

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

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

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

#### ITEM 17.

#### RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

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

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

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

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

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

**ITEM 18.  
PUBLIC FIGURES**

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

**ITEM 19.  
EARNINGS CLAIMS**

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

**ITEM 20.  
LIST OF OUTLETS**

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

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