FTD
STANDARDS
(June 2013)
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INTRODUCTION

As part of your application for membership in Florists’ Transworld Delivery Inc.’s (“FTD”) clearinghouse and communications network you agree to be bound by and comply with all FTD standards, rules, regulations and policies, including those standards, rules, regulations and policies that govern the use of FTD’s Clearinghouse (the "Clearinghouse"), FTD Mercury Network communications system (the “Mercury Network”) and other operations, and any Trademarks or other intellectual property relating thereto (collectively, the “FTD Standards”). All references hereafter to "Members" shall mean an individual, Sole Proprietorship, Partnership, Corporation or Limited Liability Company who has applied to FTD for membership and has been accepted by FTD as meeting FTD requirements for membership as well as its credit requirements.

In the event that FTD Standards contained within, conflict with the terms of your membership agreement or any other FTD policies, rules or regulations, the terms of these FTD Standards shall govern.

1.0 GENERAL REQUIREMENTS FOR MEMBERSHIP

To ensure attention and commitment is given in support of FTD’s quality and continual improvement initiatives, the following membership requirements have been established. Should you have any questions or require further clarification, please contact your designated FTD Field Business Consultant.

1.1 BUSINESS OPERATIONS

Hours of Operation

1.1.1 FTD shops are required to be open during normal business hours on all normal business days. “Normal” business hours and days are determined by the normal practices of the majority of other retail businesses in the same locality.

1.1.2 FTD shops must be open and in full operation at the time application is made. Application materials must be completed in full and all necessary supplemental information must be received by the Membership Division. Applications for Active (Branch Shop) Membership will only be accepted upon the verification that the shop meets all General Requirements for Membership.

1.2 PERSONNEL

Trained and Competent

1.2.1 An FTD shop must have a qualified floral designer at all times during normal business hours. Qualified designers are defined as full or part time employees with one year of floral designing experience in a retail floral shop.

1.2.2 FTD shops with multiple locations may elect to have at least one qualified designer full or part time on the premises of each location at all times during the normal business day, or, use the capabilities of full or part time experienced designers at a central location. This option is permitted only if the Branch Shop has ready access to the design ability of an experienced designer at all times during the normal business day.

1.2.3 Competent personnel must be in charge of the shop during all business hours.
1.2.4 Each shop must also have personnel adequately trained to properly sell, transmit, and receive orders.

1.2.5 Shop management is encouraged to: provide training that emphasizes the relevance and importance of quality and customer satisfaction; evaluate the effectiveness of the training by continually evaluating work output; and maintain appropriate records of training, skills and experience.

Note: FTDi.com provides web-based access to skills training and development for no additional cost to FTD member florists. For more information or to access online training now, go to www.FTDi.com/FTDUniversity.

1.3 INFRASTRUCTURE

Signage

1.3.1 The shop must have an adequate signage in good repair that identifies the name of the shop to the public.

1.3.2 Any sign that identifies the name of the shop must use the same name as listed on the official membership record.

1.3.3 FTD may request proof of the shop signage in the form of pictures, and in the case of repeated requests for name changes, FTD may disallow or defer any changes if it appears that such change will provide unfair advantage over other FTD Florists.

Exterior Requirements

1.3.4 The exterior of the shop must be well maintained and in good condition.
1.3.5 The entrances, parking lot and premises surrounding the shop must be well maintained and free from litter.

Interior Requirements

1.3.6 The sales/display area must be clean and attractive.
1.3.7 The floor of the sales/display area must be covered in an attractive manner.
1.3.8 Concrete flooring in the sales/display area is acceptable provided that it is attractively painted and free from cracks or flaking.
1.3.9 The walls, ceiling, displays, and flooring must be clean and well maintained.
1.3.10 An FTD shop must have adequate lighting. Lighting must be in keeping with modern merchandising requirements and used as required to improve the display of merchandise for customers. Bare incandescent light bulbs and unsightly exposed wiring are not considered adequate.
1.3.11 If the shop has a display window, it must be attractively decorated, clean, in good repair and adequately lit, either naturally or artificially.

Inventory Control

1.3.12 An FTD shop must maintain and prominently display a variety of fresh cut flowers of good to excellent quality in a display or storage refrigerator area.
1.3.13 All cut flowers on display must be fresh and of good to excellent quality and must be shown in attractive containers.

1.3.14 All refrigeration must be kept clean and in good repair. Adequate refrigeration is required. Refer to floral care and handling best practices or contact our quality assurance team at: Quality@FTDi.com.

1.3.15 To ensure that the basic purpose of refrigeration is met, a minimum of $100 wholesale value in assorted fresh cut flowers must be maintained on a daily basis.

1.3.16 The FTD shop must maintain on the premises at all times, sufficient supplies of design materials, containers, baskets, ribbon, and other staple supplies at their main location.

1.3.17 The FTD shop must maintain a minimum inventory of fresh cut flowers, blooming plants, foliage plants and dish gardens (planters) of good to excellent quality sufficient to fill a full array of floral orders.

Delivery Requirements

1.3.18 Each FTD shop must have available a suitable delivery method to ensure that floral product will remain fresh and in good condition during delivery in all seasonal conditions.

1.3.19 Each FTD shop must maintain either a:
   1.3.19.1 Delivery vehicle(s) in good working condition either owned, leased or contracted, or
   1.3.19.2 A contracted delivery service that will allow for the prompt and proper delivery of floral orders in attractive delivery vehicles in good working condition.

Communication Requirements

1.3.20 A private line business telephone must be maintained for exclusive use of the shop.

1.3.21 FTD shops must be reached easily by telephone.

1.3.22 FTD shops must have a direct line telephone.

1.3.23 The operation of an answering machine during the shop's normal business hours is not permitted.

Bookkeeping Requirements

1.3.24 An FTD Florist must maintain an adequate bookkeeping system.

1.3.25 All FTD Florists must agree to allow an authorized representative to inspect his or her FTD wire business to determine its adequacy.

Credit Requirements

1.3.26 The applicant must exhibit credit responsibility as determined by FTD and maintain such creditworthiness at all times after acceptance of applicant as an FTD member florist.

1.3.27 An FTD member florist is required to maintain honesty in business dealings and to uphold standards represented by the FTD Code of Ethics.
2.0 SALE OF BUSINESS, CHANGE IN OWNERSHIP OF BUSINESS, OR CHANGE OF OWNERSHIP STRUCTURE

Mandatory Procedures for approval:

2.1 Where an FTD member florist decides to make one of the following changes:

2.1.1 Sell or transfer its business to new ownership.
2.1.2 Change the existing ownership of the Member’s Business by adding additional owners, or replacing some but not all of existing owners.
2.1.3 Change the ownership structure of the FTD Member’s business (i.e. from sole proprietorship to corporation or Partnership, etc.

Note: The FTD membership cannot automatically be transferred when such changes are made to the ownership of the Member or Member’s Ownership Structure. The following mandatory procedures must be followed to allow the new ownership or changed ownership, or new ownership structure to qualify as a FTD Member.

2.1.4 Written notice of the sale, transfer of ownership, change of ownership, or change in ownership structure with confirmation of receipt must be sent to FTD Membership by Certified Mail Return Receipt Requested, or other form of delivery that provides written confirmation of receipt at the following address:

Florists’ Transworld Delivery, Inc.
3113 Woodcreek Drive
Downers Grove, IL 60515
Attn: Membership

2.2 A new application for FTD membership must be completed and signed by the new owner or new ownership structure, and submitted to FTD Member Services with all information applicable and payment required at the time of the application.

2.3 The FTD Member who is selling the business, changing the ownership or ownership structure of the business remains liable for all changes applicable to the account for the applicable shop or shops, regardless of the sale of the business, or change in ownership or ownership structure until the date of formal written approval of the new owner or owners or new ownership structure by FTD. There is no guarantee that the new owner, or owners, or new ownership structure will be approved by FTD.

Guarantee of Accounts

2.4 The FTD Member who is selling the business, replacing some existing owners or adding additional owners, or changing the ownership structure of the business, may elect to guarantee payment of accounts with FTD for that Member’s shop or shops while the new ownership, modified ownership or new ownership structure is in the approval process with FTD, by executing with the new ownership or new owner entity, a Guarantee of Accounts form with FTD.
2.5 The FTD Member who is selling the business or changing ownership or ownership structure of the business shall continue to remain liable for all charges of that Member’s business as if the business was never transferred or ownership or ownership structure changed if:

2.5.1 The new owner’s application is not approved by FTD, or
2.5.2 If any of the foregoing procedures are not satisfactorily completed and approved by FTD.

3.0 SERVICING STANDARDS FOR FTD ORDERS

MARKETING, SELLING AND SENDING AN FTD ORDER

PROPER KNOWLEDGE OF MARKETING, SELLING AND SENDING FTD ORDERS IS AN IMPORTANT PART OF YOUR FTD MEMBERSHIP. BELOW IS A LIST OF STANDARDS AND GUIDELINES THAT, IF FOLLOWED, WILL GUARANTEE ALL FTD ORDERS ARE PROPERLY SOLD AND SENT. PLEASE ADHERE TO THESE STANDARDS AND GUIDELINES TO ENSURE THE PROVISION OF SATISFACTORY SERVICE TO YOUR CUSTOMERS AND FELLOW MEMBER FLORISTS.

Marketing an FTD Order

3.1.1 Advertise and market FTD products in accordance with all applicable laws, including, without limitation, all applicable state and federal laws (see, for example, the Federal Trade Commission’s advertising and marketing guidelines which may be found at http://business.ftc.gov/advertising-and-marketing). Any failure to adhere to applicable laws may result in irreparable harm to the FTD brand and the floral network and accordingly, may result in fines or suspension or termination of benefits or the Member’s membership.

Selling an FTD Order

3.1.2 Get the recipient's full name.
3.1.3 Get the complete telephone number and address, including street number, apartment number and zip code, of the recipient. If the recipient resides on a rural route, be sure to get the street or road number.
3.1.4 Allow enough time for design and delivery. The suggested cut-off time for same-day delivery is 12 p.m. in the recipient's time zone.
3.1.5 Ask for an alternative order choice and explain reasons for possible substitution of flowers or containers.
3.1.6 Point out and explain delivery charges, which are included in the price of the order.
3.1.7 Do not accept orders for alcoholic beverages.
3.1.8 Give the customer a copy of the itemized sales receipt, unless impractical to do so i.e. where you have phone or internet orders.

Sending an FTD Order:

FTD orders may be transmitted by the Sending Florist Member to the Filling Florist Member using the Mercury Network® or the telephone. Please follow the guidelines below to ensure satisfactory service.
In General

3.1.9 Use only the most current issue of the FTD Directory & Toll-Free Listings (the "FTD Directory").

3.1.10 Be sure to check the Filling Florist Member’s listing for codification to help eliminate the chance of order refusal.

3.1.11 For each order, the Sending Florist Member is required to transmit the amount paid by the customer (less service fees and applicable taxes), plus the applicable delivery charge for the Filling Florist Member. In the case of FTD Products (defined as FTD-branded and/or Florist Selection Guide products), the Sending Florist Member is required to transmit at least the “FTD Suggested Retail Price” or “SRP” of these products, plus the applicable delivery charge. All marketing discounts must be absorbed by the Sending Florist Members to help ensure quality fulfillment.

For example:

- If the “SRP” for the FTD Product is $49.99, but the customer pays $40.99 due to discounting, the amount required to be transmitted is $49.99, plus the applicable delivery charge.

3.1.12 Curtailment of orders is prohibited and constitutes a material violation of these Rules and Regulations. Transmitting less than the full amount required for the order as described in Section 3.1.11 above is defined for purposes of these Standards as “curtailment”. Transmitting less than the full required amount for the order by subtracting transmission and service charges or similar charges such as a charge for handling or overhead etc., if any, is another form of “curtailment”. Curtailment is a serious offense punishable by immediate disciplinary action including, but not limited to, a reduction in rebates paid to Sending Florist Member, fine, suspension or termination of such Member’s FTD membership.

Using the Mercury Network®.

See your Mercury Operator’s Handbook instructions on “How to Send an FTD Order” using your Mercury system.

The amount required to be transmitted will be divided among the Sending Florist Member, the FTD Clearinghouse and the Filling Florist Member as follows:

Sending Florist Member: 20% of the required amount  
FTD Clearinghouse: 7% of the required amount  
Filling Florist Member: 73% of the required amount

Using the Telephone.

3.1.13 Write out and dictate all orders communicated over the telephone for the Filling Florist Member. Spell all proper names and unusual words.

3.1.14 Have the Filling Florist Member read back and verify the entire order.
Sample telephone transmission:

“I have an FTD order for you:”

- Sending florist’s shop name, address and FTD code number.
- Recipient’s name.
- Recipient’s address (no post office boxes or rural route numbers).
- Recipient’s telephone number.
- Delivery date.
- First choice.
- Second choice.
- Price, including delivery charges.
- Card and message.
- Special instructions, if any.
- Your name.
- Verify order accuracy.

FILLING AN FTD ORDER

ANOTHER IMPORTANT ASPECT OF YOUR FTD MEMBERSHIP IS IN KNOWING THE PROPER WAY TO PROMPTLY RESPOND TO ORDERS RECEIVED FOR FULFILLMENT AND TO FILL FTD ORDERS. BELOW ARE STANDARDS AND GUIDELINES THAT RELATE TO RESPONSE TIMES TO ORDERS RECEIVED FOR FULFILLMENT AND PROPER ORDER FULFILLMENT? PLEASE ADHERE TO THESE STANDARDS AND GUIDELINES TO ENSURE THE PROVISION OF SATISFACTORY SERVICE TO YOUR CUSTOMERS AND FELLOW MEMBER FLORISTS.

In General:

3.1.15 FTD’s Delayed Response Program: Requirement to respond to orders received for fulfillment in a timely manner: FTD’s Delayed Response Program is designed to promote a satisfying customer experience by promoting prompt acceptance or rejections if unable to fill an order within two (2) hours of receipt of an order, thereby increasing the chances of fulfillment of the order by other FTD florists before the delivery time. In this way the program also protects our Member Florist’s reputation by avoiding a bad customer experience on florist delivered product. That is why it should be the ultimate goal of all Members to fill all properly transmitted FTD orders and give them the same amount of care and attention that they give their local customers’ orders. Delaying a response to an order received beyond the reasonable time periods provided in our program will lead to disciplinary measures including, in some cases, suspension of membership in FTD.

3.1.16 FTD’s Delayed Response Program Hours of Operation. FTD considers Member’s hours of operation to be between 9 am and 5 pm weekdays and 9 am and 1 pm weekends local time. Business hours will be based upon these guidelines and will take Codification closes into account when calculating the number of Business Hours an order is held.

All Members are required to comply with Delayed Response Program (DRP) Policy as further defined in the “Chart A” below.
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<th><strong>FTD DELAYED RESPONSE POLICY</strong></th>
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<td><strong>Failure to reject an order within two standard business hours after time of receipt</strong> or <strong>Failure to reject an order by 11 am local florist time if the order is received after 5 pm of the previous day (Monday through Friday)</strong> or <strong>Failure to reject an order by 11 am local florist time if the order is received after 1 pm of the previous day (Saturday and Sunday)</strong></td>
<td><strong>$10.00</strong> Credited to Sending Florist</td>
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<td><strong>Rejecting an order held for more than 24 (but less than 72) clock hours after time of receipt</strong> if rejected before 2 pm weekdays (1 pm weekends) local cut-off time on (or before) the date of intended delivery</td>
<td><strong>$20.00</strong> Credited to Sending Florist</td>
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<td><strong>Rejecting an order held for more than 72 clock hours after time of receipt</strong> if rejected before 2 pm weekdays (1 pm weekends) local cut-off time on (or before) the date of intended delivery</td>
<td><strong>Value of Order</strong> Credited to Sending Florist</td>
</tr>
<tr>
<td><strong>Failure to reject an order within two standard business hours after time of receipt and rejecting after 2 pm weekdays (1 pm weekends) local cutoff time on the date of intended delivery</strong> or orders that result in non-delivery (orders will be cancelled &amp; DRP charges will apply)</td>
<td><strong>2x Value of Order</strong> Credited to Sending Florist</td>
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Chart “A” Delayed Response Program (DRP) Policy
3.1.17 **FTD's Delivery Confirmation Program.** The goal of FTD’s Delivery Confirmation Program is for 100% of customers to receive a delivery confirmation following confirmed delivery of the order on day of scheduled delivery (subject to modification by FTD from time to time). To clarify, delivery confirmations are to be executed only after the delivery has been made at the recipient’s address. Members who adhere to this requirement will be eligible to earn a transmission fee credit of a portion of their total transmission fee.

3.1.18 All FTD orders must be filled for 100 percent of the gross amount of the order at prices prevailing in the filling Member's shop.

3.1.19 The filling Member may not apply a higher mark-up to FTD orders than he or she does to his or her local customers' orders.

3.1.20 When the telephone rings, paper and pencil should be ready. The filling Member should have knowledge of FTD orders, your shop's delivery facilities and the products and services available.

3.1.21 The filling Member should know the price and product codifications in the FTD Directory and abide by them.

3.1.22 Use only fresh flowers and plants.

3.1.23 Substitute only in emergencies (see discussion below).

3.1.24 In order to ensure quality, each Member shall maintain in stock reasonable quantities and assortment of containers and supplies of FTD Branded, Everyday and Holiday Products, as the same are identified periodically by FTD. FTD reserves the right to ship these products directly to each Member as needed to ensure that FTD's quality standards are maintained.

3.1.25 Consult the *FTD Floral Selections Guide and Workbook* (the "Floral Selections Guide"). FTD will automatically deliver to each Member the *Floral Selections Guide* when published. The Floral Selections Guide will help Members insure greater accuracy in the FTD orders and improve order quality and consistency. The cost of this valuable guide will appear on each member’s Clearinghouse Statement for the month following shipment.

**Order Substitution:**

FTD policy regarding the substitution of floral items listed in the *Floral Selections Guide* is as follows:

3.1.26 There shall be no substitution in the type of arrangement, that is, no change in arrangement size or shape.

3.1.27 In arrangements of assorted flowers, if at all possible, the colors shown in the *Floral Selections Guide* should be used, even if this means substituting other kinds of flowers.

3.1.28 When substitution is necessary, the utmost care should be taken to maintain the overall effect of the arrangement illustrated in the *Floral Selections Guide*. For example, spiked flowers should be substituted for spikes and round flowers for round.

3.1.29 In arrangements of all one kind of flower, such as roses, the variety is of first importance, preceding color in this instance only.

3.1.30 Do not substitute:

- A. Containers for sprays.
- B. Baskets for wreaths.
- C. Foliage plants for blooming plants.
- D. Cut flowers for corsages.
- E. Plants for flowers.
- F. Permanent arrangements for fresh arrangements.
3.1.31 When substitution is absolutely necessary, the filling Member must:

A. Notify the sending Member of the substitution and the reason therefore.
B. The sending Member must notify the sending customer of such substitution.
C. In extreme situations, the filling Member may choose to notify the recipient of the reason for substitution.
D. When a customer complaint results from improper substitution, the filling Member must make a satisfactory replacement or, if the customer insists on a refund, pay an adjustment to the Sending Florist.

4.0 FTD® CASH-FLO™ CREDIT CARD PROGRAM

There are several plans available to Members that enable them to participate in the FTD Cash-Flo™ Credit Card Program. For further details on these options, see the information provided in the FTD Directory or contact an FTD representative at the numbers provided in the FTD Directory for the FTD Cash-Flo Credit Card Program. Participation in the Cash-Flo Credit Card Program is subject to rules and procedures set forth in the Credit Card Procedures Guide, which is available from FTD.

5.0 FTD DIRECTORY LISTINGS AND ADVERTISEMENTS

DIRECTORY LISTINGS

Each Member should review and update his or her listing in the FTD Directory on a regular basis to ensure the correct city listings, minimum order amounts and FTD codes are included. For complete FTD codification policies, please consult the blue "Codification Rules" card that appears in the FTD Directory, which includes the latest codification symbols. Also, for complete information on additional listings, special listings and advertising, consult your FTD Directory.

Cautionary Note about Advertisement Listings:

FTD Directory Services strives for 100% accuracy in all advertisements. Unfortunately, sometimes errors do occur. It is each Member's responsibility to check their advertisements on a regular basis and inform FTD Directory Services if an error has occurred. FTD will give a refund for the monthly cost of an advertisement ONLY when errors in shop name, FTD code number or shop telephone number occur. Refunds, however, will not be granted for more than the three-month cost of an advertisement. FTD reserves the right to reject any advertising deemed objectionable for any reason whatsoever and the right to edit any advertisement copy that it considers misleading, untruthful or in violation of the FTD Standards and the rules and policies of the FTD Directory Services Division. Advertisement information must match the applicable Member's listing information. Website addresses and references to alcohol are strictly prohibited and will not be included in the FTD Directory.

6.0 INTERNATIONAL ORDERS

Through FTD International Retrans, Members can send orders to approximately 150 countries around the world. There is an International section in the FTD Directory that will guide you through the process of sending international orders. Members also receive the International Delivery
Directory electronically on an annual basis, which contains information on product availability and pricing around the world, as well as the *Internet Selection Guide*, which allows FTD customers to choose from a variety of floral items popular with recipients in destination countries.

7.0 FTD RULES

The rules governing the use by Members of FTD's Clearinghouse, Mercury Network communications system and other operations, and any trademarks or other intellectual property relating thereto, are listed below. The term "Member" as used in these rules shall mean an individual, Sole Proprietorship, Partnership, Corporation or Limited Liability Company that has applied to FTD for membership and has been accepted by FTD as meeting FTD requirements for membership as well as its credit requirements except as otherwise specifically indicated herein. The phrase "sending Member," in addition to Members, shall include, where applicable, FTD or any one of its subsidiaries or affiliates authorized to send orders.

7.1 Directory Listing. All Members in good standing must have their names and addresses listed in the FTD Directory free and clear of any advertising materials.

**Note:** Although FTD makes every effort to insure the accuracy of the compiling and printing of FTD's membership list, which is used by FTD to complete the FTD Directory, FTD cannot and does not assume responsibility for compilation or printing errors beyond effecting the promptest possible correction of such errors upon notification of their existence.

7.2 FTD Membership Rules. All Members must comply with FTD Membership rules. In particular, each Member must pay close attention to the confines of FTD Membership Rule 2, which governs each Member's use of the FTD official emblem and all other FTD marks that have been licensed to each Member. For your convenience, the text of Membership Rule 2 is reproduced below.

**Membership Rule 2:**

Members may use the emblem and other marks of Florists' Transworld Delivery, Inc. ("FTD") in their advertising or upon their stationery, but only as authorized by FTD. Members shall terminate any usage which is not authorized by FTD or to which the FTD objects. Members shall display no version of the emblem other than the current official emblem, unless authorized by FTD.

7.2.1 All Members shall display at all times in or upon the window or front of their shops or places of business, the current official FTD emblem.

7.2.2 All Members are authorized to use the current official FTD emblem, and the acronym FTD in their advertising or upon their stationary for the purpose of identifying their shop as a member of FTD.

7.2.3 All Members are authorized to use in their advertising the FTD Marks which identify products and services provided by FTD, provided that the Member has those products and services available in his/her shop.

7.2.4 No Member shall use the FTD Marks or Marks confusingly similar in an advertisement in any medium unless the advertisement contains a clear, conspicuous and prominent
statement of the shop’s name. In addition, no Member shall use the licensed FTD marks or marks confusingly similar thereto in an advertisement in any medium under or including a business name or DBA name which is different than the shop’s name as listed with the FTD in its application documents or other subsequent documents verifying a change of name.

7.2.5 No member shall use the licensed FTD Marks or marks confusingly similar thereto in any advertisement that circulates substantially in areas outside of his or her shop’s normal delivery area unless the advertisement contains a clear, conspicuous and prominent statement of the shop’s name and actual city and state location.

7.2.6 No Member shall represent itself as FTD in its advertising or otherwise, but only that it is a Member of the FTD. No Member shall use the FTD acronym as a component of the Member’s business name, or as a part of any telephone number or telephone listing or Domain name which is published or otherwise promoted to the public.

7.2.6.1 No Member shall use any of the licensed FTD Marks (including, without limitations, the FTD emblem and the acronym FTD) or marks confusingly similar thereto in electronic communications media, such as the Internet, as any part of:

7.2.6.1.1 A trade name, company name or user name
7.2.6.1.2 A Uniform Resources Locator (URL) or Domain Name
7.2.6.1.3 An e-mail address
7.2.6.1.4 Search engine indexing information or a search engine keyword, except as deemed permissible under the FTD Brand Protection Policy which can be accessed at www.FTDi.com/brandprotection.

Note: As required by Membership Rule #2, Members shall not use any of the licensed FTD Marks or marks confusingly similar thereto in any non-local (e.g. Internet) advertising, unless the advertisement contains a clear, conspicuous and prominent statement of the shop’s name and actual city and state location. The remaining subparts of Membership Rule #2 apply equally to all electronic and print communications media and as deemed permissible under the FTD Brand Protection policy.

Interpretation: The purpose of Rule 2 is to protect the trademarks of FTD and to foster truthful advertising. The authorization to use the emblem and other FTD Marks is limited to the Member shop and only permits that shop to represent that the shop is a Member of FTD and that the shop has available to it the products and services identified by the emblem and other marks of FTD. A Member has no right to represent itself as FTD

Whenever the emblem and other FTD Marks are used by a Member in advertising the nature of the service provided by its shop, the advertising must be truthful. Customers have the right to know whether they are dealing directly with FTD or directly with the shop of a Member of the FTD. A Member who misuses the
marks in its advertisement by minimizing or failing to state the identity of its own shop name in those advertisements, or by including business names other than the shop’s name as identified on its signage and on the Member’s application with FTD is likely to confuse the public.

For purposes of determining whether an advertisement contains a clear, conspicuous and prominent statement of the shop’s name and actual location, it shall be presumed that an advertisement meets this requirement if the height of the FTD marks are not more than three times the average height of the letters in the shop’s name or the letters in the shop’s name and actual city and state location; any advertisement that does not satisfy this presumption must first be approved by FTD or the Member may be subject to discipline.

As the sole owner of the FTD emblem and other trademarks, FTD has the right at any time to terminate usage by any licensee which is unauthorized or to which it objects, or which fails to meet its standards.

7.2.6.2 Use of Membership Lists. No Member of FTD shall permit the use of the membership list or lists by any non-Member for any purpose.

7.2.6.3 No Member shall permit the publication or use of his or her FTD code number otherwise than in the official publication or in correspondence or statements relating to the processing of FTD orders. No Member shall permit the use of his or her FTD code number by any non-Member for any purpose.

7.2.6.4 Order Accuracy. It is the sending Member's responsibility to assign experienced clerks to handle FTD out-going orders who will double check all necessary information, including the recipient’s correct name and address.

7.2.6.5 Complaints. Members shall fully investigate the facts in all cases of complaints and, without delay, shall provide detailed reports to FTD and any other relevant party regarding such complaints. Whenever a Member receives a Mercury message or telephone inquiry regarding a complaint involving an FTD order, whether from FTD or a fellow Member, the Member must provide a response to such message or inquiry. This response must be made by Mercury message or telephone to FTD or the fellow Member, as the case may be, no later than close of business on the business day immediately following the day on which the Member first received the message or inquiry, and the parties involved must strive to resolve the issue as soon as possible.

7.2.6.6 Deliberate Misrepresentations. Members with shop names that contain a deliberate misrepresentation will not be allowed to continue using such false designation in their FTD Directory membership listings.

7.2.6.7 Exclusivity. No Member shall advertise or hold out to the public in any manner whatsoever that, with respect to flowers-by-wire orders, he or she provides an
exclusive flowers-by-wire service, if other Members provide FTD service in the same area.

7.2.6.8 Business Dealings. All Members shall maintain honesty in all business dealings.

7.2.6.9 Palming off:

7.2.6.9.1 A Member taking an order who is instructed by the customer to send the order as an FTD order must send the order to a Member florist only and must process the order through the FTD Clearinghouse.

7.2.6.9.2 An order taken by a Member from a customer who requests an arrangement or other floral item by reference to a trademark used by FTD or by reference to an arrangement or other floral item pictured in the Floral Selections Guide or any other consumer guide published by FTD, must be sent as an FTD order and to a Member florist and must be processed through the FTD Clearinghouse.

7.2.6.9.3 Any order sent by a Member and identified either by reference to a trademark used by FTD or by reference to an arrangement or other floral item pictured in the Floral Selections Guide or any other consumer guide published by FTD, must be sent as an FTD order and to a Member florist and must be processed through the FTD Clearinghouse.

7.2.6.9.4 Any Member who, after being instructed by a customer to send an order as an FTD order, refuses to accept such FTD order, send the order to a Member florist and process the order through the Clearinghouse will be suspended from membership or otherwise disciplined.

7.2.6.10 Curtailment:

7.2.6.10.1 Curtailment by the Sending Member Florist: Transmitting less than the full amount of the order paid by the customer for the order is defined for purposes of these FTD Standards as “curtailment”. If a delivery charge is collected by the sending florist it must be included in the price of the order. If the sending florist does not collect a transmission charge, or a service charge it is important that such charges be deducted from the price paid by the customer for the order. Delivery charges are included in the price of the order. Transmitting less than the full amount of the order paid by the customer, by subtracting the transmission and service charge or similar charge such as a handling fee, overhead charge, etc. from the price of the order, constitutes curtailment. Curtailment in its classic form occurs when the full value of the flower order is not transmitted i.e. a customer is charged and pays for an arrangement at $59.95 price, but the Sending florist transmits the customer’s order to be filled for an arrangement of
lesser value of $49.95 (whether subtracting a service or similar charge or not). Delivery charge curtailment is another form of curtailment by the Sending Member florist. This occurs when all or part of a delivery charge is not passed on to the filling florist. The FTD member florist will be held responsible for any curtailment, even if the order is handled by an employee. Curtailment is a serious offense, punishable by fine suspension or termination of FTD membership.

7.2.6.10.2 Curtailment by the Filling Florist: All orders must be filled for 100 percent value of the gross amount of the order. This is done according to prevailing prices of the FTD Member florist shop. A member may not apply a higher mark-up for the FTD orders than he/she does to orders for his/her local customers. FTD Member florists owning non-member shops may not fill an FTD order from that shop.

7.2.6.11 Customer Satisfaction. It is the responsibility of both the sending Member and the filling Member to insure complete customer satisfaction on all FTD orders, up to and including a full refund to the ordering customer by the sending Member, if necessary, and/or a replacement of the product to the receiving customer by the filling Member.

7.2.6.12 Every Member shall offer the following Satisfaction Guarantee to every customer purchasing an FTD order. The Satisfaction Guarantee applies on orders sent through FTD and on FTD-branded products.

As professional florists, we guarantee your satisfaction with every order sent through FTD for delivery in the United States and Canada.

If you are not satisfied with the product as delivered, we will send a replacement or refund the full purchase price, at your option. All you need to do is provide us with a copy of the sales slip, charge receipt, or otherwise establish proof of purchase within ten days of delivery of your FTD order. You may call, come in person or write to us.

7.2.6.12.1 The text of the Satisfaction Guarantee is printed in the FTD Directory, which is provided to each Member. Each Member in his or her place of business must prominently display a notice that such Member provides a Satisfaction Guarantee on all FTD orders.

7.2.6.12.2 Customers purchasing an FTD order shall be entitled to receive a full refund of the purchase price of the order from the sending Member, if the consumer is not completely satisfied with the FTD order and provided the customer complies with the terms of the Satisfaction Guarantee.

7.2.6.12.3 Members shall comply with such rules and regulations relating to the administration of the Satisfaction Guarantee as may be approved by FTD, including, but not limited to, customer complaint fulfillment.
7.2.6.12.4 If a refund or replacement order is provided to a customer making a claim under the Satisfaction Guarantee against the sending Member, it is the primary responsibility of the sending and filling Members to agree between them on the allocation of the refund or replacement order. However, if a Member asks FTD to arbitrate between Members with respect to such liability, FTD may charge the sending and/or filling Member an administrative fee, which fee shall not exceed an amount that will be established by FTD in connection with such arbitration, in addition to any additional assessments made against either Member pursuant to FTD's arbitration procedures.

7.2.6.13 FTD Code of Ethics

All FTD Member Florists are bound by the following code of ethics:

7.2.6.13.1 To use only the freshest, finest quality products available.

7.2.6.13.2 To be creative and tasteful in practicing the art of flower arranging.

7.2.6.13.3 To be informed of the latest developments in flowers, floral services and gifts, and to provide customers with the benefits of all such developments.

7.2.6.13.4 To give full value in flowers and service.

7.2.6.13.5 To treat customers, fellow member FTD florists and FTD employees and representatives with courtesy and respect.

7.2.6.13.6 To strive at all times to serve and satisfy customers and fellow FTD Member florists.

7.2.6.14 Confidentiality. FTD Member florists shall not disclose to any third party any information regarding charges, pricing, rebates or other proprietary information involving FTD services or operations, unless reasonably necessary to carry out its sending or fulfillment obligations under these FTD Standards or Rules, Regulations or policies published in the FTD Directory or Newsletter, such as disclosure of the FTD code number provided to sending florist or if required by law to do so. In the latter event, the non-disclosing party shall be given prior written notice by the disclosing in order to afford the non-disclosing party the reasonable opportunity to obtain a protective order or seek a hearing to prevent such disclosure.

7.2.6.15 Standards of Conduct. All FTD Members are required to act in a manner that does not reflect badly upon or otherwise tarnish the reputation of FTD or the good will of FTD Trademarks and to regulate their activities so as to avoid loss and embarrassment to FTD. Failure to comply with the foregoing standards of conduct may result in disciplinary action including suspension or termination of membership.
7.2.6.16 Creditworthiness. All FTD Members must exhibit creditworthiness at all times as determined by FTD within its sole discretion. Each FTD Member florist hereby authorizes FTD to obtain credit bureau reports on them from time to time for purposes of determining and verifying their continued compliance with this rule. In the event that FTD determines at any time that a FTD Member does not exhibit credit responsibility, FTD may immediately take disciplinary action against such FTD Member, including suspension or termination of membership in FTD.

8.0 MERCURY NETWORK RULES

The Rules governing the use by Members of the Mercury Network are listed below.

8.1 Properly Trained and Competent Personnel. Each Member that uses the Mercury Network system must have at least one experienced employee who is properly trained in the operation of the Mercury Network system in his or her shop during normal business hours to monitor activity on the Mercury Network.

8.2 Record Keeping Requirement. Each Member that uses the Mercury Network system must maintain adequate records regarding such Member's activity on the Mercury Network. This requirement includes keeping track of the Mercury Network sequence numbers for both incoming and outgoing transmissions, which may be done by keeping a log of Mercury Network transmissions, or by any other appropriate means devised by such Member.

8.3 Multiple Orders. No Member shall send multiple orders within the body of one order over the Mercury Network.

8.4 Administrative Messages.

In General

8.5 Each Member that uses the Mercury Network shall promptly attend to all administrative messages received over the Mercury Network. In addition, such Members must provide the appropriate response to any Mercury message they receive over the Mercury Network regarding an FTD order, whether such message was sent by FTD or a fellow Member. Except as otherwise required by Mercury Network Rule 4.b. below, all responses must be made by Mercury message or telephone to FTD or the fellow Member, as the case may be, no later than the close of business on the business day immediately following the day on which the Member first received the Mercury message. In addition, the parties involved must strive to resolve the issue as soon as possible.

8.6 Certain Required Responses and Response Times.

8.6.1 When a Member receives a CAN message, such Member must respond by sending a CON or DEN message immediately.

8.6.2 Each Member must respond to an ASK PRICE CHANGE message immediately.

8.6.3 Each Member must respond to an ASK message no later than the close of business on the business day immediately following such Member's receipt of the ASK message.
8.6.4 When a Member intends to forward an order to another Member, such the forwarding Member must initiate a FOR message immediately to ensure that the forwarded order will be delivered in a timely manner.

8.6.5 When a Member chooses to reject an order they do not want, they must adhere to the Delayed Response Program (DRP) guidelines. DRP guidelines require the Member to reject orders within two standard business hours of receipt of the order. Otherwise they will be subject to escalated DRP fees.

8.6.6 Once a Member order has been delivered to the recipient, the Member must adhere to FTD guidelines for Delivery Confirmation as modified from time to time.

8.6 Mercury Usage. Members are encouraged to have an approved Mercury device installed in their shop, to more efficiently conduct their business.

9.0 FTD CLEARINGHOUSE RULES

The Rules governing the use by Members of FTD Clearinghouse Statement are listed below.

9.1 Processing and Collection of Reported Orders, Reporting of Orders, Deadlines: All orders will be processed by the Clearinghouse in the month in which they are delivered if the Clearinghouse receives the report of such orders by the cutoff dates listed below. There are three basic methods for reporting orders to the Clearinghouse:

9.1.1 Orders sent and received over the Mercury Network are automatically reported to the Clearinghouse.

9.1.2 Orders can be reported to the Clearinghouse using the “REC” function on a Member’s Mercury System (“RECs”).

9.1.3 Orders can be reported to the Clearinghouse by completing a "Report of Orders Filled" form (“ROFs”) and mailing it to:

FTD DP Center
3113 Woodcreek Drive
Downers Grove, Illinois 60515

The Clearinghouse Statement cut off each month for the reporting of orders delivered during that month is:

9.1.3.1 11:00 p.m. CST on the last day of the month for orders automatically sent over the Mercury Network and RECs; and

9.1.3.2 3:00 p.m. CST on the last business day of the month for ROFs. FTD cannot guarantee the processing for the month of delivery of ROFs submitted on a monthly basis (rather than weekly) or faxed to the Clearinghouse at (630) 719-2702 on the last business day of the month, even if such ROFs are submitted before the 3:00 p.m. deadline referred to above. Consequently, Members should submit ROFs weekly to avoid missing deadlines.

Any report of orders delivered during a particular month that is received by the Clearinghouse after the deadlines listed above will be processed by the Clearinghouse during
the month such report is received and within the deadlines for that month; however, in order to avoid possible accounting problems for a sending florist caused by orders reported more than two months after the month in which such orders were delivered, the final reporting deadline for all orders is two (2) calendar months following the month in which such orders were delivered (“Final Reporting Deadline”). FTD will not accept responsibility for collection if orders are not reported within the Final Reporting Deadline. While FTD will process for collection orders that are reported after the Final Reporting Deadline but no more than three (3) calendar months following the month such orders were delivered, FTD will not accept responsibility for collection of such orders. Orders reported more than three (3) calendar months following the month in which such orders were delivered will not be processed for collection.

9.1.4 Unprocessed Orders, Paper Adjustment Reports and Related Charges. Each Member’s monthly statement presently consists of a “Statement Summary,” an “FTD Customer Activity Statement,” a “Combined Report” and, if the Member participates in the FTD Cash-Flo Credit Card program, a “Confirmation of Credit Card Orders” section. Any orders reported by a Member within the deadlines listed in Clearinghouse Rule 1 above that could not be processed by the Clearinghouse, will be listed in the Member’s monthly Combined Report under the heading “Confirmation of Orders Filled (Incoming) - UNPROCESSED ORDERS,” together with an explanation. These unprocessed orders will appear at the end of such section and will be easily distinguishable from the processed orders.

9.1.5 FTD will charge reporting Members for each order that could not be processed by the Clearinghouse due to reporting errors by such Member. As a result of these errors, the reporting Member will need to submit a paper adjustment report to the Clearinghouse that provides the correct order reporting information. FTD will also assess a charge for each paper adjustment report submitted by a reporting Member. FTD will not honor any paper adjustment reports that are submitted without indication that the sending and filling florists previously discussed the reporting problem. In addition, with respect to any non-Mercury Network order adjustment or any manual order adjustment, FTD will not refund any assessed charge to the filling florist for clearing the incorrectly reported order, which order will be listed in the FTD Customer Activity Statement under the heading "Clearinghouse and Marketing Advance.”

9.1.6 Clearinghouse Statements and Payments.

9.1.6.1 Debit Balances.

The Clearinghouse will mail statements with debit balances that cover a Member's previous month's reported transactions on or about the tenth (10th) calendar day of each month. Members who receive statements with debit balances must remit payment on a timely basis to insure receipt of such payment by the Clearinghouse on or before the 25th calendar day of the month in which such statement was received by the Member.

For convenience and expeditious handling of each monthly payment, a Member may separately authorize their bank account to be debited by FTD. Alternatively,
if a Member elects to mail its payment to the Clearinghouse, to ensure timely and proper credit, all payments should be sent to the address listed on the payment coupon that is included with such Member's Clearinghouse statement.

Currently, the applicable payment addresses are as follows:

**For U.S. residents:**

*Florists' Transworld Delivery, Inc.*  
*Lockbox #774440*  
*4440 Solutions Center*  
*Chicago, IL 60677-4004*

**For residents of Canada:**

*FTD Canada*  
P.O. Box 57480  
Station A  
Toronto, ON M5W 5M5

All checks received from Members in payment of accounts are accepted subject to final collection. If a Member's check is returned by the bank for any reason, a service charge will be made to the Member's account. Upon notice to FTD that a Member's check has been returned, FTD or its authorized agent will notify the Member or the person in charge of the returned check and the requirement that the Member replace such check in accordance with this rule. If such Member does not replace the returned check with certified funds, cashier's check, bank transfer or other immediately available funds by 12 noon, Eastern Time, on the third business day after FTD or its authorized agent telephones the Member's shop, FTD may discipline such Member, which discipline may include suspension or termination of membership, or other disciplinary action. If a Member's check is returned two or more times due to insufficient funds, a "Special Credit Deposit," as determined by FTD, will be assessed. FTD may return such credit deposit to the Member after 12 months if all Clearinghouse Rules have been observed for that period.

### 9.6.1.2 Credit Balances.

The Clearinghouse will make payments to Members with credit balances by check or Automated Clearinghouse (ACH) transfer (the "Discounted Payment Option"). The Clearinghouse will mail Clearinghouse statements and checks to those Members having credit balances on or about the 20th calendar day of each applicable month, which statements and checks will include such Member's previous month's reported transactions. **Members who receive Clearinghouse checks must deposit them by the end of the same month in which the check is received.** FTD will initiate payment by ACH transfer on or about the twenty-fifth (25th) calendar day of each applicable month, which payments will include the previous months properly reported transactions. Consequently, if a Member submits an application and qualifies for the Discounted Payment Option,
such Member will receive payment, less a Discounted Payment Option service charge, of all credit balances shown on such Member’s Clearinghouse statement for the previous month on or about the tenth (10th) calendar day of each applicable month. Presently the Discounted Payment Option service charge is $5.00 per each $1,000 of credit owed by FTD to a participating Member. The corresponding Clearinghouse credit statement for any Discounted Payment Option payments will be mailed to the participating Members at the same time the Clearinghouse mails statements. FTD will periodically review the Discounted Payment Option service charge rate in light of current interest rate environments. If, in the sole judgment of FTD, the Discounted Payment Option service charge rate requires adjustment to reflect a significant change in interest rates, FTD will, in its sole discretion, adjust such service charge rate accordingly. In addition, FTD may increase the rate of the Discounted Payment Option service charge from time to time in its sole discretion.

9.6.1.3 Clearinghouse Statement Errors.

Members must report errors on their Clearinghouse statements to the Clearinghouse within 60 days after receipt of each such statement. Any request by members for credits to charges to their clearinghouse statements not made within 60 days from their receipt of the Statement containing such charges will not be granted. Any such late requests for credits if involving another member as sending florist will be returned to the requesting Member to collect money directly from the sending florist. Errors reported (other than requests for credits) to the Clearinghouse more than 60 days after the statement is received by the Member may be processed by FTD for a charge of $.99 per correction. All requests for adjustments on wire orders made within the foregoing 60 day time period and accepted by FTD, are credited to a Member's Clearinghouse account, subject to the acceptance of the charges by the Member being charged. All other requests for adjustments require FTD approval. Members may NOT deduct credits for incoming orders or adjustments when paying debit balances.

9.6.1.4 Late Payments. Any Member failing to remit payment on a timely basis to insure receipt by the Clearinghouse of his or her Clearinghouse debit balance by the 25th calendar day of the month the Clearinghouse statement was received by such Member will be subject to discipline, which may include the imposition of limitations upon and suspension or termination of such Member’s access to the Clearinghouse, Mercury Network communications system and other business operations and/or suspension or termination of Membership in FTD. If it is necessary to suspend or terminate a Member for non-payment of his or her Clearinghouse debit balance, any credit deposit and any other funds held for or on behalf of the Member automatically will be credited to such Member’s Clearinghouse statement as required to pay such Clearinghouse debit balance. If it is necessary to turn the Member's account over to a collection agency or to otherwise institute collection proceedings, the cost thereof including without limitation reasonable attorney’s fees, cost of deposition and transcription thereof and court costs will be charged to the delinquent Member. Members who allow their account to become delinquent and who have authorized FTD to transfer to
a financial institution by electronic funds transfer any funds held by FTD for or
on behalf of the Member will have those funds credited instead to the Member's
Clearinghouse statement until the time that their account is no longer delinquent.
Members who allow their accounts to become delinquent shall be required to
advance additional cash security in an amount to be determined by FTD.
Members who are mailed a past due reminder notice in regard to non-payment of
their Clearinghouse account shall pay the minimum sum of fifty-nine dollars
($59), or 2.75% per month on the past due unpaid balance, whichever amount is
greater, as a delinquent interest charge (which service charge is subject to increase
at any time without notice by FTD) to cover the cost of handling and processing
of a past due account and cost of carrying the unpaid balance. Notwithstanding,
the foregoing total delinquent interest charge on past due account will not exceed
25% of the highest total past due principal balance on the account. Such notices
will be mailed on balances for which payment has not been received by the fifth
(5th) calendar day of the month following the month in which the Clearinghouse
statement was originally mailed. FTD may require payment of balances on a past
due account be paid with certified funds, cashier's check, bank transfer or other
immediately available funds. In addition, an additional Special Credit Deposit
may be required by FTD to assure continued payment on an account that was
past due. FTD may return such special credit deposit to the Member after 12
months if all Clearinghouse Rules have been observed for that period.

9.6.1.5 Advance Payment Requirement. FTD may request advance payments from any
Member at any time prior to the Clearinghouse due date(s) if it has been
determined by FTD in its sole discretion that FTD's exposure to loss from a
Member's Clearinghouse account warrants such advance payment. Any Member
failing to comply with FTD's request for advance payment shall be subject to
immediate suspension or termination of member's membership in FTD or other
disciplinary action by FTD.

9.6.1.6 Additional Credit Deposits. At FTD's request, a Member must furnish a
certified copy of his or her latest financial statement. If this financial statement, in
the opinion of FTD, does not warrant further extension of credit, FTD may
request an additional credit deposit. In addition, FTD may request an additional
credit deposit from a Member or an applicant for membership whenever, in the
opinion of FTD, financial circumstances affecting such Member or applicant for
membership cause substantial uncertainty as to whether extension of credit to the
applicant for membership or further extension of credit to the Member is
warranted. For purposes of this rule, financial circumstances affecting a Member
or an applicant for membership may include, among other things, the suspension
or termination of another Member who is under common ownership with the
Member from whom the additional credit deposit is requested. A Member may be
deemed under common ownership with another Member whenever any officer,
stockholder, partner or proprietor of the Member is an officer, stockholder,
partner or proprietor of the other Member. Failure to remit this additional credit
deposit shall constitute grounds for suspension or termination of Membership or
other disciplinary action by FTD.


9.6.1.7 **International Orders.** All international orders sent and received over the Mercury Network or FTD Retrans Network is automatically reported to the Clearinghouse. Current Retrans fees are listed in the FTD Directory. If an International order is received outside the Mercury Network or FTD Retrans Network, the Executing Member (the florist member filling the order) must report all International orders to the Clearinghouse no later than six (6) months after the date of delivery using the “Interflora Report of Orders Filled” form. Additional charges will be incurred when orders are sent directly from a Member to a non-member or Unit (Interflora-Fleurop), but get reported and cleared by the Clearinghouse. See the "International" section in the FTD Directory for detailed information on sending and receiving International orders.

9.6.1.8 **Commissions.** The commission on outgoing FTD orders shall not exceed twenty percent (20%) on orders valued ten dollars ($10.00) or more. There shall be no commission on outgoing orders valued nine dollars and ninety-nine cents ($9.99) or less. The gross amount of the order, including delivery charges, shall be considered in computing the applicable commission. All commission charges are subject to change by FTD at any time, without notice.

9.6.1.9 **Delivery Charges.** All delivery or special charges shall be included in the gross amount of each order. The Clearinghouse will periodically review the exchange rate applied to the exchange of Canadian and United States currency. If, in the judgment of FTD, the exchange rate is of an amount that adversely affects the balancing of FTD's clearing operation, FTD may, in its discretion, authorize the Clearinghouse to apply a charge or credit based on the current exchange rate to Members' accounts, and accordingly debit or credit Members' accounts. FTD will also, in its discretion, authorize the Clearinghouse to notify affected Members that they may charge the customer a stated charge, which charge will be calculated to offset the debit of a Member's account caused by the application of the charge based on the exchange rate.

9.6.1.10 **Member Indebtedness.** Any indebtedness of a Member to FTD of any kind or nature shall be chargeable on such Member's Clearinghouse account, and shall be payable according to these Clearinghouse Rules. In consideration of FTD advancing credit to Members through the Clearinghouse, each Member grants FTD the right to reduce any indebtedness owed by a Member to FTD by applying against the amount of such indebtedness the amount of any funds on deposit with FTD or any credit(s) due such by FTD Member, including, but not limited to, any credits appearing on Clearinghouse statements for a Member's retail locations where such Member also has a debit balance in other retail locations that are not linked by the same code number, or other funds of such Member that are on account with or within the possession or control of FTD.

10.0 **RULES & REGULATIONS REGARDING DISCIPLINE OF MEMBERS**

In General
A Florist Member is subject to discipline by FTD by reprimand, probation, fine, imposition of limitations or suspension and/or termination of such Member’s membership in FTD, for any violation of the FTD Standards that FTD, in its discretion, determines has occurred.

10.1 DEFINITIONS.

10.1.1 The term "fine" shall mean a lump-sum payment that shall be in an amount determined by FTD in its sole discretion and made by a Member to FTD, in cash or by check.

10.1.2 The term "penalty" shall mean "reprimand," "probation," "fine," "suspension" or "termination," as such terms are defined herein.

10.1.3 The term "probation" shall mean a deferral of action or further action by FTD for a prescribed period of time, under whatever conditions FTD may impose. Failure of a disciplined Member to meet the conditions imposed by FTD in connection with any probationary action may result in FTD's reconsideration of the Member's penalty and the imposition of an additional penalty.

10.1.4 The term "reprimand" shall mean a formal statement by FTD to the Member that the Member has violated a provision of the FTD Standards.

10.1.5 The term "suspension" shall mean the temporary interruption of membership in FTD which automatically suspends all of FTD’s licenses or services, including, but not limited to, FTD’s Clearinghouse, Mercury Network communications system, other business operations as well as FTD marks and images, which interruption will be to ensure compliance with Member's Trademark Membership License Agreement and the FTD Standards. (Including but not limited to the Clearinghouse rules)

10.1.6 The term "termination" shall mean the termination of membership in FTD and all of FTD’s benefits and services, including, but not limited to, FTD’s Clearinghouse, Mercury Network communications system, and other business operations, or any Member's Trademark Membership License Agreement or Licensing of FTD Images.

10.2 DISCIPLINARY RULES AND REGULATIONS.

In General

FTD may adopt rules and regulations regarding the discipline of Members for violations of the FTD Standards. These rules and regulations shall be made reasonably available to Members.

10.2.1 Unsatisfactory Test Orders and Sending Order Audits. FTD shall adopt from time to time rules and regulations regarding the conduct of the test order program and of sending order audits. For your convenience, the current FTD rules and regulations regarding test orders are reproduced below.
10.2.2 **FTD Test Order Program and Sending Order Audit Rules and Regulations.** FTD is committed to quality and the Test Order Program. Under the newly revised program, a Test Order Committee, established by FTD, will select florists based on complaints or chosen at random to test.

10.2.3 **The Test Order Program covers the following situations:**

Receipt of three Consumer Complaints; sending FTD Branded product outside FTD’s systems; or nonconformance to FTD—

10.2.3.1 Quality Standards
10.2.3.2 Product Specifications.
10.2.3.3 Substitution Policy.
10.2.3.4 Sending Order Guidelines.
10.2.3.5 Satisfaction Guarantee.
10.2.3.6 Mercury System Guidelines.

10.2.4 **The Test Order Program works as follows:**

FTD has determined that Quality is a critical part of customer satisfaction and repeat business. FTD has instituted a test order program conducted by a third party entity aimed at improving our delivery through our florist network of quality floral products. Therefore our Member florists are subject to being test ordered and evaluated as to meeting FTD order specifications and quality standards at all times. This test order program involves evaluation of member florist performance in delivery of products ordered meeting FTD quality standards; the evaluation process is as follows:

10.2.4.1 **Evaluation Process**

The third party evaluation includes a quality assurance questionnaire to be completed on each test order addressing the following four categories of service:

10.2.4.1.1 Delivery
10.2.4.1.2 Accuracy
10.2.4.1.3 Quality
10.2.4.1.4 Overall Customer Satisfaction

Following completion of the test order, the final results are uploaded into an FTD-branded web-based portal for viewing by FTD.

10.2.4.2 **Test Order Results**

Once the final test order results are made available to FTD, one of the following actions may occur:

**Test Order SUCCESS**

10.2.4.2.1 Letter of congratulations for successfully completing a third-party test order.
10.2.4.2.2 Award certificate of compliance to FTD Quality Assurance requirements.
Test Order NONCONFORMANCE

10.2.4.2.3  First nonconforming test order: mandatory remedial process which includes:
10.2.4.2.3.1  Complete online remedial awareness, education and training program.
10.2.4.2.3.2  Scheduled for retest within 90—days.

10.2.4.2.4  Second consecutive nonconforming test order: $200 Penalty and:
10.2.4.2.4.1  Complete additional online remedial awareness, education and training.
10.2.4.2.4.2  Scheduled for retest within 90—days.
10.2.4.2.4.3  Publishing of FTD member number in the FTD Online Directory.
10.2.4.2.4.4  Reimburse FTD $50 to offset cost of product and shipping.
10.2.4.2.4.5  Reimburse FTD $50 to offset fees for third party retesting and follow-up reporting/tracking.
10.2.4.2.4.6  Penalty: $100

10.2.4.2.5  Third consecutive nonconforming test order: $300, possible suspension of Membership, and:
10.2.4.2.5.1  Complete additional online remedial awareness, education and training.
10.2.4.2.5.2  Scheduled for retest within 90—days.
10.2.4.2.5.3  Possible suspension of membership until retested.
10.2.4.2.5.4  Publishing of FTD member number in the FTD Online Directory.
10.2.4.2.5.5  Reimburse FTD $50 to offset cost of product and shipping.
10.2.4.2.5.6  Reimburse FTD $50 to offset fees of third party retesting and follow-up reporting/tracking.
10.2.4.2.5.7  Penalty: $200

10.2.4.2.6  Fourth consecutive nonconforming test order: $400, possible Termination of Membership, and:
10.2.4.2.6.1  Reimburse FTD $50 to offset cost of product and shipping
10.2.4.2.6.2  Reimburse FTD $50 to offset fees of their party testing and follow-up termination proceedings.
10.2.4.2.6.3  Penalty: $300

The online remedial awareness, education and training process is intended to assist member florists when challenged in meeting FTD quality standards aimed at customer satisfaction. This process helps reduce the risk of repeated failures to meet FTD quality standards in the fulfillment of consumer orders. It also provides member florists and their employees the opportunity to further enhance their floral and business skills through online learning and training opportunities.
10.2.5 **FTD Florists’ Satisfaction Guarantee**

**FTD Florists’ Satisfaction Guarantee to FTD Consumers**

As professional FTD Florists, we guarantee your satisfaction with every order sent through FTD for delivery in the United States and Canada and on all FTD Branded products purchased from an FTD Florist.

If you are not satisfied with the purchased FTD product, we will send a replacement or refund the full purchase price. All you need to do is notify us within 7 days of receipt of your FTD order. You may call, come in person or write to us.

The FTD Florists’ Satisfaction Guarantee is what differentiates FTD from the competition and why consumers request FTD.

10.2.6 **Common Membership.** When two or more Member shops have identical ownership, and one of those shops is disciplined for failure to meet its financial obligation to FTD or for violation(s) of any FTD Standard, all other Member shops and Affiliate Member shops with identical ownership may be similarly disciplined.

10.2.7 **Discipline by FTD for Violation of FTD Standards, Rules and Policies.** If a Member violates any of the FTD Standards, as well as any Rules, Regulations and /or policies set forth in the FTD Directory or Newsletter, including any amendments or modifications thereto that may be made from time to time, FTD has the right to impose (a) a penalty against such Member that FTD believes is necessary to ensure the proper usage of FTD’s Clearinghouse, communications system and other business operations and permitted use of FTD Marks as set forth in Rule 2 of FTD Rules and payment therefor, (b) suspension or termination of one or more benefits or services provided to the Members by FTD, or (c) suspension or termination of membership in FTD.

10.2.8 **Responsibility for Representatives Designated Management and Employees.** A Member is responsible for the actions of its representatives, designated management and employees and can be disciplined for the actions of such representatives, designated management and employees. In the event that a Member is a joint proprietorship or partnership, the Member is responsible for any actions of any of its proprietors, partners and employees. In the event that a Member is a corporation, the Member is responsible for the actions of the stockholders, officers, designated management and employees. In the event that a Member is a Limited Liability Company, the Member is responsible for the actions of any member, officer, designated management and employees.

10.2.9 **Voluntary Termination.** Should a Member decide to terminate its membership in, such Member shall promptly notify in accordance with Rules set forth in the FTD Directory. FTD will consider such Member's membership finally terminated and effective upon notice in writing from member of such termination and the closure of such Member's account. Upon closure of such account, FTD shall proceed in the normal course to terminate such Member's listing in the FTD Directory. FTD, however, must finalize the compilation of
membership data for each publication of the FTD directory approximately 60 days prior to the FTD Directory's actual publication date which is updated three times per year. Consequently, if such termination notices from a Member is not received by FTD at least 60 days prior to the subsequent FTD Directory publication date, then the termination of such listing may not be made until the next FTD Directory publication following receipt by FTD of such written termination notice. While the Member's right to continue to use the FTD Marks terminates as of the date of termination of such Member's membership, FTD will not consider such Member's FTD Clearinghouse and related services terminated and effective until such time as FTD publishes and distributes a revised FTD Directory that does not include such terminated Member's shop listing. Therefore, such Member's obligation to pay FTD for use of FTD's Clearinghouse services, communication systems and other business operations and services shall continue until the Member's shop listing is removed in the ordinary course from the FTD Directory as provided above.

10.2.10 Absolute Right of FTD to Terminate membership of any member at FTD’s sole discretion. FTD may at its sole discretion terminate membership of any member for reasons set forth above or for any reason or no reason upon written notice to the members at such member's last known address in FTD’s records. Such notice shall be effective upon mailing by certified mail return receipt requested, or overnight mail by Federal Express, DHL, UPS or other courier service with confirmation of delivery, or by facsimile transmission with confirmation of receipt at facsimile address of member furnished to FTD by such member.

For additional information regarding these standards, please contact your FTD Field Business Consultant (FBC).