Period, FRANCHISEE (and each Owner) shall not have any direct or indirect interest as an owner, investor, partner, member, manager, lender, director, officer, employee, consultant, representative or agent, or in any other capacity, in any Competitive Business operating, selling, promoting or Mailing: (a) within the Territory; or (b) within any other geographic area where COMPANY, its affiliates, or a Franchisee is operating or doing Mailings, or has plans to operate or do Mailings.

14.5 **Non-solicitation**. FRANCHISEE (and each Owner) covenants and agrees that during the Covenant Period, FRANCHISEE (and each Owner) will not, directly or indirectly, solicit or accept business from any person or entity which was a client or Customer of FRANCHISEE, COMPANY or another Franchisee at or prior to the date of termination or expiration of this Agreement, or from any person actively sought as a prospective client or Customer of FRANCHISEE, COMPANY or another Franchisee prior to the date of termination or expiration of this Agreement, by or on behalf of any Competitive Business.

14.6 **Continuation of Business by COMPANY**. FRANCHISEE acknowledges and agrees that upon termination or expiration of the Franchise, unless COMPANY agrees otherwise, all Customers that were procured and/or serviced by Franchisee during the Term shall immediately and automatically become Customers of COMPANY or its designee(s) and, accordingly, COMPANY or its designee(s) may sell advertising in VALPAK® Envelopes within the Territory to such Customers without compensation to FRANCHISEE (or its Owners).

14.7 **Assignment to COMPANY**. At any time after termination of the Franchise, upon request by COMPANY, FRANCHISEE (or its Owners, if applicable) shall: (a) assign to COMPANY, without payment of any compensation to FRANCHISEE or its Owners (all in accordance with the Conditional Assignment of Phone Numbers and Listings that FRANCHISEE must sign and deliver to COMPANY simultaneously with this Agreement): (i) its right to use all existing telephone numbers used by FRANCHISEE in connection with the operation of the Franchised Business and shall notify the local telephone company and FRANCHISEE's cellular service providers of such assignment; and (ii) any and all email addresses and U.S. Postal Service post office boxes used in any way in the Franchised Business; and (b) grant COMPANY access to, and allow it to make copies of and extracts from, all business records that pertain in any way to the Franchised Business.

15. MISCELLANEOUS.

15.1 **Severability and Substitution of Valid Provisions**. Each provision of this Agreement and any portion thereof shall be considered severable and if, for any reason, any such provision of this Agreement is held to be invalid, contrary to, or in conflict with any applicable present or future law or regulation in a final, un-appealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which COMPANY is a party, that ruling shall not impair the operation of, or have any other effect upon, other portions of this Agreement. Such other portions shall continue to be given full force and effect and bind the parties hereto, although any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires, if FRANCHISEE is a party thereto, otherwise upon FRANCHISEE's receipt of a notice of non-enforcement thereof from COMPANY. To the extent that any provision is deemed unenforceable by virtue of its scope in terms of area, length of time, and/or business activity prohibited, but could be made enforceable by reducing any or

all thereof, FRANCHISEE and COMPANY agree that same shall be enforced to the fullest extent permissible under applicable law.

If any applicable and binding law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement than is required hereunder, or the taking of some other action not required hereunder, of if under any applicable and binding law or rule of any jurisdiction any provision of this Agreement or any specification, standard or operating procedure prescribed by COMPANY is invalid or unenforceable, the prior notice and/or other action required by such law or rule shall be substituted for the comparable provisions hereof, and COMPANY shall have the right, in its sole discretion, to modify such invalid or unenforceable provision, specification, standard or operating procedure to the extent required to be valid and enforceable.

15.2 **No Waiver**. Either party may unilaterally waive or reduce any obligation of or restriction upon the other party under this Agreement, effective upon delivery of written notice thereof to the other, or upon such other effective date stated in the written notice of waiver. Whenever this Agreement requires COMPANY's prior approval or consent, FRANCHISEE shall make a timely written request therefor, and such approval must be in writing to be effective.

COMPANY makes no warranties or guarantees upon which FRANCHISEE (or its Owners) may rely, and assumes no liability or obligation to FRANCHISEE (or its Owners), by granting any waiver, approval or consent to FRANCHISEE, or by reason of any neglect, delay or denial of any request therefor. Any waiver granted by COMPANY shall be without prejudice to any other rights which either party may have, will be subject to continuing review by COMPANY, and may be revoked, in COMPANY's sole discretion, at any time and for any reason, effective upon delivery to FRANCHISEE of ten (10) days' prior written notice.

Neither party shall be deemed to have waived or impaired any right, power or option reserved by this Agreement by virtue of (a) any custom or practice of the parties at variance with the terms hereof; (b) any failure, refusal or neglect of COMPANY or FRANCHISEE to exercise any right under this Agreement or to insist upon exact compliance by the other with its obligations hereunder, including, without limitation, any specification, standard or operating procedure; (c) any waiver, forbearance, delay, failure or omission by COMPANY to exercise any right, power or option with respect to other Franchisees; or (d) the acceptance by COMPANY of any payments due from FRANCHISEE after any breach of this Agreement.

15.3 **Force Majeure**. Except as otherwise provided in this Agreement, neither party shall be liable for loss or damage or deemed to be in breach of this Agreement if its failure to perform its obligations results from: (i) transportation shortages, inadequate supply of material or energy, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (ii) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state, or municipal government or any department or agency thereof; (iii) acts of God or, other similar events beyond the reasonable control of COMPANY or FRANCHISEE; (iv) acts or omissions of the other party; or (5) fires, strikes, embargoes, war, acts of terror or riot. Any delay resulting from any of said causes shall extend performance accordingly or excuse performance in whole or in part, as may be reasonable, but in no event shall this provision act to extend or excuse any obligation of FRANCHISEE to pay any amount to COMPANY with respect to that portion of a Mailing for which all or any part of the Production and the Mailing has been performed prior to the date of the occurrence of an event of the nature described in the immediately preceding sentence.

15.4 **Injunctive Relief**. Either party may institute in a court of competent jurisdiction an action or actions for temporary or preliminary injunctive relief. FRANCHISEE agrees that the COMPANY may

have such temporary or preliminary injunctive relief without bond, but upon due notice, and FRANCHISEE's sole remedy in the event of the entry of such injunctive relief shall be the dissolution of such injunctive relief, if warranted, upon hearing duly had (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby).

15.5 **Limitation of Claims**. Any and all claims, except for monies due the COMPANY, arising out of or relating to this Agreement or the relationship among the parties hereto shall be barred unless an legal proceeding is commenced within one (1) year from the date FRANCHISEE or the COMPANY knew or should have known of the facts giving rise to such claims.

15.6 **Waiver of Punitive and Consequential Damages**. The parties waive to the fullest extent permitted by law any right to or claim for any punitive, speculative, exemplary, incidental, indirect, special, or consequential damages. The parties agree that, in the event of any dispute between them, the party making a claim shall be limited to recovery of any actual damages it sustains.

15.7 **Waiver of Jury Trial**. Each party irrevocably waives trial by jury in any action, proceeding or counterclaim, whether at law or in equity, brought by either party.

15.8 **Cumulative Rights**. The rights of the parties under this Agreement are cumulative, and no exercise of any right under this Agreement by either party shall preclude the exercise or enforcement by either party of any other right which that party is entitled to enforce under this Agreement, or under applicable law.

15.9 **Governing Law**. This Agreement, the Franchise and the relationship of the parties shall be governed by the laws of the State of Florida, without regard for its conflicts of laws principles, except that any Florida law regulating the sale of franchises or governing the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section 15.9.

15.10 **Jurisdiction**. FRANCHISEE and the COMPANY agree that any action arising under this Agreement or otherwise as a result of the relationship between FRANCHISEE and the COMPANY must be commenced in a state or federal court of competent jurisdiction in Tampa, Florida. FRANCHISEE irrevocably submits to the jurisdiction of such courts and waives any objection it may have to either the jurisdiction or venue of such court.

15.11 **Construction**. Section headings in this Agreement are for convenience only, and shall not affect interpretation. This Agreement: (i) is the entire agreement of the parties with respect to its subject matter; (ii) can be amended only in writing signed by both parties, except in the event that amendments to this Agreement may be necessary to comply with or to make this Agreement enforceable under applicable laws and regulations; (iii) shall, except as otherwise herein provided, bind and inure to the benefit of the parties and their respective successors and assigns; (iv) may be executed in any number of counterparts; and (v) does not confer any rights or remedies upon any person not a party hereto.

15.12 **Notices**. All written notices and payments permitted or required by the provisions of this Agreement shall be deemed to be delivered at the time delivered by hand, one (1) business day after transmission by any electronic system, or three (3) business days after being placed in the U.S. Mail by registered or certified mail, addressed to the other party to be notified at its address given on the first page of this Agreement, or at such other business address of which the notifying party shall have been notified from time to time in accordance with this Section. Any required payment or report not actually received by COMPANY during regular business hours on the date due, or properly placed in the U.S. Mail and postmarked by postal authorities at least two (2) business days prior thereto, shall be deemed delinquent.

15.13 **Entire Agreement**. This Agreement supersedes any and all prior negotiations, understandings, representations and agreements. However, nothing in this or any related agreement is intended to disclaim the representations COMPANY made in the Franchise Disclosure Document that the COMPANY furnished to FRANCHISEE.

15.14 **Acknowledgments**. FRANCHISEE (and each Owner) has read this Agreement and COMPANY's Franchise Disclosure Document and understands and accepts the terms, conditions, and covenants contained in this Agreement as being reasonably necessary to maintain COMPANY's standards and thereby to protect and preserve the goodwill of the Marks and the VALPAK® System. FRANCHISEE represents that it has conducted an independent investigation of the Franchise, and recognizes that it involves risks and that its success is dependent upon FRANCHISEE's own business abilities and market conditions and may be affected by competition and other factors outside of FRANCHISEE's control. COMPANY expressly disclaims making, and FRANCHISEE acknowledges that it has not received or relied upon, any guaranty, express or implied, as to the revenues, profits or success of the Franchise described in this Agreement or any representation as to the value of the Marks. FRANCHISEE acknowledges that it has not received or relied upon any representations about the Franchise by COMPANY, or its officers, directors, employees, or agents, that are contrary to the statements made in COMPANY's Franchise Disclosure Document or to the terms contained in this Agreement. FRANCHISEE acknowledges that in all of its dealings with COMPANY, the officers, directors, employees and agents of COMPANY act only in a representative capacity and not in an individual capacity. FRANCHISEE further acknowledges that this Agreement, and all business dealings between FRANCHISEE and such individuals as a result of this Agreement, are solely between FRANCHISEE and COMPANY. FRANCHISEE further represents to COMPANY, as an inducement to its entry into this Agreement, that FRANCHISEE has made no misrepresentation in obtaining the Franchise.

15.15 **No Waiver or Disclaimer of Reliance in Certain States**. The following provision applies only to franchisees and franchises that are subject to state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgment signed or agreed to by FRANCHISEE in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by COMPANY, any franchise seller, or any other person acting on behalf of COMPANY. This provision supersedes any other term of any document executed in connection with the franchise.

(Signatures on next page)

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Agreement in counterparts as of the Effective Date.

VALPAK DIRECT MARKETING SYSTEMS, LLC, a Delaware limited liability company

By: _____

Title: _____

FRANCHISEE:

FRANCHISEE Signature:

_____
(Name of company)

By: _____

Title: _____

Owners of Company:

_____

_____

_____

Individual Signatures:

_____

_____

_____

EXHIBIT A

TO THE FRANCHISE AGREEMENT
BETWEEN VALPAK DIRECT MARKETING SYSTEMS, LLC
AND _____
DATED _____

Territory

The Territory referred to in Section 2 of this Agreement is:

Based on information available to COMPANY, the number of Prime Households contained in the Territory is approximately _____.

Territory Acquisition Fee

If FRANCHISEE is acquiring the Franchise directly from COMPANY rather than through a purchase from an existing VALPAK® Franchisee, or an affiliate of COMPANY operating a franchise, FRANCHISEE shall pay to COMPANY a Territory Acquisition Fee in the amount of $_____, upon execution hereof or as stated below for a dormant territory. The Territory Acquisition Fee shall be fully earned by COMPANY upon execution hereof and shall be non-refundable.

Dormant Territory

If FRANCHISEE is acquiring the Franchise from the COMPANY for a dormant territory, then the Territory Acquisition Fee will be paid in installments as follows:

(a) $ _____ upon execution hereof; and
(b) $ _____ prior to mailing any geographic area in your Territory that we have allowed you to defer as a phase-in.

VALPAK DIRECT MARKETING SYSTEMS, LLC, a Delaware limited liability company

By: _____

Title: _____

FRANCHISEE:

FRANCHISEE Signature:

_____
(Name of company)

By: _____

Title: _____

Individual Signatures:

_____

_____

_____

EXHIBIT B-1

TO THE FRANCHISE AGREEMENT
BETWEEN VALPAK DIRECT MARKETING SYSTEMS, LLC
AND _____
DATED _____

Performance Requirements

1. **Performance Area**.

   a. Performance Area: consists of Counties _____;

   b. Performance Area: consists of Counties _____;

   c. Performance Area: consists of Counties _____;

2. **Performance Requirements**. (rounded to the nearest 10,000 increment)

County(ies)	Approx. Prime Household Count	Penetration Requirements (70% With Minimum of 10 Mailings Per Year)
		Envelopes Per Mailing
		Envelopes Per Mailing
		Envelopes Per Mailing

3. **Changes in Prime Household Count**. If COMPANY receives information indicating a change in the number of Prime Households contained in any county or counties (or the Territory generally), or if the COMPANY modifies the definition of the term "Prime Household," COMPANY will provide FRANCHISEE a copy of the revised Exhibit "B" reflecting the adjusted performance requirements, and such revised Exhibit "B" shall be substituted in place hereof without the necessity of execution thereof by FRANCHISEE.

(Signatures on next page)

VALPAK DIRECT MARKETING SYSTEMS, LLC, a Delaware limited liability company

By: _____

Title: _____

FRANCHISEE:

FRANCHISEE Signature:

_____
(Name of company)

By: _____

Title: _____

Individual Signatures:

_____

_____

_____

EXHIBIT B-2

TO THE FRANCHISE AGREEMENT
BETWEEN VALPAK DIRECT MARKETING SYSTEMS, LLC
AND _____
DATED _____

Performance Requirements

1. **Commencement Date**. Commencement Date for Performance Requirements (if other than Effective Date of Franchise Agreement): _____, _____.

2. **Territory With Less Than 50,000 Prime Households**. If the Territory does not contain at least one county (or portion of a county) having more than 50,000 Prime Households, then COMPANY will establish the number of households within the Territory on which the performance requirements will be determined, based on COMPANY's judgment as to the number of households which are sufficiently near each other to form a reasonable mailing group.

3. **Performance Requirements**. Performance Requirements (rounded to the nearest 10,000 increment)

County(ies)	Approx. Prime Household Count	Penetration Requirements (70% With Minimum of 10 Mailings Per Year)
		Envelopes Per Mailing
		Envelopes Per Mailing
		Envelopes Per Mailing

4. **Changes in Prime Household Count**. If COMPANY receives information indicating a change in the number of Prime Households contained in any county or counties (or the Territory generally), or if the COMPANY modifies the definition of the term "Prime Household," COMPANY will provide FRANCHISEE a copy of the revised Exhibit "B" reflecting the adjusted performance requirements, and such revised Exhibit "B" shall be substituted in place hereof without the necessity of execution thereof by FRANCHISEE.

(Signatures on next page)

VALPAK DIRECT MARKETING SYSTEMS, LLC, a Delaware limited liability company

By: _____

Title: _____

FRANCHISEE:

FRANCHISEE Signature:

_____
(Name of company)

By: _____

Title: _____

Individual Signatures:

_____

_____

_____

EXHIBIT B-3

TO THE FRANCHISE AGREEMENT
BETWEEN VALPAK DIRECT MARKETING SYSTEMS, LLC
AND _____
DATED _____

Performance Requirements

1. **Commencement Date**. Commencement Date for Performance Requirements (if other than Effective Date of Franchise Agreement): _____, _____.

2. **Performance Area**

   a. Performance Area: consists of Counties _____;

   b. Performance Area: consists of Counties _____;

   c. Performance Area: consists of Counties _____;

3. **First Year Performance Requirements** (rounded to the nearest 10,000 increment)

4. **Performance Requirements** (rounded to the nearest 10,000 increment)

5. **Changes in Prime Household Count**. If the COMPANY receives information indicating a change in the number of Prime Households contained in any county or counties (or the Territory generally), or if the COMPANY modifies the definition of the term "**Prime Household**," COMPANY will provide FRANCHISEE a copy of the revised Exhibit "B" reflecting the adjusted performance requirements, and such revised Exhibit "B" shall be substituted in place hereof without the necessity of execution thereof by FRANCHISEE.

VALPAK DIRECT MARKETING SYSTEMS, LLC, a Delaware limited liability company

By: _____

Title: _____

FRANCHISEE:

FRANCHISEE Signature:

_____
(Name of company)

By: _____

Title: _____

Individual Signatures:

_____

_____

_____

EXHIBIT B-4

TO THE FRANCHISE AGREEMENT
BETWEEN VALPAK DIRECT MARKETING SYSTEMS, LLC
AND _____
DATED _____

Performance Requirements

1. **Commencement Date**. Commencement Date for Performance Requirements (if other than Effective Date of Franchise Agreement): _____, _____.

2. **Performance Area**

   a. Performance Area: consists of Counties _____;

   b. Performance Area: consists of Counties _____;

   c. Performance Area: consists of Counties _____;

3. **Performance Requirements** (rounded to the nearest 10,000 increment)

4. **Changes in Prime Household Count**. If the COMPANY receives information indicating a change in the number of Prime Households contained in any county or counties (or the Territory generally), or if the COMPANY modifies the definition of the term "Prime Household," COMPANY will provide FRANCHISEE a copy of the revised Exhibit "B" reflecting the adjusted performance requirements, and such revised Exhibit "B" shall be substituted in place hereof without the necessity of execution thereof by FRANCHISEE.

(Signatures on next page)

VALPAK DIRECT MARKETING SYSTEMS, LLC, a Delaware limited liability company

By: _____

Title: _____

FRANCHISEE:

FRANCHISEE Signature:

_____
(Name of company)

By: _____

Title: _____

Individual Signatures:

_____

_____

_____

EXHIBIT C

TO THE FRANCHISE AGREEMENT
BETWEEN VALPAK DIRECT MARKETING SYSTEMS, LLC
AND _____
DATED _____

Training

_____ **New Franchise Owner Training**. FRANCHISEE (or at least 1 Owner of FRANCHISEE) shall attend new franchise owner training scheduled to be conducted at COMPANY's principal office on _____

_____ **Waiver of New Franchise Owner Training**. FRANCHISEE (or the following individual Owner of FRANCHISEE: _____) has completed new franchise owner training. Accordingly, COMPANY agrees that neither FRANCHISEE nor any of its Owners are required to attend new franchise owner training, and the training fee is reduced by $500.

VALPAK DIRECT MARKETING SYSTEMS, LLC, a Delaware limited liability company

By: _____

Title: _____

FRANCHISEE:

FRANCHISEE Signature:

_____
(Name of company)

By: _____

Title: _____

Individual Signatures:

_____

_____

_____

EXHIBIT D

TO THE FRANCHISE AGREEMENT
BETWEEN VALPAK DIRECT MARKETING SYSTEMS, LLC
AND _____
DATED _____

SECURITY AGREEMENT (this "Agreement")

Effective as of _____, 20___, _____, a _____ (the "**FRANCHISEE**"), for value received, grants to **VALPAK DIRECT MARKETING SYSTEMS, LLC**, a Delaware limited liability company ("**COMPANY**"), a security interest in its Valpak® franchise, its Franchise Agreement with COMPANY dated _____, _____ (the "**Franchise Agreement**"), all of the office equipment and other equipment utilized in the operation of its franchised business, any accounts receivables, office supplies, contracts, data, information, deposits, intangibles and all proceeds that the FRANCHISEE receives from the sale of any such items (all of which is referred to as "**Collateral**"), to secure the payment of that certain indebtedness and obligations under the Franchise Agreement, any other agreement or extension of credit and under any promissory note signed by the FRANCHISEE, and all extensions and renewals thereof, and all other liabilities of the FRANCHISEE to COMPANY or any of its affiliates, whether absolute or contingent, direct or indirect, due or not due, now existing or hereafter arising, and whether created directly by or acquired by COMPANY by assignment, participation or otherwise (all hereinafter called the "**Obligations**").

FRANCHISEE represents and agrees that:

The Collateral will be kept at the FRANCHISEE's principal Business Office as reported to COMPANY (the "**Business Location**"). The FRANCHISEE will promptly notify COMPANY of any change in the location of the Collateral; and the FRANCHISEE will not remove the Collateral from the Business Location, as described above, without the written consent of COMPANY.

1. The borrowing relationship between the FRANCHISEE and COMPANY is to be a continuing one and is intended to cover any and all of the Obligations. Accordingly, this Agreement and the security interest created by it (the "**Security Interest**") secures payment of any and all of the Obligations of the FRANCHISEE to COMPANY.

2. The FRANCHISEE will not cause or permit the Collateral to become a fixture to real estate or an accession to other goods.

3. The Collateral is acquired or used primarily for business use in the Business Location, and the FRANCHISEE will immediately notify COMPANY in writing of any change in any the FRANCHISEE's Business Location.

4. Except for the Security Interest granted hereby, the FRANCHISEE is the owner of the Collateral free from any adverse lien, security interest or encumbrance and the FRANCHISEE will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

5. No Financing Statement covering any Collateral or any proceeds thereof is on file in any public office. The FRANCHISEE authorizes COMPANY to file, in jurisdictions where this authorization will be given effect, a Financing Statement signed only by COMPANY describing the Collateral; and from time to time at the request of COMPANY, sign one or more Financing Statements and such other documents

(and pay the cost of filing or recording the same in all public offices deemed necessary or desirable by COMPANY) and do such other acts and things, all as COMPANY may request to establish and maintain a valid security interest in the Collateral (free of all other liens and claims whatsoever) to secure the payment of the Obligations. A form of Financing Statement is attached as Exhibit "A."

6. The FRANCHISEE will not sell, transfer, lease, or otherwise dispose of any of the Collateral or any interest therein, or offer to do so, outside the ordinary course of business, without the prior written consent of COMPANY unless the FRANCHISEE shall promptly replace such Collateral with substitute collateral of like kind and value.

7. The FRANCHISEE will at all times keep the Collateral insured in amounts not less than the full insurable value thereof, against loss, damage, theft, and such other risks as COMPANY may require in such companies and under such policies and in such form, and for such periods, as are satisfactory to COMPANY.

8. The FRANCHISEE will at all times keep the Collateral free from any adverse lien, security interest, or encumbrance and in good order and repair and will not waste or destroy the Collateral or any part thereof; and the FRANCHISEE will not use the Collateral in violation of any statute or ordinance; and COMPANY may examine and inspect the Collateral at any time, wherever located.

9. The FRANCHISEE will pay promptly when due all taxes and assessments upon the Collateral or for its use or operation or upon this Agreement or upon any note evidencing the Obligations.

10. At its option, COMPANY may discharge taxes, liens or security interests or other encumbrances at any time levied or placed on the Collateral, may pay for insurance on the Collateral, and may pay for the maintenance and preservation of the Collateral. The FRANCHISEE agrees to reimburse COMPANY on demand for any payment made, or any expense incurred by COMPANY pursuant to the foregoing authorization. Such payments by COMPANY will not affect any rights under this Agreement, and every payment so made bears interest from the date thereof at the rate of 12% per annum and each such payment and interest thereon are secured by this Agreement. Until default, the FRANCHISEE may have possession of the Collateral and use it in any lawful manner not inconsistent with this Agreement and not inconsistent with any policy of insurance thereon.

11. The FRANCHISEE is in default under this Agreement upon the happening of any of the following events or conditions: (a) failure or omission to pay when due any Obligation (or any installment thereof or interest thereon), or default in the payment or performance of any obligation, covenant, agreement, or liability whatsoever due to COMPANY, provided that the FRANCHISEE shall have received written notice of such default and failed to cure the default within 10 days of receipt of such notice; (b) any warranty, representation, or statement made or furnished to COMPANY by or on behalf of the FRANCHISEE proves to have been false in any material respect when made or furnished, provided that the FRANCHISEE shall have received written notice of such default and failed to cure the default within 10 days of receipt of such notice; (c) loss, theft, substantial damage, destruction, or encumbrance to or of any of the Collateral, or the making of any levy, or attachment thereof or thereon, provided that the FRANCHISEE shall have received written notice of such default and failed to cure the default within 10 days of receipt of such notice; (d) any Obligor (which term, as used herein, means the FRANCHISEE and each other party primarily or secondarily or contingently liable on any of the Obligations) becomes insolvent or unable to pay debts as they mature or makes an assignment for the benefit of creditors, or any proceedings are instituted by or against any Obligor alleging that such Obligor is insolvent or unable to pay debts as they mature; (e) entry of any judgment against any Obligor which will have a material effect on the Obligor's ability to fulfill its obligations under this Agreement; (f) dissolution, merger or consolidation, or transfer of a substantial part of the property of any Obligor; (g) appointment of a receiver for the

Collateral or any part thereof or any property in which the FRANCHISEE has an interest; (h) FRANCHISEE fails to pay the required percentage of the estimated charges for any Insertion Order (as defined in the Franchise Agreement; or (i) FRANCHISEE is in breach of its obligations under any agreement with COMPANY or any of COMPANY's affiliates now or hereafter in effect, including, without limitation, the Franchise Agreement, and all other agreements heretofore or hereafter entered into regarding the purchase or operation by FRANCHISEE of a VALPAK® franchise and such breach is not cured within the applicable cure period, if any, provided for in such agreement; or (j) FRANCHISEE sells or otherwise assigns or transfers any interest in the Franchise Agreement or the business conducted thereunder; or (k) FRANCHISEE fails to provide the income statement, balance sheet, accounts receivable aging report, commissions earned report and cash disbursement journal for each month required under the Franchise Agreement, together with any other information specifically requested by COMPANY, no later than the 20th of the following month, then FRANCHISEE shall be in default hereunder and the entire balance of the Obligations shall become immediately due and payable, without demand or notice which are hereby waived by FRANCHISEE.

12. Upon the occurrence of any such default or at any time thereafter, COMPANY may, at its option, declare all Obligations secured hereby, or any of them (notwithstanding any provisions thereof), immediately due and payable without demand or notice of any kind and the same thereupon immediately becomes and is due and payable without demand or notice (but with such adjustments, if any, with respect to interest or other charges as may be provided for in any note or other writing evidencing such liability), and COMPANY will have and may exercise from time to time any and all rights and remedies available to it under any other applicable law; and upon request or demand of COMPANY, the FRANCHISEE will, at its expense, assemble the Collateral and make it available to COMPANY at a convenient place acceptable to COMPANY; and the FRANCHISEE will promptly pay all costs of COMPANY for collection of any and all of the Obligations, and enforcement of rights hereunder, including reasonable attorney's fees and legal expenses and expenses of any repairs to any of the Collateral and expenses of any repairs to any realty or other property to which any of the Collateral may be affixed or be a part. COMPANY will give the FRANCHISEE reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of reasonable notice are met if such notice is mailed, postage prepaid, to any FRANCHISEE at the address of the FRANCHISEE shown at the beginning of this Agreement or at any other address shown on the records of COMPANY, at least ten (10) days before the time of the sale or disposition. Expenses of retaking, holding, preparing for sale, selling, or the like, includes COMPANY's reasonable attorney's fees and legal expenses. Upon disposition of any Collateral after the occurrence of any default hereunder, the FRANCHISEE is and remains liable for any deficiency; and COMPANY will account to the FRANCHISEE for any surplus, but COMPANY has the right to apply all or any part of such surplus (or to hold the same as a reserve against) all or any of the Obligations, whether or not they, or any of them, be then due, and in such order of application as COMPANY may from time to time elect.

13. No waiver by COMPANY of any default, representation or warranty hereunder operates as a waiver of any other default or of the same default on a future occasion. No delay or omission on the part of COMPANY in exercising any right or remedy operates as a waiver thereof, and no single or partial exercise by COMPANY of any right or remedy precludes any other or further exercise thereof or the exercise of any other right or remedy. Time is of the essence of this Agreement. The provisions of this Agreement are cumulative and in addition to the provisions of any note secured by this Agreement and COMPANY has all the benefits, rights and remedies of and under any note secured hereby. The singular pronoun, when used herein, includes the plural. If this Agreement is not dated when executed by the FRANCHISEE, COMPANY is authorized, without notice to the FRANCHISEE, to date this Agreement. This Agreement becomes effective as of the date set forth above the parties' signatures, below. All rights of COMPANY hereunder inures to the benefit of its successors and assigns; and all Obligations of the

FRANCHISEE bind the heirs, executors, administrators, transferees, affiliates, successors and assigns of the FRANCHISEE.

14. This Agreement has been delivered in the State of Florida and will be construed in accordance with the laws of Florida. Wherever possible, each provision of this Agreement will be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement will be prohibited by or invalid under applicable law, such provision will be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement. The parties agree that in any action arising out of this Agreement, exclusive jurisdiction shall be vested in the United States District Court for the Middle District of Florida in Tampa, Florida or, if for any reason such court shall not have jurisdiction, then in the Circuit Court of the Sixth Judicial Circuit in and for Pinellas County, Florida, and FRANCHISEE irrevocably submits to the jurisdiction of such courts and waives any objection it may have to either the jurisdiction or venue of such courts.

This Agreement is effective _____, 20__, regardless of the actual date of signature.

"**FRANCHISEE**"

_____

a _____

By: _____

Name: _____

Title: _____

Date: _____

"**COMPANY**"

VALPAK DIRECT MARKETING SYSTEMS, LLC
a Delaware limited liability company

By: _____

Name: _____

Title: _____

Date: _____

Exhibit A to Security Agreement

STATE OF FLORIDA UNIFORM COMMERCIAL CODE FINANCING STATEMENT FORM	
A. NAME & DAYTIME PHONE NUMBER OF CONTACT PERSON	
B. SEND ACKNOWLEDGEMENT TO: Name Address Address City/State/Zip	
	THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY **ONE** DEBTOR NAME (**1a OR 1b**) - Do Not Abbreviate or Combine Names

1a. ORGANIZATION'S NAME					
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME		SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY **USA**
1d. TAX ID#	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION		1g. ORGANIZATIONAL ID# ☐ NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY **ONE** DEBTOR NAME (**2a OR 2b**) - Do Not Abbreviate or Combine Names

2a. ORGANIZATION'S NAME					
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME		SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
2d. TAX ID#	REQUIRED ADD'L INFO RE: ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION		2g. ORGANIZATIONAL ID# ☐ NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P)- INSERT ONLY **ONE** SECURED PARTY NAME (**3a OR 3b**)

3a. ORGANIZATION'S NAME				
3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME		SUFFIX
3c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

4. This **FINANCING STATEMENT** covers the following collateral:

5. ALTERNATE DESIGNATION (if applicable)	☐	LESSEE/LESSOR	☐	CONSIGNEE/CONSIGNOR	☐	BAILEE/BAILOR
	☐	AG. LIEN	☐	NON-UCC FILING	☐	SELLER/BUYER

6. Florida DOCUMENTARY STAMP TAX -- YOU ARE REQUIRED TO CHECK **EXACTLY ONE** BOX

☒ All documentary stamps due and payable or to become due and payable pursuant to s.201.22 F.S., have been paid.

☐ Florida Documentary Stamp Tax is not required.

7. OPTIONAL FILER REFERENCE DATA

STANDARD FORM - FORM UCC-1 (REV.12/2001) Filing Office Copy Approved by the Secretary of State, State of Florida

EXHIBIT C-2

RENEWAL ADDENDUM

RENEWAL ADDENDUM TO
VALPAK® FRANCHISE AGREEMENT

THIS RENEWAL ADDENDUM (this **"Addendum")** between **VALPAK DIRECT MARKETING SYSTEMS, LLC** ("**COMPANY**") and _____ ("**FRANCHISEE**") is effective _____ _____ (the "**Effective Date**").

1. **Status**. FRANCHISEE has been operating a VALPAK® Business under a franchise agreement dated _____ (the "**Prior Agreement**") with COMPANY. The Prior Agreement is expiring on, _____, (the "**Expiration Date**"). As a condition to renewal, FRANCHISEE is required to execute COMPANY's most current form of Franchise Agreement at the time of renewal (the "**New Agreement"**). FRANCHISEE wants to renew the Franchise, COMPANY has approved of FRANCHISEE's renewal, and accordingly, the parties are entering into the New Agreement and this Addendum simultaneously.

2. **Precedence and Defined Terms**. This Addendum is an integral part of, and is incorporated into, the New Agreement. Nevertheless, this Addendum supersedes any inconsistent or conflicting provisions of the New Agreement. Terms not otherwise defined in this Addendum have the meanings as defined in the New Agreement.

3. **Initial Training**. COMPANY is not required to furnish, and FRANCHISEE is not required to attend New Franchise Owner Training.

4. **Term**. The Term and the Franchise shall commence on the Effective Date and expire on the last day of the calendar month in which the fifth (5^{th}) anniversary of the Effective Date occurs, unless the New Agreement is terminated sooner in accordance with its terms.

5. **Performance Requirements**. FRANCHISEE must complete a minimum of 10 Mailings sent to at least 70% of the Prime Households in each County (or portion thereof) that falls within the Territory during each 12-month period of the Term and fulfill all other performance requirements described in the New Agreement.

6. **Initial Fees**. FRANCHISEE is not required to pay COMPANY any initial franchise fees described in the New Agreement.

7. **Payments for Mailings and Purchases**. FRANCHISEE will pay for each prior Mailing in full before the Mailing Date of the next Mailing.

8. **Remaining Terms Unaffected**. The remaining terms of the New Agreement are unaffected by this Addendum and shall remain in full force and effect.

FRANCHISEE:	**COMPANY**: **VALPAK DIRECT MARKETING SYSTEMS, INC.**
By:_____	By:_____
Name:_____	Name: _____
Title:_____	Title: _____
Date:_____	Date:_____

EXHIBIT C-3

VALPAK® INTERMARKET SALES POLICY

INTERMARKET SALES POLICY

As Amended May 15, 2025

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VALPAK® INTERMARKET SALES POLICY

Effective May 15, 2025

INTRODUCTION

Sections 3.1 through Section 3.4 of the Franchise Agreement (as amended from time to time, the "Franchise Agreement") define the rights and obligations of Franchisees to an intermarket sales transaction and to sales by Valpak's ("COMPANY'S") National Sales Department. The sales rules that form the basis of these rights and obligations, and further define how parties to an intermarket sales transaction and to sales by the COMPANY'S National Sales Department interact with one another in order to comply, are set forth in this Intermarket Sales Policy.

1. DEFINITIONS

As used in this Intermarket Sales Policy, the terms below shall have the meanings which follow them. Other capitalized terms used herein, and not defined below, shall have the meanings ascribed to them in the Franchise Agreement, as amended.

"**Advertising Agency**" means a business organization set up to provide a variety of advertising related services to clients, including, without limitation, the creation, design, scheduling and placement of advertising messages in an assortment of media, who seek assistance in their advertising activities and operates as the authorized Purchasing Representative.

"**Aggregation**" occurs when an Advertiser, through a single Purchasing Representative, centralizes the authority to make decisions regarding the purchase of VALPAK® Advertising for an organization that collectively, prior to this decision, had the foregoing purchasing decisions made independently by separate Purchasing Representatives. An "aggregation" effectively consolidates some or all of the purchasing decisions into the Territory of one Franchisee and removes the decision-making authority from two or more separate Purchasing Representatives that were located in other franchisee territories and that may have had such authority prior to the "aggregation".

"Top Down" Aggregation": "Top Down" Aggregation occurs when an Advertiser's corporate headquarters, or its advertising agency of record, initiates a national or regional advertising purchase on behalf of its local franchises (or distributors) using either (i) corporate funds; or (ii) marketing or advertising funds contributed by the local franchise (or distributor) to corporate headquarters or its advertising agency of record for such general purposes.

"Group Buy ("Bottom Up") Aggregation": Group Buy ("Bottom Up") Aggregation occurs when an Advertiser's corporate headquarters, or its advertising agency of record, coordinates, facilitates and approves a national or regional advertising purchase on behalf of its local franchises (or distributors), but which, as opposed to a Top Down Aggregation, is paid for directly by its local franchises (or distributors) through its corporate headquarters or advertising agency of record.

"Consumer Packaged Goods" ("CPG") means mass-produced goods packaged by manufacturers and sold through retail outlets. Categories of CPG products include beverage, food, pet supplies, tobacco, household supplies, baby care, cosmetics, dietary supplements, perfume, toiletries and over-the-counter remedies.

"**CPMP**" means circulation per Mailing Period.

"**Current Intermarket Business – Inbound**" means any Advertising Insert accepted by the Mailing Franchisee from another Franchisee or National Sales for distribution in VALPAK® Envelopes in the Mailing Franchisee's Territory and mailed at least one (1) time within the prior six (6) month period.

"**Franchisee Payment Matrix**" means the schedule of fees specified in **Schedule A** (also referred to as the "Matrix").

"Designated Key Account" means an Advertiser (i) who has mailed within the prior twelve (12) month period; or (ii) who is under current contract to mail over a twelve (12) month period, five million (5,000,000) or more Advertising Inserts, or other advertising products offered by COMPANY, for distribution in VALPAK® Envelopes.

"**Direct Response Advertising**" means advertising which solicits consumers to place orders by mail, phone or the Internet for the product or service advertised, but shall not include (i) advertising for products or services to be delivered to or provided at the consumer's home by the Advertiser's employees or agents, or (ii) advertising for products or services which can be obtained by consumers at any of Advertiser's retail store locations which, collectively, constitute the major source of sales revenue for such products and/or services being advertised.

"**F List Account**" means the top thirty (30) VALPAK® Franchisee Advertisers measured by the Advertiser's total annual VALPAK® Advertising circulation and the greatest number of VALPAK® Franchisees selling such VALPAK® Advertising. F List Accounts are listed on **Schedule F** which will be updated by COMPANY on an annual basis.

"**Franchisee**" means a party who has executed a Franchise Agreement with COMPANY that grants certain rights with respect to the VALPAK® System to such party for a defined Territory (as opposed to FRANCHISEE (all capital letters), which under a Franchise Agreement means that particular party to the Franchise Agreement).

"**Independent Franchisee**" means a Franchisee other than an "Owned and Operated Franchisee."

"**Intermarket Consent Form**" means the form to be delivered by a Territory Franchisee that, upon execution, and subject to the terms and conditions of the Franchise Agreement and the Intermarket Sales Policy, grants the right to a Selling Franchisee to sell to an Advertiser in said Territory Franchisee's Territory VALPAK® Advertising regardless of the area of distribution. The current form is attached as **Schedule E**.

"**Mailing Activity**" means a sequence of two or more Mailings for a single Advertiser without an intervening period of time greater than twelve consecutive Mailing Periods.

"**Mailing Franchisee**" means a Franchisee in whose Territory VALPAK® Envelopes are being distributed.

"**Mailing Period**" means the period of time required for an Advertising Insert, or other advertising products offered by COMPANY, distributed in a VALPAK® Envelope, to complete a single national mailing cycle in all COMPANY mailing regions.

"**Marketing Fee(s)**" or "**Association Fee(s)**" refer (as explained more fully in Section 5.4(c) below) to required payments at a rate and according to mailing cycles to be mutually agreed upon from time to time

between the COMPANY and VFA for Advertising Inserts placed by a Selling Franchisee or National Sales in a Mailing Franchisee's NTAS.

"**Matrix**" – see "**Franchisee Payment Matrix**" above.

"**Matrix Analysis Period**" means the month of June of each year.

"**National Sales Rules**" means the provisions of Section 3 of this Intermarket Sales Policy that govern the activities of National Sales hereunder.

"**Owned and Operated Franchisee**" means a Franchisee owned and operated by Valpak Franchise Operations, LLC (or a successor to that entity).

"**Remnant**" means an Advertising Insert that is accepted by a Mailing Franchisee on a space-available, randomly scheduled basis.

"**Selling Franchisee**" means a Franchisee who sells VALPAK® Advertising under the terms and conditions of a Franchise Agreement with COMPANY and/or in accordance with the VALPAK® System and the terms and conditions of this Intermarket Sales Policy.

"**Territory**" means the geographic area described and designated as the "Territory" in a Franchise Agreement entered into between COMPANY and Franchisee.

"**Territory Franchisee**" means a Franchisee in whose Territory another Franchisee, or National Sales, wishes (i) to sell VALPAK® Advertising; or (ii) to solicit and sell to Advertisers VALPAK® Advertising for intermarket distribution.

"**Territory Fee**" means a fee that is paid by National Sales or a Selling Franchisee to a Territory Franchisee following the execution of a VALPAK® Sales Agreement with an Advertiser, where such VALPAK® Sales Agreement was executed by National Sales or the Selling Franchisee with a Purchasing Representative located in the Territory Franchisee's Territory. Territory Fees are listed on **Schedule A**.

"**Unduplicated Circulation**" means the number of individual households or business addresses distributed per Mailing Period.

"**VALPAK® Advertising**" means Advertising Inserts, or other advertising products offered by COMPANY, for distribution through the VALPAK® System.

"**VALPAK® Sales Agreement**" means the contract form executed by and between a Franchisee or National Sales, as applicable, and an Advertiser for the sale of VALPAK® Advertising Inserts, or other advertising products offered by COMPANY, to be distributed through the VALPAK® System.

"**VFA**" means the Valpak Franchisees Association Inc., a Delaware non-stock corporation.

2. SALES RULES GOVERNING FRANCHISEE TRANSACTIONS

2.1 A Selling Franchisee must obtain written consent from the applicable Territory Franchisee, or COMPANY if the territory is not owned by a Franchisee, prior to any discussions with a Purchasing Representative related to the sale of VALPAK® Advertising if the Purchasing Representative is located outside of the Selling Franchisee's Territory.

2.2 The Intermarket Consent Form must be used in all instances where prior consent is required under the Intermarket Sales Policy. Intermarket Consent Forms and related notices shall be sent via email. Franchisees shall be permitted to negotiate additional conditions for consent which are not included in the Intermarket Consent Form.

2.3 Selling Franchisees, Territory Franchisees and COMPANY shall be required to maintain copies of all Intermarket Consent Forms to which they have been a party. At any time, COMPANY shall have the right to request, and Franchisee shall be obligated to provide to COMPANY, copies of any, and all, Intermarket Consent Forms. Franchisee's failure to comply with any COMPANY request for copies of Intermarket Consent Forms shall be grounds for default under the Franchise Agreement.

2.4 Territory Franchisees shall be required to respond to all Selling Franchisee consent requests within three (3) business days of receipt of an Intermarket Consent Form from a Selling Franchisee. Should the Territory Franchisee (i) fail to respond to a Selling Franchisee's Intermarket Consent Form within the requisite three (3) day time period, or (ii) expressly deny such consent request, COMPANY reserves the right, after making a determination, in its sole and binding discretion that the Territory Franchisee has not made, or will not make, a commercially reasonable effort to procure the advertising business of the Advertiser listed on the Intermarket Consent Form, to grant the Selling Franchisee the right to sell to the Advertiser listed on the Intermarket Consent Form VALPAK® Advertising into Selling Franchisee's Territory.

2.5 Upon execution of any sale that is made as a result of a validly executed Intermarket Consent Form, or the grant of such rights by COMPANY pursuant to section 2.4 above, the Selling Franchisee shall be obligated to pay the Territory Franchisee the Territory Fee specified in **Schedule A** unless agreed otherwise.

2.6 Validly executed Intermarket Consent Forms shall remain in effect for so long as Mailing Activity continues. A Territory Franchisee is prohibited from calling on an Advertiser, for the purpose of selling VALPAK® Advertising, during the time period that a validly executed Intermarket Consent Form is in effect. At such time that a twelve (12) month period elapses between Mailings for an Advertiser listed on an Intermarket Consent Form, the rights and obligations of the parties established under the applicable Intermarket Consent Form shall terminate immediately. Furthermore, if the Selling Franchisee, after receiving consent from the Territory Franchisee or COMPANY, as the case may be, fails to obtain a written agreement for the sale of VALPAK® Advertising within ninety (90) days, the Intermarket Consent Form, and all related rights, shall terminate. Notwithstanding the foregoing, a Selling Franchisee may request successive ninety (90) day extensions, if appropriate. A Territory Franchisee, or COMPANY, may not unreasonably withhold consent to such request. In any event, extensions granted in accordance with the foregoing conditions shall not exceed one (1) year from the date of the initial grant of consent unless otherwise mutually agreed upon in writing.

2.7 An Intermarket Consent Form may be terminated at any time (i) by the Selling Franchisee, or (ii) by mutual consent of the parties. Any such termination shall not relieve a party of any obligations it has incurred under the Intermarket Consent Form.

2.8 A Territory Franchisee may not grant consent to a Selling Franchisee to call on an account in Territory Franchisee's Territory without the express written consent of COMPANY once the Territory Franchisee has given notice to COMPANY that it has offered its Territory for sale and COMPANY has listed such Territory for sale.

3. RULES GOVERNING NATIONAL SALES TRANSACTIONS

The following categories determine the rights and obligations of Franchisee and National Sales (each a "**party**", or collectively referred to as the "**parties**") with respect to the activities of National Sales regarding the solicitation and sale of VALPAK® Advertising.

3.1 Category A Accounts. A "**Category A Account**" is an Advertiser who advertises solely within the single Franchisee Territory where its Purchasing Representative is located, or within a single "Designated Market Area" as defined by Neilson Media Research ("DMA") provided that the Purchasing Representative and a portion of the DMA is located within the Franchisee Territory. COMPANY agrees that neither it, nor National Sales, shall have the right to solicit or sell VALPAK® Advertising to Category A Accounts.

3.2 Category B Accounts. A "**Category B Account**" is an Advertiser who (i) advertises in another, or multiple other, Franchisee Territory(ies) outside of the DMA of the Franchisee in whose Territory its Purchasing Representative is located; and (ii) is not listed as a "Category C Account". National Sales *may* solicit and sell VALPAK® Advertising to Category B Accounts if it receives consent from the Territory Franchisee to do so.

(a) National Sales Consent Requests

(i) National Sales may solicit and sell VALPAK® Advertising to Category B Accounts but only after it has received consent from the Territory Franchisee to do so. Such consent must be received (i) prior to any discussions with a Purchasing Representative related to the sale of VALPAK® Advertising if the contact was initiated by a National Sales representative; or (ii) prior to any discussions with a Purchasing Representative related to pricing if the contact was initiated by the Advertiser. If consent is received, National Sales will add the Advertiser to the National Sales Category B Account list as an "active" account (as described below).

(ii) Territory Franchisees must respond to all National Sales consent requests within three (3) days.

(iii) If National Sales does not receive consent, either by the Territory Franchisee expressly denying such consent or by failing to respond to a consent request within the three (3) day period, Territory Franchisee will be notified by COMPANY that it will be obligated to contact the Advertiser within five (5) days for the purpose of soliciting and selling VALPAK® Advertising.

(iv) Unless otherwise agreed to by the parties, any failure on behalf of the Territory Franchisee to contact the Advertiser within the requisite five (5) day period may result in a notification from COMPANY that National Sales will proceed to contact the Advertiser for the purpose of soliciting and selling VALPAK® Advertising and add the Advertiser to the National Sales Category B Account list as an "active" account (as defined below).

(v) Notwithstanding the foregoing, Territory Franchisees operating under a notice of default from COMPANY, pursuant to the Franchise Agreement, are prohibited from denying a National Sales consent request for any reason.

(b) Category B Account Lists

(i) National Sales and Territory Franchisees shall maintain a list of their "active" Category B Accounts. An account is "active" if it is an account with which a party can demonstrate that it is using commercially reasonable efforts, in an on-going manner, to obtain a VALPAK® Sales Agreement. Evidence of such on-going efforts shall be mutually agreed upon and shall include, at a minimum, items verifying two-way contact with the account such as call reports, and frequent communications by phone or email.

(ii) If, after meeting the foregoing requirements, a party fails to obtain a written agreement with an account within one (1) year of its initial contact, the account will no longer be considered "active" and should be removed from the Category B Account list. An extension of six (6) months may be granted if a party can demonstrate that commercially reasonable efforts are continuing in the effort to obtain a written VALPAK® Advertising Agreement. In the event an account is removed from a Territory Franchisee's Category B List in accordance with this section, National Sales, upon notification to the Territory Franchisee, will be permitted to call on such account without obtaining consent.

(iii) All Franchisee and National Sales Category B Accounts lists in effect as of the effective date of this 2004 Intermarket Sales Policy shall remain in effect.

(c) All Franchisee and National Sales Category B Accounts lists in effect as of the effective date of this 2004 Intermarket Sales Policy shall remain in effect in accordance with the 2002 Intermarket Sales Policy rules pertaining to such accounts.

3.3 Category C.

(a) A "Category C Account" is an Advertiser that has minimum annual sales revenues of $500 million. Category C Accounts are listed on www.insidevalpak.com, or other such web site designated by COMPANY from time to time (the "Category C List"). The Category C List will consist of a maximum of five hundred (500) Advertisers, with COMPANY reserving the right to edit the list at any time (i.e. a "rolling list"), and will be published by region or other agreed upon geographic designation. National Sales may not add accounts to the Category C List (i) that have had sales activity with a Franchisee in the last twelve (12) months; or (ii) are listed on a Franchisee's Category B Account list. All Consumer-Packaged Goods manufacturers and Direct Response companies shall be categorized as Category C Accounts, but are not required to be included on the Category C List of five

hundred (500) Advertisers. Additionally, Advertisers in the "franchised dining" category as defined in the "Food Program" section of the Production Handbook shall not be included as Category C Accounts. National Sales shall have the right to solicit and sell advertising services to any Category C Account wherever located and for mailings anywhere. Prior to COMPANY meeting on-site with a Category C Account, National Sales shall use its best efforts to notify the Territory Franchisee of the time and date of such on-site meeting.

(b) "**No Call Rule**". Franchisee agrees not to call on Category C Accounts listed on the Category C List that are "active", as defined in Section 3.2(b)(i).

(c) **Large and Multi-National Corporations**. Distinct, name brand divisions of large companies that (i) have a designated Purchasing Representative, and (ii) qualify as Category C Accounts, must be listed as separate entities on the Category C List. For example: If calling on the Macy's and/or Bloomingdale's division of Federated Department Stores, each division must be listed separately, not Federated Department Stores. Additionally, if a Category C Account has multiple Purchasing Representatives, each must be listed separately.

3.4 **Category F ("F List Accounts")**. Except with respect to Strategic Selling Opportunity (a/k/a "SSO"), Art Reference Directory (a/k/a "ARD"), Network Sales, and other similar programs that have been developed by COMPANY and approved by the VFA (or other such committee appointed by the VFA to conduct such approval process), National Sales shall not initiate contact with any F List Account for the purpose of selling VALPAK® Advertising. So long as an Advertiser is participating in a Group Buy Aggregation it cannot be categorized as an F List Account and added to Schedule F when the annual update of Schedule F occurs. Any Franchisee negatively affected by an action of the VFA under this Section 3.4 may appeal such action to the Dispute Resolution Team, whose decision shall be final.

4. DESIGNATED KEY ACCOUNTS

4.1 In the event a Purchasing Representative for a Designated Key Account changes or relocates, the Designated Key Account shall remain the account of the original Selling Franchisee, or National Sales, as the case may be, (both being referred to in this section as the "Current Seller") under the following conditions:

(a) Within thirty (30) days of the change or relocation of the Purchasing Representative, the Current Seller must send written notification to both COMPANY and the new Territory Franchisee informing them of its intent to continue to call on and sell VALPAK® Advertising to the Designated Key Account. If such notice is not received by the new Territory Franchisee within the requisite thirty (30) day notice period, the Current Seller will automatically lose its ability to follow the Designated Key Account.

(b) The Designated Key Account continues to mail a minimum of five million (5,000,000) Advertising Inserts in VALPAK® Envelopes per year.

At the point that the Designated Key Account fails to mail the requisite yearly minimum of five million (5,000,000) Advertising Inserts, or its relationship with the Current Seller is terminated, it will become the account of the Franchisee in whose Territory the Purchasing Representative is located. Notwithstanding the foregoing, a Designated Key Account will become the account of the

Franchisee into whose Territory the new Purchasing Representative is located if the new Purchasing Representative so requests.

When a Purchasing Representative for a Designated Key Account changes or relocates, and subsequently chooses to sever relations with the Current Seller and commence relations with the new Territory Franchisee, an "Account Relocation Fee" of $1.50/M is due and payable by the new Territory Franchisee to the Current Seller. The Account Relocation Fee is based on total circulation mailed by the Advertiser after commencing relations with the new Territory Franchisee. The term of payment of Account Relocation Fees is equal to the length of time the Advertiser qualified as a Designated Key Account with the former Selling Franchisee (or National Sales), but shall not exceed four (4) years. Account Relocation Fees apply only to the most recent relocation between the new Territory Franchisee(s) and former Selling Franchisee(s) (or National Sales).

4.2 For the period of time that the Current Seller retains the Designated Key Account, it shall pay the Franchisee in whose Territory the Purchasing Representative is newly located a Territory Fee in accordance with the Territory Fee provisions described in Section 5.4(b) below.

If the Purchasing Representative change involves an Agency, Current Seller discussions with the Agency are limited to those pertaining strictly to the Advertiser Current Seller is doing business with. Notwithstanding anything to the contrary contained herein, any account that, by way of its own decision, achieves or loses status as an aggregated account, in whole or in part, shall not qualify as a Designated Key Account regardless of whether or not it has met, or continues to meet, Designated Key Account type circulation requirements, and, as such, the Franchisee (or National Sales) of the formerly, or presently, aggregated account shall not be entitled to continue to call on the account, nor receive an Account Relocation Fee as described in this Section 4.

5. "MUST CARRY" AND THE FRANCHISEE PAYMENT MATRIX

5.1 **"Must Carry"**

(a) Subject to the "**Must Carry Exceptions**" listed below, a Mailing Franchisee shall be obligated to fulfill ("**Must Carry**") any inbound intermarket order for which it is offered any required applicable compensation specified on the Franchisee Payment Matrix.

(b) Mailing Franchisees shall be notified by Selling Franchisee or COMPANY in all instances where Must Carry intermarket orders are being placed in their Territory.

5.2 **Intermarket Must Carry Exceptions**

(a) Must Carry intermarket orders for VALPAK® Advertising are automatically placed for distribution in the Mailing Franchisee's Territory unless the Mailing Franchisee rejects the order within three (3) business days of receipt of the notice of the proposed intermarket order provided the notice for an intermarket order contains the correct trade name and category of the intermarket Advertiser. If the foregoing requirements are satisfied, and none of the following circumstances apply, a Mailing Franchisee may not refuse to accept a Must Carry intermarket order.

(i) The Mailing Franchisee determines in its reasonable discretion that the advertisement would violate local community standards. Such advertisements may include, but shall not be limited to, advertisements of a suggestive sexual nature,

advertisements promoting political candidates or politically sensitive issues, advertisements promoting organized religion or church groups, advertisements for family planning-abortion clinics, advertisements for gaming activities, advertisements that promote tobacco products, advertisements for psychic services or advertisements that violate federal, state or local law. Notwithstanding Franchisee's right to reject advertisements under this Section 5.2(b)(i), COMPANY reserves the right, at any time, to refuse any advertisement that does not meet COMPANY standards, violates any federal, state or local law, or may, by its nature, reflect negatively on the goodwill and reputation of COMPANY.

(ii) The Advertising Insert is for the same brand name product(s) and/or service(s) as an Advertising Insert that is already scheduled to be included in the same VALPAK® Envelope.

(iii) The Advertising Insert is from an Advertiser for which the Mailing Franchisee is owed fees for prior mailings. Such fees must be from two (2) to, but not greater than, twelve (12) months delinquent and must be owed by the same business entity. A Mailing Franchisee may reject a Must Carry intermarket order pursuant to this Section 5.2(a)(iii) at any time regardless of whether or not the Must Carry intermarket order was accepted on a date prior to the occurrence of the past due fees.

(iv) The Advertising Insert is from a Selling Franchisee that owes the Mailing Franchisee past due amounts for other intermarket orders. A Mailing Franchisee may reject a Must Carry intermarket order pursuant to this Section 5.2(a)(iv) at any time regardless of whether or not the Must Carry intermarket order was accepted on a date prior to the occurrence of the past due fees.

(v) The Advertising Insert, or other advertising product offered by COMPANY, for distribution in VALPAK® Envelopes, is from an Advertiser that has a current written VALPAK® Sales Agreement in place with the Mailing Franchisee for VALPAK® Advertising.

(vi) Any inbound Advertising Insert from an Advertiser that a Mailing Franchisee believes, based on the existence of (i) a state consumer affairs complaint (e.g. state attorney general's office) and, (ii) negative local media coverage of such Advertiser, will cause the Mailing Franchisee to incur a significant loss of business. The negative media must be verifiable and coverage must appear locally and be generally accessible to consumers in the Mailing Franchisee's Territory, e.g. newspaper, television, radio and their related internet sites, and the state consumer affairs complaint must be confirmed by a copy of the filing.

(vii) The Advertising Insert falls into a category of which the Mailing Franchisee is currently carrying four (4) or more pieces within an individual NTA. Advertising Inserts cannot be rejected under this Section 5.2(a)(vii) if the Inbound Advertiser has mailed in the NTA® three (3) times within the last twelve (12) months. The rejection must be based on a specific category (NAIC sub-category). For example, pizza restaurants – not dining establishments, carpet cleaners – not household cleaning services, handyman services – not building or remodeling contractors. Franchisees who have sub-categories that are subject to this exception must list

them, and maintain such list, on www.insidevalpak.com in an area designated by COMPANY.

(b) Notwithstanding Section 5.2(a), a Mailing Franchisee may reject a specific intermarket order at any time after it has become ninety (90) days past due in payments owed by the Selling Franchisee for such intermarket order.

5.3 [LEFT INTENTIONALLY BLANK]

5.4 **Intermarket Compensation**

(a) **The "Matrix Fee"**

(i) In order for an intermarket order to receive Must Carry status, a Selling Franchisee or National Sales, must, in addition to the Insertion Fees, pay to the Mailing Franchisee the applicable "Matrix Fee", as specified in the **"**Franchisee Payment Matrix**"** listed on **Schedule A**.

(ii) Regardless of whether an Advertiser has ceased doing business, or has filed for bankruptcy protection, or for any reason has not paid the Selling Franchisee, the Selling Franchisee shall remain obligated to pay any required applicable Matrix and Insertion Fees for any intermarket mailing completed in accordance with the Intermarket Sales Policy.

(iii) A Selling Franchisee or National Sales shall be permitted to negotiate and offer compensation fees for intermarket orders, including, without limitation, orders for Remnants, that are lower than those listed on the Franchisee Payment Matrix with the Mailing Franchisee. Agreed to intermarket compensation below Matrix rates is not subject to Must Carry rules.

(iv) **Must Carry / Inventory Management of PlusOne**

a. All inbounds of PlusOne into a market will be considered entitled to "Must Carry" status and a franchisee may not reject any inbound PlusOne order other than based on inventory levels.

b. Markets will be able to reserve inventory levels of PlusOne equal to that market's local sell-through performance percentage (calculated as set forth below) plus 10%.

1) Average local sell-through performance percentage of PlusOne over rolling 6 months will be used to calculate the reserve inventory levels.

2) To avoid excessive cost around programming, franchisees themselves are required to manage their reserve inventory levels and should reject inbound PlusOne pieces from other franchisees if they do not have adequate inventory available.

c. If a market is unreasonably reserving inventory levels of PlusOne and rejecting pieces, this will need to be resolved under the Dispute Resolution

procedures set forth in Section 10 below. By way of example only, assuming that the franchisee's average local sell-through performance percentage over the rolling 6 months is 30%, under the requirements one adds 10% to that number (pursuant to Section 5.4(a)(iv)b. above), that franchisee is required to accept inbound PlusOne pieces for 60% of his volume because that franchisee's reserve inventory level is 40%.

(b) **The "Association Fees" and "Marketing Fees"**

(i) In connection with all orders:

- the Mailing Franchisee must pay to the COMPANY the Marketing Fees on all Advertising Inserts mailed in VALPAK® Envelopes in the Mailing Franchisee's Territory;

- the Selling Franchisee (or National Sales, if applicable) must reimburse the Mailing Franchisee for the Marketing Fees on Advertising Inserts they (i.e., the Selling Franchisee or National Sales, whichever is applicable) place in Mailing Franchisee's VALPAK® Envelopes;

- the Marketing Fees which the Company receives from Independent Franchisees will be remitted to the VFA as Association Fees as long as the VFA represents a majority of the Independent Franchisees (thereafter such Marketing Fees will be retained by the Company);

- all other Marketing Fees received by the COMPANY will be retained by the COMPANY; and

- with respect to both the Marketing Fees and the Association Fees, the COMPANY and the VFA will attempt to agree on how they will be spent, but if they cannot agree, the COMPANY will have the right to determine how the Marketing Fees are to be spent for marketing purposes and the VFA will determine how the Association Fees are to be spent.

(ii) Regardless of whether an Advertiser has ceased doing business, or has filed for bankruptcy protection, or for any reason has not paid the Selling Franchisee, the Selling Franchisee shall remain obligated to reimburse the Mailing Franchisee with respect to Association Fees or Marketing Fees (whichever is applicable) in accordance with Section 5.4(c)(i) above.

(iii) In order for an intermarket order to receive Must Carry status, compliance by the Selling Franchisee with Sections 5.4(c)(i) and (ii) above is required.

(c) **The "Territory Fee"**

(i) If a Selling Franchisee or National Sales executes a VALPAK® Sales Agreement for the sale of VALPAK® Advertising with an Advertiser with a Purchasing Representative located within the Territory Franchisee's Territory, the Selling

Franchisee or National Sales shall be obligated to pay the appropriate "**Territory Fee**" to the Territory Franchisee, as specified in **Schedule A**. The appropriate Territory Fee is due on all NTA's® mailed as a result of the foregoing VALPAK® Sales Agreement, including NTA's® located within the Territory Franchisee's Territory.

(ii) Selling Franchisees shall pay Territory Fees directly to Territory Franchisees. COMPANY shall issue credits to Territory Franchisees for Territory Fees due from National Sales. Territory Fees shall be due and payable thirty (30) days after the Mailing Period ends.

(iii) National Sales has no obligation to pay a Territory Fee to any Territory Franchisee for Direct Response Advertising or Consumer Packaged Goods Advertising.

5.5 **Reimbursement for Overweight Postage**

National Sales and Selling Franchisees will pay, and Mailing Franchisees will be reimbursed for, overweight postage under the following conditions:

(a) **Payment of Overweight Postage Fees**

(i) National Sales shall reimburse Mailing Franchisee for overweight Advertising Inserts inserted into VALPAK® Envelopes for distribution which have achieved overweight status or will achieve overweight status by virtue of the inclusion of the overweight Advertising Insert.

(ii) A Selling Franchisee must pay the overweight postage fee listed on **Schedule B** on each individual overweight intermarket Advertising Insert mailed. Such overweight postage fee shall be paid to, and administered by, COMPANY in accordance with this Intermarket Sales Policy.

(iii) For those intermarket agreements that are subject to the terms and conditions of Section 5.3 above, and were not executed in accordance with the 2002 Intermarket Sales Policy, the Mailing Franchisee shall be obligated to pay the overweight postage fee listed on **Schedule B** for each individual overweight intermarket Advertising Insert mailed. Such overweight postage fees shall be paid to, and administered by, COMPANY in accordance with this Intermarket Sales Policy.

(b) **Reimbursement of Overweight Postage Fees**

(i) Mailing Franchisees shall be entitled to reimbursement, from National Sales and/or Selling Franchisees, for the payment of applicable overweight postage fees in instances where an overweight Advertising Insert is inserted for distribution into a VALPAK® Envelope that has achieved overweight status.

(ii) In the event Selling Franchisee and National Sales have both inserted overweight Advertising Inserts into a VALPAK® Envelope for distribution, and the VALPAK® Envelope has achieved overweight status, overweight postage fees due for reimbursement as a result of the insertion of such Advertising Inserts shall be divided between Selling Franchisee and National Sales proportionately.

An Advertising Insert and a VALPAK® Envelope achieve overweight status when they ***equal or*** exceed the weights listed on **Schedule B** for a "Standard Advertising Insert" and a "Standard VALPAK® Envelope".

6. SUPPLIED ADVERTISING INSERTS PRINTED BY THIRD PARTIES

Mailing Franchisees will pay COMPANY the insertion rates listed on **Schedule C** for those Advertising Inserts included in VALPAK® Envelopes in a Mailing that meets all VALPAK® standards and are printed by third parties. Notwithstanding the terms and conditions of the Franchise Agreement, the COMPANY may review and adjust the rates listed on **Schedule C** at its sole discretion upon six (6) months prior written notice.

7. MARKETING AND SALES ASSISTANCE

In certain instances, Franchisee may give referrals to National Sales, or Franchisee and National Sales may collaborate on sales calls to Advertisers for the purpose of selling VALPAK® Advertising. Depending on the outcome, compensation may be due to one or more of the parties. Any compensation due shall be negotiated in accordance with the guidelines of the "**Collaboration Fee Schedule**" listed below. In all instances where referral or sales assistance is provided as described herein, the parties shall remain separate entities and in no way shall such activities constitute a joint venture. The activities described in this Section 7 are subject to the terms and conditions of the Franchise Agreement and the Intermarket Sales Policy.

COLLABORATION FEE SCHEDULE

Marketing and Sales Assistance Compensation Rates

7.1 "Intra Territory Passive Referral"

Franchisee refers the name of a contact at an advertising prospect's place of business to a National Sales Account Executive and assists National Sales in obtaining an appointment. Prior to this referral Franchisee has made no contact with the Advertiser for the purpose of selling VALPAK® Advertising. The National Sales Account Executive accepts the referral and calls on the Advertiser. Franchisee relinquishes any future rights that it may have in the account as long as there is Mailing Activity for the Advertiser.

If a Sale is made:

(i) COMPANY will pay Franchisee a two (2%) percent referral fee in addition to a Territory Fee based on the "retail insertion fee" collected from the Advertiser for VALPAK® Advertising for one (1) year. Franchisee may designate the consecutive twelve (12) month period upon which referral fees shall be calculated, however, Franchisee must make such designation within twenty-four (24) months of the first Mailing, otherwise Franchisee will lose the right to receive such referral fees. (For the purposes of this Section 7, "retail insertion fee" shall be equal to the total print and insert gross rate less the wholesale print cost.)

(ii) Subsequent to the referral fee payment period, and for so long as Mailing Activity continues, COMPANY will pay Franchisee a Territory Fee and a Matrix Fee for the portion of the Mailing mailed inside of Franchisee's Territory and a Territory Fee for everything mailed outside of the Franchisee's Territory.

7.2 "Intra Territory Active Referral"

Franchisee makes the initial sales call on the advertising prospect. Franchisee determines that it does not wish to service the account. Franchisee then offers to turn the account over to National Sales for sales and service,

relinquishing any future rights that Franchisee may have in the account National Sales accepts as long as there is Mailing Activity for the Advertiser.

If a Sale is made:

(i) COMPANY will pay Franchisee an eight (8%) percent referral fee in addition to a Territory Fee based on the retail insertion fee collected from the Advertiser for VALPAK® Advertising for one (1) year. Franchisee may designate the consecutive twelve (12) month period upon which referral fees shall be calculated, however, Franchisee must make such designation within twenty-four (24) months of the first Mailing, otherwise Franchisee will lose the right to receive such referral fees.

(ii) Subsequent to the referral fee payment period, and for so long as Mailing Activity, continues, COMPANY will pay Franchisee a Territory Fee and a Matrix Fee for the portion of the Mailing mailed inside of Franchisee's Territory and a Territory Fee for everything mailed outside of Franchisee's Territory.

7.3 "Inter Territory Passive Referral"

A Franchisee may, in the manner described in Section 7.1 above, refer an account located in another Franchisee's Territory to National Sales. Such referral is subject to the Territory Franchisee's right of first refusal and consent. It shall be the obligation of National Sales to ensure that Territory Franchisee's right of first refusal has been exercised prior to any discussions related to pricing with the advertising prospect.

If a Sale is made:

(i) Beginning with the first Mailing, and for so long as Mailing Activity continues, COMPANY will pay the Territory Franchisee a Territory Fee and a Matrix Fee for the portion of the Mailing mailed inside of the Territory Franchisee's Territory and a Territory Fee for everything mailed outside of Franchisee's Territory.

(ii) COMPANY will pay the referring Franchisee a two (2%) percent referral fee based on the retail insertion fee collected from the Advertiser for VALPAK® Advertising for one (1) year. Franchisee may designate the consecutive twelve (12) month period upon which referral fees shall be calculated, however, Franchisee must make such designation within twenty-four (24) months of the first Mailing, otherwise Franchisee will lose the right to receive such referral fees.

7.4 "Inter Territory Active Referral"

A Franchisee may, in the manner described in Section 7.2 above, and subsequent to receiving consent from the Territory Franchisee to call on such account, refer an account located in another Franchisee's Territory to National Sales. Such referral is subject to the Territory Franchisee's right of first refusal and consent. It shall be the obligation of National Sales to ensure that Territory Franchisee's right of first refusal has been exercised prior to any discussions related to pricing with the advertising prospect.

If a Sale is made:

(i) Beginning with the first Mailing, and for so long as Mailing Activity continues, COMPANY will pay the Territory Franchisee a Territory Fee and a Matrix Fee for the portion of the Mailing mailed inside of the Territory Franchisee's Territory and a Territory Fee for everything mailed outside of Franchisee's Territory.

(ii) COMPANY will pay the referring Franchisee an eight (8%) percent referral fee based on the retail insertion fee collected from the Advertiser for VALPAK® Advertising for one (1) year. Franchisee may designate the consecutive twelve (12) month period upon which referral fees shall be calculated, however, Franchisee must

make such designation within twenty-four (24) months of the first Mailing, otherwise Franchisee will lose the right to receive such referral fees.

7.5 "National Sales On-site Presentation"

National Sales provides sales tools and a National Sales Account Executive to Franchisee for a one-day on-site sales presentation. The account remains a Franchisee account.

If a sale is made Franchisee shall pay to COMPANY a two (2%) percent referral fee based on the retail insertion fee collected from the Advertiser for Advertising Inserts mailed during the first year beginning with the first Mailing. Regardless of whether a sale is made or not, Franchisee shall pay all actual out-of-pocket expenses incurred by the National Sales Account for the on-site presentation, including travel and out-of-pocket costs.

7.6 "COMPANY Financed Franchisee Account"

Franchisee provides primary, day-to-day, contact to Advertiser for the purposes of sales and service. COMPANY provides financing and administrative services (the "**Administrative Services**") and authorizes and provides pricing for all VALPAK® Advertising Insert sales activity with Advertiser.

COMPANY will pay Franchisee a fifteen (15%) percent sales commission on the retail insertion fees collected from the Advertiser for so long as COMPANY provides Administrative Services and pricing.

Sales volumes will be credited towards "Achievement Club" totals of Franchisee's sales representative if appropriate.

8. AGGREGATION

8.1 **"Top Down" Aggregation**:

(a) A Selling Franchisee, or National Sales must notify COMPANY *prior* to the initiation of *any* Aggregation activity, including, without limitation, any discussions with a Purchasing Representative related to the pricing of VALPAK® Advertising. Upon such notification by a party of its desire to "aggregate" the advertising business of an Advertiser, COMPANY will provide the Selling Franchisee(s) and/or National Sales with a detailed analysis and assessment of the effects the proposed Aggregation will have on all parties involved.

(b) Any party desiring to aggregate must provide COMPANY and all affected Selling Franchisee(s) (the "Impacted Dealers") with a list of all of the Advertiser locations being proposed for "aggregation" and any, and all, business or trade names under which the Advertiser conducts business.

(c) COMPANY will post aggregated Advertisers in a location accessible to all Franchisees and National Sales (e.g. www.insidevalpak.com) with a brief description of the aggregated activity.

(d) "Top Down" Aggregations are *not* subject to payment of any fees by Selling Franchisee or National Sales to Impacted Franchisees other than applicable Territory and Matrix fees, and a Displacement Fee equal to that described in Section 8.2 below.

(e) Franchisees receiving Displacement Fees are prohibited from calling on Advertisers participating in Top Down Aggregations, during the term of the Top Down Aggregation, for the purpose of soliciting and selling VALPAK® Advertising for the Mailing dates in effect for the Top Down Aggregation.

(f) Selling Franchisee and National Sales must complete a "Top Down" Aggregation through contacts with corporate headquarters, or its advertising agency of record, and may not have any contact with the local independent or company owned franchise (or distributor) without written permission of the Territory Dealer.

8.2 **Group Buy ("Bottom Up") Aggregation**: As with Top-Down Aggregations, Group Buy Aggregations must be cleared through COMPANY in the manner provided in Section 8.1(a) and 8.1(b) above prior to any discussions with a Purchasing Representative related to the pricing of VALPAK® Advertising.

In the event a Group Buy occurs, Impacted Franchisees may be eligible for additional fees ("Impacted Seller Compensation"). Impacted Seller Compensation fees are as follows:

(a) **Service Fee.** The Service Fee is $30.00 per 10,000 unduplicated circulation, which is paid by the Selling Franchisee or National Sales, and is in addition to the applicable Matrix Fee. The purpose of the Service Fee is to compensate Territory Franchisees for their efforts in maintaining customer relations with accounts that have been aggregated, and encourage them to continue mailing by participating in the Group Buy.

(b) **Displacement Fee.** Territory Franchisees, who have sold local accounts that have mailed in the previous twelve (12) months, and have been aggregated as a result of the Group Buy ("Displaced Sellers"), are eligible for Displacement Fees. Displacement Fees are due and payable at the same time Matrix Fees are paid by the Selling Franchisee or National Sales in accordance with the following schedule:

(i) For unduplicated circulation previously sold and mailed within Franchisee's Territory:

$30.00 per 10,000 increments

(ii) For unduplicated circulation previously sold and mailed as outbound intermarket:

$15.00 per 10,000 increments

(iii) Displacement Fees are due only for those mailings and circulation that have been "displaced" at the time of the initial Group Buy, which shall remain a set figure for the purposes of calculating maximum Displacement Fees due as described herein.

(iv) Displacement Fees are calculated on 10,000 increments of unduplicated circulation mailed in the twelve (12) months prior to the first Group Buy, in-Territory and/or outbound orders. Increments of less than 10,000 will be pro-rated.

(v) Eligible Franchisees will receive Displacement Fees for four (4) years from the date of the first Group Buy, or up to the last mailing of the Group Buy, whichever occurs first.

Franchisees receiving Displacement Fees and/or Service Fees are prohibited from calling on Advertisers participating in a Group Buys, during the term of the Group Buy, for the purpose of

soliciting and selling VALPAK® Advertising for the Mailing dates in effect for the Group Buy, but may solicit and sell VALPAK® Advertising for Mailing dates not included in the Group Buy, and/or other products offered by COMPANY not included in the Group Buy. Franchisees are encouraged however, and in the case of those receiving Service Fees are required, to contact Advertisers participating in Group Buys to encourage the Advertiser to continue participating in the Group Buy.

(c) Any transaction that can be categorized as a Group Buy in effect, and under contract, as of the effective date of this 2005 Intermarket Sales Policy, and that otherwise complies with this Agreement, shall not be subject to any Service or Displacement Fees, as described herein, for the term of such transaction.

9. AGENCIES

9.1 A Selling Franchisee or National Sales shall be permitted to transact business with an agency that is acting as a Purchasing Representative on behalf, and at the direction of, an Advertiser who desires to purchase VALPAK® Advertising. Any such transactions must be executed in accordance with the terms and conditions of the Franchise Agreement, as amended, and the Intermarket Sales Policy.

9.2 Selling Franchisee and National Sales acknowledge and agree that it shall not be permitted to retain, establish, or transact business with an agency for the purpose of circumventing the terms and conditions of the Franchise Agreement or the Intermarket Sales Policy. Any such action will be subject to the dispute resolution process.

10. DISPUTE RESOLUTION

When any violative actions, actual or attempted, arise under this Intermarket Sales Policy, it is the responsibility of the parties involved to negotiate a settlement. However, in those cases where the involved parties are unable to arrive at a mutually satisfactory agreement, the following arbitration procedure will be implemented:

(a) Both parties are to submit, in writing, to the Vice-President of Franchise Relations of COMPANY, all information which they may have regarding the dispute. This information will include, but is not limited to, a narrative description of the dispute, copies of all related agreements, invoices, layouts, proofs, intermarket confirmation forms, and checks, as well as a description of any attempts previously made to settle the dispute.

(b) The Senior Vice-President, Franchise Development and counsel for the VFA will select three "disinterested" Franchisees which consist of two Independent Franchisees and one Owned and Operated Franchisee to serve on any given dispute. The Owned and Operated Franchisee representative leader must run a market day-to-day. The three selected Franchisees, which must be "disinterested" (i.e., not involved in the underlying dispute), will serve to mediate the dispute as the "Dispute Resolution Team." The Senior Vice-President, Franchise Development will coordinate the activities of the Dispute Resolution Team.

(c) Decisions of the Dispute Resolution Team are binding, and it is expected that the actions required by their decisions will be implemented immediately. If financial transactions are necessary to carry out the mandate of the Dispute Resolution Team, and these transactions do not occur within ten (10) working days of the notification of the Dispute Resolution

Team's decision, COMPANY retains the right to use a "credit/debit" system (i.e. debit "at-fault" Franchisee's VALPAK® account, credit injured Franchisee's VALPAK® account) to ensure compliance. Furthermore, in those instances where the Dispute Resolution Team has determined that a franchisee has been financially harmed by the actions of another as a result of violations of the Intermarket Sales Policy, it may award damages retroactive over the length of the violation, or two (2) years, whichever is less. Such damages may include up to two hundred percent (200%) of the profits obtained by the breaching franchisee as a result of its violative actions. Repayment plans covering damage awards shall be at the discretion of the Dispute Resolution Team, but in no instance shall the length of any such plan exceed two (2) years.

(d) Decisions of the Dispute Resolution Team may be appealed to the President of COMPANY, but such appeal must be made in writing no later than ten (10) working days after notification of the Dispute Resolution Team's decision. The President's decision is final except as to decisions which substantially support the position of National Sales or any company owned and operated VALPAK® Franchise, in which event, the VFA shall, in its sole discretion, have the authority and standing to appeal the decision by filing suit in the jurisdiction and venue provided in the Franchise Agreement seeking actual damages and/or injunctive relief along with reasonable attorney's fees and costs, otherwise, the affected Franchisee may have such similar right.

(e) Violations of any section of the Intermarket Sales Policy shall constitute a breach of the Franchise Agreement.

(f) **Safe Harbor.** The following shall not be deemed to be violations of the Intermarket Sales Policy rules:

(i) If a Selling Franchisee or National Sales seeks and obtains a written opinion from the Vice-President of Franchise Relations concerning the propriety of a specific sales contact or act and upon receipt of such opinion, substantially complies with the opinion in good faith, such party shall not be in violation of this Intermarket Sales Policy if such opinion was given in error or is subsequently modified or withdrawn, provided, such party complies with the revised opinion upon notice thereof. Any VALPAK® Sales Agreement entered into prior to such notice shall remain valid.

(ii) If a Selling Franchisee or National Sales responds to a request from an agency for information without knowledge of the identity of the Advertiser represented by such agency prior to complying with the requirements of Section 9, it shall not be a violation of this Intermarket Sales Policy, provided that neither party quotes any specific price for VALPAK® Advertising.

11. ELECTRONIC ADVERTISING

11.1 Rights and Obligations. COMPANY offers an array of Electronic Advertising Services to Advertisers and will continue to develop and offer new services to Advertisers as technology, advertising, Advertisers, consumers and the market evolve. Electronic Advertising Services that COMPANY offers for sale to Advertisers through the VALPAK® System includes, without limitation, electronic coupons, email, SMS text applications, mobile applications and any other local or national promotional advertising distributed electronically. FRANCHISEES and National Sales have been granted the right to sell Electronic Advertising with the understanding that

COMPANY may, at any time, vary the duties, rights, obligations, compensation, pricing and vary the terms and conditions by which a party may participate in the sale and distribution of Electronic Advertising and Electronic Advertising Services, either as part of the Intermarket Sales Policy, or otherwise.

11.2 Sales Rules. Except as otherwise expressly stated herein, the sale of Electronic Advertising is subject to the obligations or restrictions for sales activities under the Intermarket Sales Policy.

11.3 Compensation. Compensation eligible to be earned by FRANCHISEE from the sale of Electronic Advertising, and how it is calculated, will be included on **Schedule H** which will be posted on InsideValpak.com and changed periodically as COMPANY determines appropriate.

11.4 Acceptance of Electronic Advertisements. Electronic Advertising in any form may not be rejected by a FRANCHISEE.

11.5 Intermarket Fees. No intermarket compensation described in the Intermarket Sales Policy, including, without limitation, Territory, Matrix, Marketing, Association, Designated Key Account and Aggregation Fees shall apply to the sale of Electronic Advertising.

11.6 Electronic Advertising Services Fees. COMPANY charges FRANCHISEE fees for Electronic Advertising Services, i.e. the services provided by COMPANY which make Electronic Advertising available to Advertisers. Electronic Advertising Service Fees may be in the form of fixed fees based on NTAS® mailed and/or wholesale charges based on application, or both. COMPANY will post all Electronic Advertising Service Fees for general access. Electronic Advertising Services Fees will appear on monthly plant bills and are subject to change from time-to-time in COMPANY'S sole discretion.

11.7 Electronic Advertising Compensation Plan. In order to encourage teamwork and incentivize the promotion and sale of Electronic Advertising Services on Valpak.com and other sites, COMPANY has developed a separate compensation system for its FRANCHISEES. In order to qualify and participate in the Electronic Advertising compensation plan (the "**EAC Plan**") FRANCHISEES must be in full compliance with their Franchise Agreements to the extent that (i) they are current with all monies owed to COMPANY; and (ii) unless otherwise in receipt of a waiver from COMPANY, they do not own, operate or have any ownership or management interest in a Competitive Business ("**Eligibility**"). Both the EAC Plan and Eligibility may be altered, changed, modified or discontinued at any time by COMPANY. However, any adjustment or discontinuation will only be on a going-forward basis and will not be retroactive to amounts already earned, if any, by a FRANCHISEE. The current form of the EAC Plan and the Eligibility are attached as **Schedule H**. Notwithstanding the foregoing, any FRANCHISEE forfeits any rights that they may have to any payments due (but unpaid) or other benefits arising out of the EAC Plan if such FRANCHISEE either does not meet the Eligibility, or such FRANCHISEE no longer is a party to a Franchise Agreement with COMPANY (for both payments and benefits up to the date such FRANCHISEE loses its right to participate and in the future).

11.8 Special Circumstances of Sale. Electronic Advertising Services have different applications and may have a set of unique circumstances related to their sale which must be adhered to either due to legal requirements or technological constraints. If this is the case, such special circumstances will be listed on **Schedule H** from time to time as they arise. Also included with the posting will be items such as start date, unique sales procedures, credit policy and compensation.

11.9 COMPANY Reserved Rights. Subject to the terms and conditions of the Franchise Agreement, COMPANY reserves the right, in its sole discretion, to maintain all aspects of any COMPANY owned and operated Internet web site (including those owned by its affiliates) including, without limitation, the design, look-and-feel, operational access, and content.

SCHEDULE A
The Franchisee Payment Matrix (the "MATRIX")

"MATRIX FEE" and "TERRITORY FEE" payments are per NTA® mailed per Mailing Period.
Rates do not apply to multi-advertiser flyers and booklets.

Matrix Table I

Circulation per Mailing Period	Matrix	Territory Fee
0 – 39,999	$80.00	$17.50
40,000 – 99,999	$73.50	$16.50
100,000 – 179,999	$61.00	$15.00
180,000 – 269,999	$55.50	$13.50
270,000 – 499,999	$50.00	$12.50
500,000 – 749,999	$45.50	$12.00
750,000 – 1,499,999	$36.50	$8.00
1,500,000 – 2,999,999	$33.00	$8.00
3,000,000 – 6,999,999	$32.60	$6.00
7,000,000 – 14,999,999	$25.00	$6.00
15,000,000 and above	$19.00	$6.00

Effective January 1, 2016, all advertiser transactions (i) with a CPMP equal to or greater than 3 million, (ii) had active intermarket agreements executed prior to January 1, 2016, and (iii) were applied to the prior Matrix Table 1, will remain at the matrix payment amount of $32.60 per NTA, until such time that they are no longer active (i.e. no mailing activity has occurred for the past 12 months).

Matrix Table II
Applicable to CPG, OTC and Affiliate Sales Only

CPG/OTC	Affiliate
Must Carry	Must Carry
18-month trial period	18-month trial period
Overweight to be paid when applicable	Overweight to be paid when applicable
$1.00/M Matrix on 1 and 2 panel flyers	4 pieces free
$1.90/M Matrix on multi-client formats*. Profit share after cost recovery + $2.50/M by COMPANY up to full applicable Matrix	Franchisees will receive Revenue Share up to standard Matrix after $3.62/M revenue is earned

For the purposes of Matrix Table II, (i) "CPG" shall have the definition ascribed to it in Section 1; (ii) "OTC" shall mean over-the-counter drugs which are medicines sold directly to a consumer without a prescription, as compared to prescription drugs, which may be sold only to consumers possessing a valid prescription; and (iii) "Affiliate" shall mean any insert sold based on a commission basis (e.g. pay per acquisition) and not a CPM basis.

Matrix Fees for PlusOne

The Matrix Fees on all intermarket PlusOne orders will be set at $235/NTA (or $0.0235/piece) and will be in effect starting January 1, 2022.

SCHEDULE B

SCHEDULE B				
Overweight Postage Fee Schedule				
Material Code		**Insert Weight (oz)**		**Overweight Fee Per Insert Per NTA**
C2P40/44		0.035		0.04
CP40/44		0.035		0.04
2FP40/44		0.070		0.07
3FB40/44		0.107		0.11
3FP40/44		0.107		0.11
6FB44-P		0.290		0.31
6FP44-P		0.290		0.31
CIR08		0.305		0.32
CIR12		0.457		0.48
CIR16		0.609		0.64
OCB44-C		0.110		0.12
OCB44-L		0.115		0.12
Supplied inserts ("SI") weighing more than 0.035 oz. shall be assessed a fee based upon the following formula (Actual Weight oz./0.038)*0.04*#NTA's)				

SCHEDULE C

Third Party Supplied Insert Rates*

1. ORDER QUANTITY	1. COUPONS **POSTCARDS 3-PANEL FLYERS**
100,000 - +	$62.50

*Rates are per NTA® and apply only to coupons, postcards and 3-Panel Flyers supplied in accordance with the VALPAK® System. All other advertising pieces are subject to COMPANY quote.

SCHEDULE D

[Terminated January 1, 2013]

SCHEDULE E

Intermarket Consent Form

[Form appears in VPOffice®]

SCHEDULE F

2025 List

[REDACTED]

SCHEDULE G

[Intentionally Omitted]

SCHEDULE H

Purpose of Schedule H: To enumerate the duties, rights, obligations, compensation, pricing and terms and conditions by which FRANCHISEE may participate in the sale and distribution of certain Electronic Advertising and Electronic Advertising Services. Schedule H will be posted on InsideValpak.com, or other website designated by COMPANY. COMPANY may, from time to time, make changes to the terms and conditions for the sale and distribution of Electronic Advertising and Electronic Advertising Services. COMPANY may also modify, change, cancel or discontinue specific Electronic Advertising and/or Electronic Advertising offerings. "Digital" and "Digital Services" are more modern terms that are synonymous with "Electronic Advertising" and "Electronic Advertising Services" and may be used interchangeably throughout.

1. DIGITAL PRODUCTS AND SERVICES

COMPANY will list all currently available digital product and service offerings, and related wholesale pricing structures, on www.insidevalpak.com. As digital product and service offerings are added or eliminated, or wholesale rates change, InsideValpak.com will be updated accordingly.

2. A LA CARTE SERVICES

From time-to-time COMPANY may offer a la carte Digital Services. Each such service, its availability and wholesale rate charge will be published by COMPANY on www.insidevalpak.com.

EXHIBIT C-3

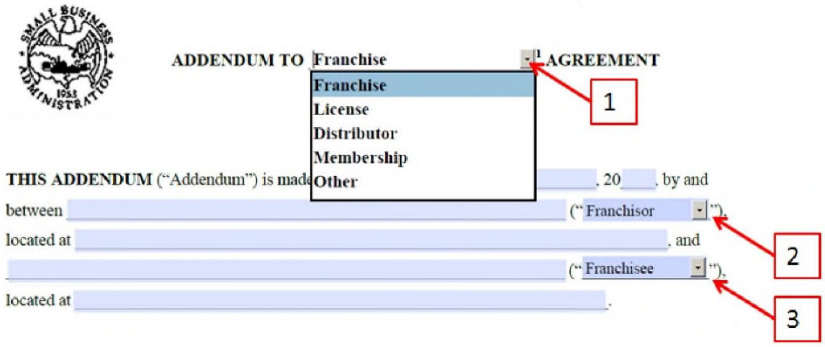
SBA ADDENDUM TO THE VALPAK® FRANCHISE AGREEMENT

INSTRUCTIONS FOR USE OF SBA FORM 2462
ADDENDUM TO FRANCHISE AGREEMENT

SBA has issued a revised version of the Addendum to Franchise Agreement (SBA Form 2462) which became effective January 1, 2018. SBA's Standard Operating Procedure (SOP) 50 10 5(J) explains updates made to the franchise review process for the 7(a) and 504 loan programs. By executing this Addendum, the franchisor agrees that any terms in its franchise agreement or any other document the franchisor requires the franchisee to sign that are related to control by the franchisor or its franchisees (resulting in a determination by SBA of affiliation between the Franchisor and its franchisees, as defined in 13 CFR part 121 and SBA's Standard Operating Procedure 50 10) will not be enforced against the franchisee during the life of the SBA-guaranteed loan.

SBA Form 2462 has **three** locations with drop down menu options at the beginning of the form (see example below). Once a drop down option is chosen (i.e. #1 "Franchise" #2 "Franchisor" and #3 "Franchisee"), the user must hit the "tab" key to automatically populate the appropriate term in all fields.

Example of Drop-Down Options



Once the drop down options have populated in all three locations, the remaining fillable fields must be completed manually (see example below). These fields will either be blank or contain the language "(Enter type of)" or "(type of agreement)." In each of these fields, enter the type of agreement, e.g., franchise, license, dealer, membership, etc. When completing SBA Form 2462, the text may not be altered except to insert the information required to complete the form.

Example of Fillable Fields to be Completed Manually

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the Franchise Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Franchisee owns the real estate where the franchisee location is operating, Franchisee will not be required to sell the real estate upon default or termination, but Franchisee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Franchisee. Additionally, the applicant Franchisee and the (type of agreement) system must meet all SBA eligibility requirements.

ADDENDUM TO LICENSE [1] AGREEMENT

THIS ADDENDUM ("Addendum") is made and entered into on _____, 20____, by and between _____ ("Licensor"), located at _____, and _____ ("Licensee"), located at _____.

Licensor and Licensee entered into a License Agreement on _____, 20___, (such Agreement, together with any amendments, the "License Agreement"). Licensee is applying for financing(s) from a lender in which funding is provided with the assistance of the U. S. Small Business Administration ("SBA"). SBA requires the execution of this Addendum as a condition for obtaining SBA-assisted financing.

In consideration of the mutual promises below and for good and valuable consideration, the receipt and sufficiency of which the parties acknowledge the parties agree that notwithstanding any other terms in the License Agreement or any other document Licensor requires Licensee to sign:

CHANGE OF OWNERSHIP

- If Licensee is proposing to transfer a partial interest in Licensee and Franchisor has an option to purchase or a right of first refusal with respect to that partial interest, Franchisor may exercise such option or right only if the proposed transferee is not a current owner or family member of a current owner of Licensee. If the Franchisor's consent is required for any transfer (full or partial), Franchisor will not unreasonably withhold such consent. In the event of an approved transfer of the (Enter type of) interest or any portion thereof, the transferor will not be liable for the actions of the transferee Licensee.

FORCED SALE OF ASSETS

- If Franchisor has the option to purchase the business personal assets upon default or termination of the License Agreement and the parties are unable to agree on the value of the assets, the value will be determined by an appraiser chosen by both parties. If the Licensee owns the real estate where the licensee location is operating, Licensee will not be required to sell the real estate upon default or termination, but Licensee may be required to lease the real estate for the remainder of the (enter type of) term (excluding additional renewals) for fair market value.

[1] While relationships established under license, jobber, dealer and similar agreements are not generally described as "franchise" relationships, if such relationships meet the Federal Trade Commission's (FTC's) definition of a franchise (see 16 CFR § 436), they are treated by SBA as franchise relationships for franchise affiliation determinations per 13 CFR § 121.301(f)(5).

COVENANTS

- If the Licensee owns the real estate where the licensee location is operating, Franchisor has not and will not during the term of the License Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental use restrictions. If any such restrictions are currently recorded against the Licensee's real estate, they must be removed in order for the Licensee to obtain SBA-assisted financing.

EMPLOYMENT

- Franchisor will not directly control (hire, fire or schedule) Licensee's employees. For temporary personnel franchises, the temporary employees will be employed by the Licensee not the Franchisor.

As to the referenced License Agreement, this Addendum automatically terminates when SBA no longer has any interest in any SBA-assisted financing provided to the Licensee.

Except as amended by this Addendum, the License Agreement remains in full force and effect according to its terms.

Franchisor and Licensee acknowledge that submission of false information to SBA, or the withholding of material information from SBA, can result in criminal prosecution under 18 U.S.C. 1001 and other provisions, including liability for treble damages under the False Claims Act, 31 U.S.C. §§ 3729 - 3733.

Authorized Representative of FRANCHISOR:

By: _____

Print Name: _____

Title: _____

Authorized Representative of LICENSEE:

By: _____

Print Name: _____

Title: _____

Note to Parties: This Addendum only addresses "affiliation" between the Franchisor and Licensee. Additionally, the applicant Licensee and the (type of agreement) system must meet all SBA eligibility requirements.

EXHIBIT D

PERSONAL GUARANTY OF OWNER/SHAREHOLDER

PERSONAL GUARANTY OF OWNER/SHAREHOLDER

This Guaranty must be signed by the principal owners (referred to as "**you**" for purposes of this Guaranty only) of _____ (the "**Franchisee**") under **Valpak Direct Marketing Systems, LLC Franchise Agreement** (the "**Agreement**") dated_____.

1. **Scope of Guaranty**. In consideration of and as an inducement to, the signing and delivery of the Agreement by **Valpak Direct Marketing Systems, LLC** ("**us**," or "**our**" or "**we**"), each of you signing this Guaranty personally and unconditionally: (a) guarantees to us and our successors and assigns that the Franchisee will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and any other agreement, promissory note or other obligation with, to or owed to us (collectively, "**Obligations**"); and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement and/or of the Obligations.

2. **Waivers**. Each of you waives: (a) acceptance and notice of acceptance by us of your obligations under this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed by you; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed by you; (d) any right you may have to require that an action be brought against the Franchisee or any other person as a condition of your liability; (e) all rights to payments and claims for reimbursement or subrogation which you may have against the Franchisee arising as a result of your execution of and performance under this Guaranty; and (f) all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantors.

3. **Consents and Agreements**. Each of you consents and agrees that: (a) your direct and immediate liability under this Guaranty are joint and several; (b) you must render any payment or performance required under the Agreement and/or of the Obligations upon demand if the Franchisee fails or refuses punctually to do so; (c) your liability will not be contingent or conditioned upon our pursuit of any remedies against the Franchisee or any other person; (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Valpak may periodically grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims and no such indulgence shall in any way modify or amend this Guaranty; and (e) this Guaranty will continue and is irrevocable during the term of the Agreement and, if required by the Agreement, after its termination or expiration.

4. **Enforcement Costs**. If Valpak is required to enforce this Guaranty in any judicial or arbitration proceeding or any appeals, you must reimburse us for our enforcement costs. Enforcement costs include reasonable accountants', attorneys', attorney's assistants', arbitrators' and expert witness fees, costs of investigation and proof of facts, court costs, arbitration filing fees, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any written demand, claim, action, hearing or proceeding to enforce this Guaranty.

5. **Effectiveness**. Your obligations under this Guaranty are effective on the Agreement Date, regardless of the actual date of signature. Terms not otherwise defined in this Guaranty have the meanings as defined in the Agreement. This Guaranty is governed by Florida law and may be enforced in the courts of Pinellas County, Florida. Each Guarantor irrevocably submits to the jurisdiction and venue of such courts.

Each of the principal owners now signs and delivers this Guaranty as of the date of the Agreement.

PERCENTAGE OF OWNERSHIP INTEREST IN FRANCHISE	**GUARANTORS**
_____	_____
_____	_____
_____	_____
	DATE_____

EXHIBIT E

FORM OF SPOUSAL CONSENT

SPOUSAL CONSENT

The undersigned each being the spouse of a Franchisee (or the spouse of an owner of the Franchisee) hereby states:

That he or she has read and understands the Franchise Agreement; and

That he or she consents to the terms and conditions of the Franchise Agreement, including but not limited to those concerning transfer, and

That he or she consents to execution of the Franchise Agreement by Franchisee; and

That he or she consents to execution of the Guaranty and Assumption of Franchisee's Obligations by his or her spouse and acknowledges and agrees that by this consent that all marital property will be subject to the obligations of the Guaranty and Assumption of Franchisee's Obligations.

Dated:_____ Signature:_____
Print Name:_____

Dated:_____ Signature:_____
Print Name:_____

EXHIBIT F

VPOFFICE® SOFTWARE LICENSE AGREEMENT

VPOFFICE® SOFTWARE LICENSE AGREEMENT – U.S.

THIS VPOFFICE SOFTWARE LICENSE AGREEMENT (this **"Agreement"**) is entered into as of _____ ("Effective Date") by and between VALPAK DIRECT MARKETING SYSTEMS, LLC ("**Company**") and _____ **("Franchisee")**.

WHEREAS, Company has developed software known as VPOFFICE, as may be updated, upgraded, amended or otherwise modified by Company from time to time ("**VPOffice**" or "**Software**"); and

WHEREAS, Franchisee is a party to a franchise agreement (a "**Franchise Agreement**") with Company or its affiliates, and Franchisee desires to utilize such Software in conjunction with the business operations Franchisee engages in pursuant to such Franchise Agreement; and

WHEREAS, Company and Franchisee believe it is in their mutual interest and desire to enter into an agreement whereby Franchisee shall use Company's Software pursuant to the terms and conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and mutual covenants of this Agreement, the Parties hereto agree as follows:

1. GRANT OF LICENSE

A. Company hereby grants to Franchisee, and Franchisee hereby accepts from Company, subject to the terms and conditions of this Agreement, a nonexclusive, non-transferable right and license to use the Software pursuant to this Agreement.

B. Client acknowledges that Company owns all intellectual property rights related to the Software licensed to Franchisee pursuant to this Agreement, including any patents, copyrights, trademarks and trade secrets in or relating to the Software. Franchisee is not acquiring any right, title or interest of any nature whatsoever in any Software except the license to use the Software granted hereunder.

2. TERM

Franchisee's right and license to use the Software shall be effective for the same term of Franchisee's Franchise Agreement, as renewed, extended or replaced (the **"Term"**), or until terminated in accordance with the express provisions of this Agreement.

Upon termination, Franchisee shall discontinue the use of and shall return to Company all copies of the Software and/or related documentation and shall destroy, and document in writing such destruction of, any embodiments of these materials stored in or on a reusable electronic or similar medium, including but not limited to memory, disk packs, tape, and other peripheral devices. Termination of the license by Franchisee or Company shall in no event entitle Franchisee to a refund of any license fees.

3. RESTRICTIONS ON USE

Except as expressly provided herein, Franchisee may use the Software solely for internal business purposes related to the franchised business carried on by Franchisee pursuant to the Franchise Agreement.

Except as otherwise expressly provided herein, Franchisee shall not be permitted to transfer, sublicense or otherwise assign its rights in the Software to any third party nor allow any third party to access or use the Software. Franchisee shall not have the right to alter or modify the Software without the express prior authorization of Company. Franchisee shall not have the right to reverse engineer the Software to develop any other computer program. Franchisee may not copy all or any part of the Software without Company's consent.

4. CLIENT RESPONSIBILITY

Franchisee shall be solely responsible for obtaining, maintaining and operating at its expense all computer hardware and software necessary for the use of the Software being licensed pursuant to this Agreement, as more fully described in the "VPOFFICE Service Level Agreement & Procedures", attached as Schedule A hereto, and incorporated by reference herein.

5. SOFTWARE LICENSE FEES

During the Term, Franchisee shall pay to Company the monthly Software License Fee set forth in the Valpak Franchisee Operating Procedures from time to time. Payment shall be due on the first day of each month beginning on the date of this Agreement, or on such other day as Company may designate in the Valpak Franchisee Operating Procedures. In the event that Franchisee's market size increases or decreases, Company shall increase or decrease Franchisee's Software License Fee accordingly, but shall not increase or decrease Franchisee's Software License Fee more than one (1) time per year. If Company licenses additional software, it may charge additional fees.

6. CONFIDENTIALITY

Franchisee recognizes that the Software is the proprietary and confidential property of Company. Accordingly, Franchisee shall not, without the prior written consent of Company, disclose or reveal to any third party, or utilize for its own benefit other than pursuant to this Agreement, Software or services provided by Company hereunder. Franchisee further agrees to take all reasonable precautions to preserve the confidentiality of Company's Software and shall assume responsibility that its employees will similarly preserve this information against third parties. The provisions of this clause shall survive termination or expiration of this Agreement.

Franchisee shall take no steps in attempting to reverse engineer the Software.

Company acknowledges that data input into the VPOffice® system by Franchisee (the "Franchisee Data") is the confidential and proprietary information of Franchisee and shall be regarded as such. Company shall have the right to access the Franchisee Data listed on **Schedule A** to this Agreement for the sole purpose of compiling data for analysis purposes. In the event Company wishes to access Franchisee Data not listed on **Schedule A**, Company shall only be permitted to do so upon first obtaining the prior written consent of the Franchisee. Other than for compiling and analyzing data in the aggregate, Company shall not share or distribute any information contained in the Franchisee Data, in any form whatsoever, with any of Company's subsidiaries or affiliates, or any third party other than the Valpak Franchise Association without the express written consent of the Franchisee.

7. SOFTWARE MAINTENANCE SERVICES

Company shall perform those maintenance and support services (the "Maintenance Services") described in Section I of the "Service Level Agreement" attached hereto.

Enhancements. Any updates, upgrades, enhancements or modifications made by Company to the Software shall be promptly provided to Franchisee and automatically included in this Agreement.

8. WARRANTIES AND REPRESENTATIONS

A. Company represents and warrants that it has no actual knowledge that Franchisee's use of the Software infringes any valid rights of any third party.

B. Company represents and warrants that the Software will perform in accordance with the specifications provided by Company to Franchisee, a copy of which will accompany this Agreement. THE WARRANTY PROVIDED HEREIN IS IN LIEU OF ALL OTHER WARRANTIES OR CONDITIONS, EITHER EXPRESS, IMPLIED, STATUTORY OR COLLATERAL, INCLUDING ANY THAT MAY ARISE EITHER BY AGREEMENT BETWEEN THE PARTIES OR BY OPERATION OF LAW, INCLUDING THE WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

C. Limitation of Liability. IN NO EVENT SHALL COMPANY BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES, DAMAGES FOR LOSS OF PROFITS, REVENUE, DATA OR USE, INCURRED BY FRANCHISEE OR ANY THIRD PARTY, WHETHER IN AN ACTION IN CONTRACT, BREACH OF WARRANTY OR TORT OR OTHER LEGAL THEORY, EVEN IF COMPANY OR ANY OTHER PERSON COULD REASONABLY FORESEE OR HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

9. INDEMNITY

Company agrees to defend, indemnify, and hold Franchisee, and its officers, directors, agents, and employees, harmless against all costs, expenses, and losses (including reasonable lawyers' fees and costs) incurred through claims of third parties against Franchisee based on a breach by Company of any representation and warranty made in this Agreement as well as for any third-party claim of infringement of its intellectual property rights based on Franchisee's use of the Software.

10. TERMINATION

Upon the expiration or termination of Franchisee's Franchise Agreement, all rights granted to Franchisee under this Agreement shall forthwith terminate and immediately revert to Company and Franchisee shall discontinue all use of the Software and the like.

11. FORCE MAJEURE

Neither Party shall be liable for, or will be considered in breach of or default under this Agreement on account of, any delay or failure to perform as required by this Agreement as a result of any causes or conditions that are beyond such Party's reasonable control and that such Party is unable to overcome through the exercise of commercially reasonable diligence. If any force majeure event occurs, the effected Party will give prompt written notice to the other Party and will use commercially reasonable efforts to minimize the impact of the event.

12. ASSIGNMENT

Franchisee's rights described in this Agreement are neither assignable, transferable, nor divisible to anyone else under any circumstances whatsoever, except as part of the transfer of the Franchise Agreement in accordance with its terms. Any other purported transfer or assignment of this Agreement shall be void. However, Company may assign or delegate its rights and obligations under this Agreement.

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby, have each caused to be affixed hereto its or his/her hand and seal as shown below.

VALPAK DIRECT MARKETING SYSTEMS, LLC:

By: _____

Name: _____

Title: _____

Date: _____

FRANCHISEE:

By: _____

Name: _____

Title: _____

Date: _____

By: _____

Name: _____

Title: _____

Date: _____

SCHEDULE A

VPOFFICE® FRANCHISEE DATA ACCESSIBLE TO COMPANY

1. Retail Street Pricing by:

    Region
    Printed Product Code
    Mailing Frequency
    NAIC (Advertiser Category)
    Market Size
    Volume

2. VALPAK® Franchisee Sales Representative Performance Metrics by:

    Tenure
    Mailing Frequency
    Market Size
    Region

3. Intermarket Transactions by:

    Price
    Production Cost
    Variable Selling Expenses
    Volume

4. Advertiser Performance Data by:

    NAIC Code
    Frequency of Mailing
    Product Code Usage
    Average Circulation Purchase
    Renewal Rates by Category

Service Level Agreement
&
Procedures

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VPOffice® and VALPAK® are registered trademarks of Valpak Direct Marketing Systems, LLC

Service Elements

Section I	Purpose Term Franchise Application Support Team Second Level Support Group Hours of Support Emergency Contact Information Annual Software Support and Maintenance Fees
Section II	Company Responsibilities Franchisee Responsibilities
Section III	Severity Level Definitions Response Time Frames
Section IV	Business Critical Calls Escalation Procedures Escalation Path

SECTION I

Purpose

This Service Level Agreement for VPOffice (the "Maintenance Agreement") will define the support standards that the Franchisee, the Franchise Application Support Team, Second Level Support Groups, and the Corporate Support Center (CSC) have agreed to. This document will list hours and scope of support and will specify the depth of support to be provided. It will also formulate a plan for evaluating the quality of support and identify any weaknesses in the support plan. This is a living document subject to revision, by Company in its sole discretion, when necessary.

Term

The term of this Maintenance Agreement shall begin on the Effective Date of the VPOffice Software License Agreement. Thereafter, and for so long as Company makes Maintenance Services for the Software generally available to franchisees, Franchisee shall pay maintenance fees in accordance with the then-current rate schedule published by Company for such services.

Franchise Application Support Team ("FAST")

The Franchise Application Support Team ("FAST") will act as the primary point of contact between the Franchisee and the Second Level Support Group. FAST will make every effort to resolve any issue or request during the initial call. In the event the request/issue cannot be resolved, FAST will forward the support request to the SLSG for escalation. It is the responsibility of FAST and the SLSG to document the support process in the Service Center ticket.

Second Level Support Group ("SLSG")

All SLSG's will respond within specified time frames (See Section III) for any issues escalated by FAST or the CSC.

Hours of Support

FAST support services are available from 7:00 AM – 8:00 PM EST, Monday through Friday, excluding Valpak observed holidays. FAST and SLSG shall be available after hours for emergencies.

Emergency Contact Information

FAST and the Company data center maintain a listing of all emergency contact numbers for ITSS, Supervisors, Managers and Directors of Valpak Direct Marketing Systems, LLC

Annual Software Support and Maintenance Fees

Software Support and Maintenance Fees (the "Maintenance Fees") are based on the twelve (12) month average size of the "Franchisee's Market", which is defined as the number of unduplicated addresses that the Franchisee mails within their market per Mailing. In the event that Franchisee's Market size increases or decreases, Company shall increase or decrease Franchisee's Maintenance Fee accordingly, but shall not increase or decrease Franchisee's Maintenance Fee more than one (1) time per year. Maintenance Fees shall be invoiced on a monthly basis, due and payable on the first day of each month. Additionally, following the initial Maintenance Term, Maintenance Fees may be increased or decreased, whichever the case may

be, thereafter from one year to the next by a percentage equal to the change in the U.S. Department of Labor Consumer Price Index.

MAINTENANCE FEES/MONTHLY PAYMENT SCHEDULE				
Micro Market 0 – 80,000	**Small Market 80,001 – 150,000**	**Medium Market 150,001 – 300,000**	**Large Market 300,001 – 499,999**	**Macro Market 500,000+**
$78.00	$87.00	$97.00	$105.00	$180.00

SECTION II

Company Responsibilities

Availability
The VPOffice system will be available 7x24 (7 days Monday – Sunday/24 hours a day) with the exception of Sundays from 6:00 am – 12:00 pm ET. This is reserved as a maintenance window for periodic hardware/database maintenance.

On occasion it may be necessary to disrupt the availability to perform preventative maintenance. All Franchisees will be notified 24 hours prior to any such interruption. If an interruption is required to perform maintenance of an urgent nature, an attempt will be made to notify all Franchisees.

Data – Backup and Recovery

Backup and Recovery
Company ensures that all data is backed up on a regular basis. Backups are performed in a manner that no data is at risk for non-catastrophic failure and no more than twenty-four (24) hours of data is at risk in the event of a catastrophic outage.

Quality

Procedure
Company comprehensively tests all code and changes for VPOffice. Testing includes both supported functionality and adequate system performance.

Trouble Reporting and Management
FAST is available as specified in Section I for reporting of any and all issues related to the system. Management of these issues will comply guidelines specified in Section III.

Release Schedule
Update versions of the software will be scheduled in periodic releases. Under certain circumstances, updated versions may be implemented more frequently to fix defects or implement needed enhancements.

Franchisee Responsibilities

Hardware
Franchisees are responsible for acquiring and maintaining hardware that satisfies the minimum supported configuration. Company validates that the minimum supported configuration meets performance and availability requirements for the standard install set. If the Franchisee uses the same hardware to concurrently execute other software, additional hardware may be required. Company is available to provide technical advice and will not guarantee performance in non-standard configurations.

Minimum Supported Configuration

Processor:	Pentium 4/Core 2/AMD Athlon
Display:	256 bit colour 1024x768 resolution
Disk Space:	500 MB
Operating System:	Windows Server 2008 Compatible
Printer:	Windows 2000 compatible
Modem/Network Interface:	Broadband (DSL/Cable) connection

Telecommunications

Franchisees are responsible to obtain a stable Internet connection. Minimum bandwidth requirements are listed above.

Software

Franchisees must accept any configuration and registry settings required by Company to execute the software. Franchisees must use version levels of executable programs, including DLLs and drivers, required. Company does not guarantee compatibility of VPOffice with any non-supported software installed on the same hardware used for VPOffice.

Franchisees must accept and use the current version level of software supplied by Company. No attempts to modify or extend the software can be made by the Franchisee or their employees.

Security

Franchisees and their employees must comply with password and other security procedures established by Company. This includes changing passwords for VPOffice access on a regular cycle. Typical IT standards dictate a 45-day expiration on passwords.

SECTION III

Severity Level Definitions and Response Time Frames

Severity 1 – The system is down or system components are not functioning preventing multiple users from performing critical job functions.

Response time – 10 minutes
Resolution time – Continuous effort until resolved.

Severity 2 – Components of the system are not functioning in a manner that adversely effects business operations for a single user.

Response time – 10 minutes
Resolution time – 24 hours

Severity 3 – Components of the system are functioning in a manner that is less than optimal but do not impact business operations.

Response time – 24 hours
Resolution time – 5 calendar days with daily updates to the ticket in Service Centre application.

Severity 4 – Work orders for new/modified service or equipment, i.e. moves, software upgrades.

Response time – 24 hours
Resolution time – 19 business days

***Response and resolution time do not include waiting for end user availability or third party vendor response time. Response time is defined as initial contact with the end user for diagnosis of issue. Resolution time is defined as a complete fix or reasonable alternative that the end user is satisfied with.*

****Severity levels and SLAs are defined by the CSC and SLSG, not by the end user. Careful consideration will be taken when determining the severity of the reported issue.*

SECTION IV

Business Critical Calls

Business critical calls are defined as Severity 1 or Severity 2 issues/requests. (See Section III for definition of severity levels.) These types of calls shall be escalated to the appropriate SLSG through emergency escalation procedures to include advisement of management.

Business critical calls will not be processed or accepted by FAST through email. All business critical calls must be placed to FAST on the telephone.

Escalation Procedures

Escalation of a support call shall occur during the following scenarios:

- Either party is unsatisfied with the outcome of a support call.
- A call is not acted upon in a timely manner.
- Follow up is not completed resulting in delayed closure of the call.

If it becomes necessary to escalate the call, FAST will contact the SLSG support technician and manager. FAST will assume role of liaison between the SLSGs and the Franchisee until the request or issue is resolved satisfactorily.

Escalation Path

The escalation path begins if any of the escalation scenarios above occurs, the end user indicates the call is business critical, or FAST determines the issue to be business critical.
Initial escalation begins with FAST and the SLSG.
If the issue is not responded to satisfactorily, FAST will continue to escalate the support call to Support Center Manager and the ITSS Chief Information Officer.

EXHIBIT G

AGENCIES/AGENTS FOR SERVICE OF PROCESS

AGENCIES/AGENTS FOR SERVICE OF PROCESS

If a state is not listed, Valpak has not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which Valpak has appointed an agent for service of process. There also may be additional agents appointed in some of the states listed.

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Commissioner of the Department
of Financial Protection and Innovation:
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Blvd.
Sacramento, California 95834
(916) 445-7205

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94105-2980
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236 (Phone)

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue
Fourteenth Floor, Dept. 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue
Fourteenth Floor, Dept. 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 S. Euclid, Suite 104
Pierre, South Dakota 57501
(605) 773-3563

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 41200
Olympia, Washington 98504-1200
(360) 902-8760

WISCONSIN

(for service of process)

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT H

STATE SPECIFIC ADDENDA TO

FRANCHISE DISCLOSURE DOCUMENT

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM
TO FRANCHISE DISCLOSURE DOCUMENT FOR
VALPAK DIRECT MARKETING SYSTEMS, LLC
STATE OF CALIFORNIA

The following paragraphs are added at the end of Item 17 of the Franchise Disclosure Document pursuant to regulations promulgated under the California Franchise Investment Law:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to Franchisees concerning termination or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

Termination Upon Bankruptcy. The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et. seq.).

Post-Termination Noncompetition Covenants. The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the respective agreement. These provisions may not be enforceable under California law.

Applicable Law. The Franchise Agreement requires application of the laws of the State of Florida with certain exceptions. These provisions may not be enforceable under California law.

No statement, questionnaire, or acknowledgment signed or agreed to by you in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO THE
VALPAK DIRECT MARKETING SYSTEMS, LLC
MARYLAND FRANCHISE DISCLOSURE DOCUMENT

1. The following language is added to the end of the "Summary" section of Item 17(m), entitled **Conditions for franchisor approval of transfer**:

Any release required as a condition of assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

2. The following language is added to the end of the "Summary" section of Item 17(h), entitled **"Cause" defined – non-curable defaults**:

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.), but we will enforce it to the extent enforceable.

3. The following language is added to the end of the "Summary" section of Item 17(v), entitled **Choice of forum**:

Franchisee may, subject to any arbitration obligations, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law to the extent required by the Maryland Franchise Registration and Disclosure Law, unless preempted by the Federal Arbitration Act.

4. The following language is added to the end of the "Summary" section of Item 17(w), entitled **Choice of law**:

; however, to the extent required by the Maryland Franchise Registration and Disclosure Law, subject to your arbitration obligation, you may bring an action in Maryland.

5. The following language is added to the end of the chart in Item 17:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

6. The following language is added to the end of Item 5 and 7:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees will be deferred until we complete our pre-opening obligations under the Franchise Agreement and the franchised business is opened. You must pay us the initial fees and payments on the day you open your franchised business.

ADDENDUM TO THE
VALPAK DIRECT MARKETING SYSTEMS, LLC
VIRGINIA FRANCHISE DISCLOSURE DOCUMENT

The following language is added to Item 11, Training Programs:

Unless you already are a Franchisee, you must attend New Franchise Owner Training. From time to time Valpak may require you to attend supplemental or refresher training programs and conventions (or other Valpak affiliated national meetings

In recognition of the restrictions contained in Section 13.1-564 of the Act, the following is added to Item 17.h:

> Pursuant to Section 13.1-564 of the Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that term may be defined in the Act or the laws of Virginia, that provision may not be enforceable.

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments**. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

_____ _____

Signature of Franchisor Representative Signature of Franchisee Representative

_____ _____

Title of Franchisor Representative Title of Franchisee Representative

EXHIBIT I

STATE SPECIFIC RIDERS TO FRANCHISE AGREEMENT

RIDER TO
VALPAK DIRECT MARKETING SYSTEMS, LLC
FRANCHISE AGREEMENT
FOR USE IN MARYLAND

This Rider is entered into this ____ day of _____, 20___, by and between **VALPAK DIRECT MARKETING SYSTEMS, LLC**, a Delaware limited liability company ("**COMPANY**") and _____, a(n) _____ ("**FRANCHISEE**").

1. **Background**. COMPANY and FRANCHISEE are parties to that certain "Franchise Agreement" dated _____, ____, that has been entered into concurrently with the execution of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being executed because (a) FRANCHISEE is a resident of Maryland, or (b) the business to be operated by FRANCHISEE pursuant to the Franchise Agreement will be located or operated in the state of Maryland.

2. **Initial Fees**. The following is added to the end of Section 10.1:

Based upon COMPANY's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by the franchisees will be deferred until COMPANY completes its pre-opening obligations under the Franchise Agreement and FRANCHISEE's franchised business is opened. FRANCHISEE must pay COMPANY the initial fees and payments on the day FRANCHISEE opens its franchised business.

3. **Releases**. The following language is added to the end of Section 11.3(e):

; provided, however, that such general release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. **Dispute Resolution**. The following language is added to the end of Section 15.11:

FRANCHISEE may, subject to any arbitration obligations, bring an action in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law to the extent required by the Maryland Franchise Registration and Disclosure Law, unless preempted by the Federal Arbitration Act.

5. **Governing Law**. The following language is added to the end of Section 15.10:

However, to the extent required by applicable law, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. **Limitations of Claims**. The following language is added to the end of Section 15.5:

, except that any and all claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the franchise.

7. **Acknowledgments**. Section 15.15 is deleted in its entirety.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed and delivered this Rider to the Franchise Agreement in counterparts on the day and year first above written.

VALPAK DIRECT MARKETING SYSTEMS, LLC, a Delaware limited liability company

By:_____
Title:_____

FRANCHISEE:

Franchisee Signature:

_____
(Name of company)

a _____ company
(state)

By:_____
Title:_____

Individual Signatures:

_____

_____

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws**. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights**. RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation**. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release**. A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial**. Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees**. Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee**. The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions**. Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing**. Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages**. RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement**. Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification**. Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees**. If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants**. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements**. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments**. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

17. **Prohibitions on Communicating with Regulators**. Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers**. Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

_____ _____

Signature of Franchisor Representative Signature of Franchisee Representative

_____ _____

Title of Franchisor Representative Title of Franchisee Representative

EXHIBIT J

CONDITIONAL ASSIGNMENT OF
TELEPHONE NUMBERS, LISTINGS AND ADDRESSES

CONDITIONAL ASSIGNMENT OF
TELEPHONE NUMBERS, LISTINGS AND ADDRESSES

THIS CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS, LISTINGS AND ADDRESSES (this "**Assignment**") is effective as of _____, between **VALPAK DIRECT MARKETING SYSTEMS, LLC**, a Delaware limited liability company, with its principal place of business at 1 Valpak Avenue North, St. Petersburg, Florida 33716 ("**we**," "**us**" or "**our**") and _____, a _____, with its principal place of business at _____ ("**you**" or "**your**"). You and we are sometimes referred to collectively as the "**parties**" or individually as a "**party**."

BACKGROUND INFORMATION:

We grant franchises for the operation of Valpak® franchised businesses using our System and Marks (a "**Franchised Business**"). An integral part of our System is that Franchised Businesses operate according to our distinctive business formats, methods, procedures, designs, layouts, signs, equipment, trade dress, standards and specifications. In order to protect our interest in the System and the Marks, we will have the right to control the telephone numbers, directory listings and postal addresses of Franchised Business if the Franchise Agreement to which you are a party (said agreement, as amended or renewed from time to time, herein referred to as the "**Franchise Agreement**") ends for any reason.

OPERATIVE TERMS:

You and we agree as follows:

1. **Conditional Assignment**: You assign to us, all of your right, title and interest in and to all of the following used in any way by the Franchised Business or associated with any official matter: (a) telephone numbers and regular, classified or other telephone directory listings; and (b) post office box addresses, mail box addresses, postal drop addresses or the like (regardless whether they are sold, leased, issued, granted or assigned to you by any private or governmental party) (collectively, the "**Numbers, Listings and Addresses**") associated with the Marks and used from time to time in connection with the operation of Franchised Business. We will have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment, unless we notify the telephone company, mail or postal service and/or the listing agencies with which you have placed Numbers, Listings or Addresses (collectively, the "**Provider**") to effectuate the assignment of the Numbers, Listings and/or Addresses to us. Upon termination or expiration of the Franchise Agreement we will have the right and authority to ownership of the Numbers, Listings and Addresses. In such event, you will have no further right, title or interest in the Numbers, Listings and Addresses and you will remain liable to the Provider for all past due or other fees owing to the Provider on or before the date on which the assignment to us is effective. As between us and you, upon termination or expiration of the Franchise Agreement, we will have the sole right to and interest in the Numbers, Listings and Addresses.

2. **Power of Attorney**: You irrevocably appoint us as your true and lawful attorney-in-fact to: (a) direct the Provider to effectuate the assignment of the Numbers, Listings and/or Addresses to us; and (b) sign on your behalf such documents and take such actions as may be necessary to effectuate the assignment. Notwithstanding anything else in this Assignment, however, you will immediately notify and instruct the Provider to effectuate the assignment described in this Assignment to us when, and only when: (i) the Franchise Agreement is terminated or expires; and (ii) we instruct you to so notify the Provider. If you fail to promptly direct the Provider to effectuate the assignment of the Numbers, Listings and Addresses to us, we will direct the Provider to do so. The Provider may accept our written direction, the Franchise Agreement or this Assignment as conclusive proof of our exclusive rights in and to the Numbers, Listings and Addresses upon such termination or expiration. The assignment will become immediately and automatically effective upon Provider's receipt of such notice from you or us. If the Provider requires that you and/or we sign the Provider's assignment forms or other documentation at the time of termination or

expiration of the Franchise Agreement, our signature on such forms or documentation on your behalf will effectuate your consent and agreement to the assignment. At any time, you and we will perform such acts and sign and deliver such documents as may be necessary to assist in or accomplish the assignment described herein upon termination or expiration of the Franchise Agreement. The power of attorney conferred upon us pursuant to the provisions set forth in this Assignment is a power coupled with an interest and cannot be revoked, modified or altered without our consent.

3. **Indemnification**: You will indemnify and hold us and our affiliates, stockholders, directors, officers and representatives (collectively, the "**Indemnified Parties**") harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses that any of the Indemnified Parties incur as a result of any claim brought against any of the Indemnified Parties or any action which any of the Indemnified Parties are named as a party or which any of the Indemnified Parties may suffer, sustain or incur by reason of, or arising out of, your breach of any of the terms of any agreement or contract or the nonpayment of any debt you have with the Provider.

4. **Binding Effect**: This Assignment is binding upon and inures to the benefit of the parties and their respective successors-in-interest, heirs, and successors and assigns. Terms not otherwise defined in this Assignment will have the meanings as defined in the Franchise Agreement.

5. **Assignment to Control**: This Assignment will govern and control over any conflicting provision in any agreement or contract which you may have with the Provider.

6. **Attorney's Fees, Etc.**: In any action or dispute, at law or in equity, that may arise under or otherwise relate to this Assignment or the enforcement thereof, the prevailing party will be entitled to reimbursement of its attorneys' fees, costs and expenses from the non-prevailing party. The term "**attorneys' fees**" means any and all charges levied by an attorney for his or her services including time charges and other reasonable fees including paralegal fees and legal assistant fees and includes fees earned in settlement, at trial, appeal or in bankruptcy proceedings and/or in arbitration proceedings.

7. **Severability**: If any part of this Assignment is held invalid for any reason, the remainder of this Assignment will not be affected, and will remain in full force and effect in accordance with its terms.

8. **Governing Law and Forum**: This Assignment is governed by Florida law. The parties will not institute any action against any of the other parties to this Assignment except in the state or federal courts of general jurisdiction in Pinellas County, Florida, and they irrevocably submit to the jurisdiction of such courts and waive any objection they may have to either the jurisdiction or venue of such court.

ASSIGNEE:

VALPAK DIRECT MARKETING SYSTEMS, LLC

By:_____
Name:_____
Title:_____
Date:_____

ASSIGNOR:

_____

Name:_____
Date:_____

_____

Name:_____
Date:_____

EXHIBIT K

FORM OF FRANCHISE COMPLIANCE CERTIFICATE

NOTE: THIS FRANCHISE COMPLIANCE CERTIFICATION SHALL NOT BE COMPLETED OR SIGNED BY YOU, AND WILL NOT APPLY, IF THE OFFER OR SALE OF THE VALPAK FRANCHISE IS SUBJECT TO THE STATE FRANCHISE REGISTRATION/DISCLOSURE LAWS IN THE STATES OF CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

FORM OF FRANCHISE COMPLIANCE CERTIFICATION

The purpose of this Certification is to determine whether any statements or promises were made to you that we have not authorized and that may be untrue, inaccurate or misleading. **Do not sign or date this Certification the same day as the Receipt for the Franchise Disclosure Document; you should sign and date this Certification the same day you sign the Franchise Agreement**. Please review each of the following questions and statements carefully and provide honest and complete responses to each.

1. You had your first face-to-face meeting with our representative on: _____ _____.

2. Have you received and personally reviewed our Franchise Agreement, and each Addendum (if any) and related agreement (i.e., personal guaranty), attached to them?

   Yes _____ No _____

3. Did you receive the Franchise Agreement, and each related agreement, containing all material terms, at least 7 days before signing any binding agreement (other than any deposit agreement) with us or an affiliate?*

   Yes _____ No _____

   * This does not include changes to any agreement arising out of negotiations you initiated with us.

4. Do you understand all of the information contained in the Franchise Agreement, and each Addendum (if any) and related agreement provided to you?

   Yes _____ No _____

   If No, what parts of the Franchise Agreement, Addendum (if any) and/or related agreements do you not understand? (Attach additional pages, if necessary.)

   _____

   _____

   _____

5. Have you received and personally reviewed our Franchise Disclosure Document ("**FDD**") that was provided to you?

   Yes _____ No _____

6. Did you receive the FDD at least 14 days before signing the Franchise Agreement, this document or any related agreement, or before paying any funds to us or an affiliate?

   Yes _____ No _____

7. Did you sign a receipt for the FDD indicating the date you received it?

   Yes _____ No _____

8. Do you understand all of the information contained in the FDD and any state-specific Addendum to the FDD?

   Yes _____ No _____

   If No, what parts of the FDD and/or Addendum do you not understand? (Attach additional pages, if necessary.)

   _____

   _____

   _____

9. Have you discussed the benefits and risks of purchasing a VALPAK® franchise with an attorney, accountant or other professional advisor?

Yes _____ No _____

If No, do you wish to have more time to do so?

Yes _____ No _____

10. Do you understand that the success or failure of your VALPAK® franchise will depend in large part upon your skills and abilities, competition from other businesses, and other economic and business factors?

Yes _____ No _____

11. Has any employee or other person speaking on our behalf made any statement or promise concerning the actual or possible revenues or profits of a VALPAK® franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

12. Has any employee or other person speaking on our behalf made any statement or promise regarding the amount of money you may earn in operating a VALPAK® franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

13. Has any employee or other person speaking on our behalf made any statement or promise concerning the likelihood of success that you should or might expect to achieve from operating a VALPAK® franchise that is not contained in the FDD or that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

14. Has any employee or other person speaking on our behalf made any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that we will furnish to you that is contrary to, or different from, the information contained in the FDD?

Yes _____ No _____

15. If you have answered "Yes" to any one of questions 11-14, please provide a full explanation of each "Yes" answer in the following blank lines. (Attach additional pages, if necessary, and refer to them below.)

_____

_____

_____

16. Do you understand that the Franchise Agreement, Addendum (if any) and related agreements contain the entire agreement between you and us concerning the VALPAK® franchise, meaning that any prior oral or written statements not set out in the Franchise Agreement, Addendum (if any) or related agreements will not be binding?*

Yes _____ No _____

* Nothing in this document or any related agreement is intended to disclaim the representations we made in the FDD that we furnished to you.

17. Do you understand that, except as provided in the FDD, nothing stated or promised by us that is not specifically set forth in the Franchise Agreement, Addendum (if any) and related agreements can be relied upon?

Yes _____ No _____

18. You signed the Franchise Agreement, and Addendum (if any) and related agreements on _____, and acknowledge that no agreement or addendum is effective until signed and dated by us.

YOU UNDERSTAND THAT YOUR RESPONSES TO THESE QUESTIONS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS COMPLIANCE CERTIFICATION, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

This certification does not waive any liability the franchisor may have under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

The individuals signing below for the "**Franchisee Applicant**" constitute all the executive officers, partners, shareholders, investors and/or principals of the Franchisee Applicant, or constitute the duly authorized representatives or agents of the foregoing.

FRANCHISEE APPLICANT:

_____
Signature

_____
Printed Name

_____
Date

_____
Signature

_____
Printed Name

_____
Date

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	May 20, 2025, as amended October 1, 2025
Indiana	May 20, 2025, as amended October 1, 2025
Maryland	May 20, 2025, as amended October 1, 2025
Michigan	May 20, 2025, as amended October 1, 2025
New York	May 20, 2025, as amended October 1, 2025
Virginia	July 9, 2025; as amended: Pending
Washington	May 20, 2025, as amended October 1, 2025
Wisconsin	May 21, 2025; as amended: Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT L

RECEIPTS

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Valpak Direct Marketing Systems, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

If Valpak Direct Marketing Systems, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (as listed in Exhibit "G" to this disclosure document).

The franchisor is Valpak Direct Marketing Systems, LLC, located at 1 Valpak Avenue North, St. Petersburg, Florida 33716. Its telephone number is (727) 393-1270.

We authorize the respective state agencies identified on Exhibit "G" to receive service of process for us if we are registered in the state.

Issuance Date: May 20, 2025, as amended October 1, 2025.

The name, principal business address, and telephone number of the franchise sellers offering the franchise are:

Name	Principal Business Address	Telephone Number
□ Melanie Anderson	1 Valpak Avenue North St. Petersburg, Florida 33716	727-393-1270
□ Matthew Biasini	1 Valpak Avenue North St. Petersburg, Florida 33716	727-399-3199
□		

I received a disclosure document dated May 20, 2025, as amended October 1, 2025. The disclosure document included the following Exhibits:

A-1 List of VALPAK® Franchisees
A-2 List of Certain Former VALPAK® Franchisees
B Financial Statements
C-1 Franchise Agreement
C-2 Form of Renewal Addendum
C-3 Intermarket Sales Policy
C-4 SBA Addendum
D Personal Guaranty of Owner/Shareholder
E Form of Spousal Consent
F VPOffice® Software License Agreement
G Agencies/Agents for Service of Process
H State Specific Addenda to Franchise Disclosure Document
I State Specific Riders to Franchise Agreement
J Conditional Assignment of Telephone Numbers, Listings and Addresses
K Franchise Compliance Certificate
L Receipts

Date _____

Prospective Franchisee _____
Print Name: _____

Sign and retain this copy.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Valpak Direct Marketing Systems, LLC offers you a franchise, we must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement, or payment of any consideration, whichever occurs first.

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F VPOffice® Software License Agreement
G Agencies/Agents for Service of Process
H State Specific Addenda to Franchise Disclosure Document
I State Specific Riders to Franchise Agreement
J Conditional Assignment of Telephone Numbers, Listings and Addresses
K Franchise Compliance Certificate
L Receipts

Date _____

Prospective Franchisee _____
Print Name: _____

Sign and return this copy to:
Valpak Direct Marketing Systems, LLC
1 Valpak Avenue North
St. Petersburg, Florida 33716
(727) 393-1270