FORM 8-K

Current report filing

Filing Date: **1996-02-08** | Period of Report: **1995-05-31**
SEC Accession No. 0000927550-96-000003
(FILING DELETED)

FILER

ARTISTIC GREETINGS INC
CIK:**7610**| IRS No.: **160909929** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **8-K** | Act: **34** | File No.: **000-07513** | Film No.: **96513114**
SIC: **2771** Greeting cards

Mailing Address
ONE KOMER CENTER
ELMIRA NY 14902

Business Address
1 KOMER CENTER
ELMIRA NY 14902
6077375235

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): MAY 31, 1995

ARTISTIC GREETINGS INCORPORATED
(Exact Name of Registrant as specified in its Charter)

DELAWARE	0-7513	16-0909929
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

ONE KOMER CENTER, ELMIRA, NEW YORK 14902
(Address of Principal Executive Offices)

Telephone Number, including area code: (607) 737-5235

Former name or former address, if changed since last report:

Not Applicable.

ITEM 5.OTHER EVENTS.

On May 31, 1995, Artistic Greetings Incorporated (the "Company") purchased various assets from Valcheck Company ("Valcheck"), a subsidiary of Valassis Communications, Inc., related to Valcheck's manufacture and direct mail marketing and sale of checks (its "mail order check business"). Under the terms of the Purchase Agreement governing this transaction, the Company purchased Valcheck's customer lists, machinery and equipment, inventory and artwork related to Valcheck's mail order check business, and assumed the obligation to fulfill Valcheck's current check orders and check orders received by Valcheck after closing. In consideration for the assets purchased, the Company: (1) issued to Valcheck 500,000 shares of the Company's Common Stock, par value $.10 per share, pursuant to the terms of a related Investment Agreement between the Company and Valcheck; and (2) agreed to pay Valcheck 20% of the revenues it receives, less certain adjustments, for both the existing check orders it assumed the obligation to fulfill for Valcheck as well as for all first-time check orders Valcheck receives within one year following the closing date of this transaction.

Under the terms of the Investment Agreement, the Company has granted Valcheck a put option which calls for the Company, at Valcheck's option, to repurchase up to all of these shares at the end of two years following the closing date of this transaction at a price of $5.00 per share. The closing price of the Company's Common Stock in Nasdaq trading on May 31, 1995 was $3.75 per share. The Investment Agreement also provides that, so long as Valcheck controls at least 300,000 of the shares, Valcheck will have the right to designate one representative as a member of the Company's Board of Directors, and that so long as Valcheck controls any of the shares, it will vote all such shares in accordance with the recommendations made by the Company's Board of Directors with respect to any matters put before the Company's shareholders for action. The Company's shares issued to Valcheck in this transaction are "restricted securities" within the meaning of Rule 144 under the Securities Act of 1933, as amended (the "Act"), and can only be disposed of in an offering registered under that Act or in a transaction exempt from registration thereunder.

Both the Purchase Agreement and the Investment Agreement are filed as exhibits to this Report.

ITEM 7.FINANCIAL STATEMENTS AND EXHIBITS.

(c) EXHIBITS. See Exhibit Index.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

ARTISTIC GREETINGS INCORPORATED
(Registrant)

Date: June 15, 1995

By: /S/ WILLIAM D. BANFIELD
William D. Banfield, Controller

EXHIBIT INDEX

EXHIBIT NUMBER	DESCRIPTION	PAGES
4-1	Investment Agreement between Valcheck Company and Artistic Greetings Incorporated, dated May 30, 1995	
10-1	Purchase Agreement among Artistic Greetings Incorporated, Valcheck Company and Valassis	

Communications, Inc., dated May 30, 1995

EXHIBIT 4-1

INVESTMENT AGREEMENT

This Agreement is by and between ARTISTIC GREETINGS INCORPORATED, a Delaware corporation, with an address of One Komer Center, Elmira, New York 14902 (the "Company"), and Valcheck Company, a Delaware general partnership with an address of 401 Exchange Drive, Arlington, Texas 76011 ("Valcheck").

WHEREAS, pursuant to an Asset Purchase Agreement of even date herewith among the Company, Valcheck and Valassis Communications, Inc., the Company is purchasing certain assets from Valcheck; and

WHEREAS, as part of the consideration for the transactions contemplated in the Asset Purchase Agreement, the Company will issue to Valcheck 500,000 shares of the Company's Common Stock, par value $.10 per share (the "Shares");

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, the parties hereto agree as follows:

1) INVESTMENT INTENT. Valcheck is acquiring the Shares for investment purposes, for its own account and not with a view to, or for resale in connection with, any distribution of the Shares.

2) DUE DILIGENCE. Valcheck has received the Company's Form 10-K Report for its year ended December 31, 1994, its Form 10-Q for its quarter ended March 31, 1995, its Proxy Statement for its 1995 Annual Meeting of Shareholders and its 1994 Annual Report, and has had an opportunity to discuss the Company, its business plans and prospects with the senior management of the Company. Valcheck understands the financial risks involved with this investment and has the financial ability to hold the Shares for investment purposes.

3) RESTRICTED SECURITIES. Valcheck understands and acknowledges that the Shares are being offered and sold to it pursuant to an exemption from registration under the Securities Act of 1933 (the "Act") that depends upon its representations contained in this Agreement and that the Company is relying on such representations as a condition precedent to issuing the Shares to it. Valcheck acknowledges and agrees that, since the Shares will be "restricted securities" within the meaning of Rule 144 under the Act, absent their registration for public sale or an exemption from the registration requirements of the Act other than that provided by Rule 144, it must hold the Shares a minimum of two years from their date of acquisition before any of them may be sold under Rule 144, and that any sales thereafter made by it under Rule 144 can only be made in limited quantities and only under the terms and conditions of said Rule; and that any other public resale of the Shares may require registration under the

Act or reliance upon an applicable exemption from registration. Valcheck also understands that the Company is under no obligation to register the Shares in the future.

4) TRANSFER RESTRICTIONS. Valcheck agrees that the Shares may not be transferred, and that the Company shall not be required to register any such transfer in its stock transfer records, unless and until the Company shall have been informed of the proposed transfer and:

(a) A registration statement with respect to the Shares shall be effective under the Act; or

(b) Valcheck has obtained an opinion of counsel, in form and content satisfactory to the Company and its counsel, that such transfer complies with an applicable exemption from the registration requirements of the Act, together with such other documentation as counsel for the Company may in its reasonable discretion require as a condition precedent in order to make a determination that the transfer will not involve a violation of the registration provisions of the Act.

Valcheck agrees that appropriate legends may be placed on any certificates delivered to it representing the Shares in order to give notice of the transfer restrictions set forth in this Agreement.

5) REPURCHASE OPTION. At any time during the 30 day period beginning on the second anniversary of the closing date of the transactions contemplated under the Asset Purchase Agreement (the "Put Option Term"), Valcheck shall have the right to require the Company to repurchase some or all of the Shares at a price of $5.00 per share (the "Put Option"), and the Company will repurchase the number of Shares designated by Valcheck in such notice within 30 days following the Company's receipt of such request from Valcheck. The Company shall take whatever action is necessary or appropriate to ensure that any sale of the Shares by Valcheck to the Company pursuant to the Put Option complies with the Act. The Put Option shall not be transferable to any third party except to Valassis Communications, Inc., DRB Holdings, Inc., and/or Valassis Direct Response, Inc.

6) RIGHT OF FIRST REFUSAL. With respect to any sales of any of the Shares made by Valcheck at any time, Valcheck hereby grants the Company a right of first refusal to purchase such Shares being sold by it on the same price and other terms as are applicable to any disposition contemplated by Valcheck. If such Shares are to be sold in the public market, the Company shall pay the Closing Price for the Company's Common Stock in trading on the National Association of Securities Dealers Inc. ("NASD") Automated Quotation System ("Nasdaq") National Market List on the date the notice of such proposed disposition is received by the Company. If such shares are to be sold in a transaction other than in the public market, the Company shall pay the price agreed to in such transaction. Valcheck must give the Company five days notice of such a proposed disposition, to which the

Company must respond within five days following its receipt of such notice or the right of first refusal with respect to the specific disposition contemplated shall automatically expire. This right shall specifically survive the expiration of the Put Option Term indefinitely. Closing of the purchase by the Company of any Shares it may determine to purchase through the exercise of this right of first refusal shall take place within 15 days following the date on which the Company at any time exercises this right.

7) BOARD REPRESENTATION; VOTING RIGHTS.

(a) BOARD REPRESENTATION. So long as Valcheck controls at least 300,000 of the Shares, it shall have the right to designate one representative as a member of the Company's Board of Directors. Upon the closing of the transactions contemplated hereby, the Company agrees to take all actions necessary to expand the size of its Board by one and to fill the vacancy created thereby by electing to its Board an individual named by Valcheck and reasonably acceptable to the Company. Subject to the foregoing, at each Annual Meeting of the Company's shareholders, the Company agrees to nominate an individual named by Valcheck and reasonably acceptable to the Company, for inclusion in the slate of Directors to be nominated by the Company for election to its Board, and agrees to solicit and vote all proxies received in favor of electing such individual to its Board.

(b) VOTING OF SHARES. So long as Valcheck controls any of the Shares, with respect to all matters that are put before the Company's shareholders for a vote, whether at a meeting or by written consent, Valcheck agrees to vote all such Shares in favor of the Company's slate of nominees for election to its Board of Directors and in accordance with the Board's recommendation with respect to all other matters, and Valcheck agrees that the Company may enforce these rights by injunctive action in any court of competent jurisdiction.

8) GENERAL.

(a) NOTICE. Any notice required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) upon hand delivery, or (ii) on the third day following delivery to the U.S. Postal Service as certified mail, return receipt requested and postage prepaid, or (iii) on the first day following delivery to a nationally recognized U.S. overnight courier service, fee prepaid and return receipt or other confirmation of delivery requested, or (iv) when telecopied or sent by facsimile transmission. Any such notice shall be delivered to a party at its address first set forth above, or at such other address as may be designated by one party in a notice given to the other from time to time in accordance with the terms of this paragraph.

(b) ASSIGNMENT. This Agreement may not be assigned in whole or in part without the written consent of all parties.

(c) ENTIRE AGREEMENT; AMENDMENT. This Agreement, together with the

Asset Purchase Agreement, contains the entire understanding between the parties hereto and supersedes any prior agreements, understandings, discussions, or writings between the parties with respect to the subject matter hereof. This Agreement may only be amended by a written document signed by all parties hereto. There are no representations, warranties, or obligations of any party not expressly contained herein.

(d) WAIVER. No waiver by any party of a breach of any term or condition of this Agreement by any other party shall be effective unless in writing and duly executed by the waiving party. No such waiver shall constitute a waiver of any subsequent breach of the same or any other term or condition of this Agreement.

(e) CONSTRUCTION. Should an occasion arise in which interpretation of this Agreement becomes necessary, such construction or interpretation shall not presume that the terms hereof be more strictly construed against one party by reason of any rule of construction or authorship.

(f) DUPLICATE ORIGINALS. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original. It shall not be necessary in making proof of this Agreement to produce or account for more than one of such counterparts.

(g) HEADINGS. The headings included herein are for convenience only and do not constitute a portion of this Agreement and shall not be used in any construction hereof.

(h) APPLICABLE LAW; SEVERABILITY. This Agreement shall be governed and construed in accordance with the laws of the State of New York pertaining to contracts made and to be wholly performed within such state, without taking into account conflict of laws principles. If any provision contained herein is held to be invalid or unenforceable, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired.

(i) JURISDICTION AND VENUE. In the event that any legal proceedings are commenced in any court with respect to any matter arising under this Agreement, the parties hereto specifically consent and agree that the courts of the State of New York and/or the Federal Courts located in the State of New York shall have jurisdiction over each of the parties hereto and over the subject matter of any such proceedings, and the venue of any such action shall be in Monroe County, New York and/or the U.S. District Court for the Western District of New York.

IN WITNESS WHEREOF, the parties hereto have executed this agreement as of the 30th day of May, 1995.

ARTISTIC GREETINGS INCORPORATED

VALCHECK COMPANY

By: Valassis Direct Response, Inc., its Managing Partner

By: /s/ David C. Lee

Title: President and COO

By: /s/ Robert L. Recchia

Title: CFO and Treasurer

EXHIBIT 10-1

PURCHASE AGREEMENT

THIS AGREEMENT is made between VALCHECK COMPANY a Delaware general partnership with its principal office located at 401 Exchange Drive, Arlington, Texas 76011 ("Seller"), ARTISTIC GREETINGS INCORPORATED, a Delaware corporation with its principal office located at One Komer Center, Elmira, New York 14902-1999 ("Buyer") and VALASSIS COMMUNICATIONS, INC., a Delaware corporation with its principal office located at 36111 Schoolcraft Road, Livonia, Michigan 48150 (the "Valassis").

WHEREAS, Seller has heretofore operated a certain business known as Check-itOut and engaged in the business of the manufacture and direct mail marketing and sale of checks (the "Business"); and

WHEREAS, Seller desires to sell certain assets, properties and rights now owned and held by it and used in connection with the operation of the Business; and

WHEREAS, a wholly-owned subsidiary of Valassis owns 80% of the partnership interests of Seller; and

WHEREAS, Buyer desires to purchase such assets, properties and rights of Seller upon the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the foregoing premises and the mutual covenants hereinafter contained, the Parties hereto agree as follows:

ARTICLE I

PURCHASE AND SALE

1.01 PURCHASE OF ASSETS. Seller agrees to sell, convey, transfer, assign and deliver to Buyer, and Buyer agrees to purchase and accept, subject to the terms and conditions and in reliance upon the representations and warranties in this Agreement, on the date described in Article V hereof (the "Closing" or the "Closing Date"), certain assets, properties and rights of Seller as follows (the "Assets"):

A. All of Seller's inventory wherever located, including raw materials, work in process, finished goods and stock and supplies, as summarized and described in SCHEDULE 1.01A hereto.

B. All of the machinery, equipment and tools owned by Seller, located at the Business premises and used or useable in the Business, including but not limited to the items listed and described in SCHEDULE 1.01 B hereto, and excluding all leased items.

C. All of Seller's intangible assets and records as they relate to the Business as follows: Seller's trade names (including the name Check-it-Out), trade secrets and know-how related to advertising and marketing, artwork, 800 telephone numbers, customer lists, mailing lists, sales and purchasing correspondence and records, data processing records, and all of the operational books, records and data used by Seller in connection with the Business.

D. (i) All of Seller's customer orders from Seller's customers that are unfilled as of the Closing Date, and (ii) all customer orders received by Seller after Closing.

E. All of Seller's contracts described in SCHEDULE 1.01 E.

Notwithstanding anything herein to the contrary, the following assets shall not be transferred to Buyer: (i) all rights of insurance coverage relating to the liabilities being retained by Seller after the Closing; (ii) income tax records of Seller; (iii) all partnership records of Seller; and (iv) the rights of Seller under this Agreement, the Investment Agreement and the amounts payable to Seller thereunder.

1.02 ASSIGNMENT OF CONTRACTS. Seller agrees to assign to Buyer, and Buyer agrees to assume and accept, all of Seller's right, title and interest in and to and obligations under the customer orders described in SECTION 1.01D and under the contracts described in SECTION 1.01E.

1.03 LIABILITIES. It is expressly understood and agreed that Buyer does not, nor will it assume or become liable for, any of the liabilities of Seller of any kind or nature at any time existing or asserted, whether fixed, contingent or otherwise, including without limitation accounts, notes and taxes payable, products liability or warranty claims, lease obligations accrued prior to the Closing Date, salesmen's employment commissions, union contracts, salaries, wages, severance or separation pay, or vacation, profit sharing, retirement, pension, bonus, hospitalization or other employee benefits or any unemployment or old age benefit taxes relating to Seller's employees; PROVIDED, however, that Buyer shall perform all of Seller's obligations from and after the Closing Date with respect to the following (the "Assumed Obligations") (i) the customer orders and contracts assumed pursuant to PARAGRAPH 1.02 hereof, and (ii) customer orders filled by Seller prior to the Closing Date but for which Seller is required after Closing either to correct and refill or to issue refunds.

1.04 PURCHASE PRICE. The aggregate purchase price to be paid by Buyer to Seller for the Assets (the "Purchase Price") shall be as follows:

A. 500,000 shares of $.10 par value common stock (the "Shares") of Buyer, to be purchased and held pursuant to an Investment Agreement to be executed at Closing by Seller and Buyer, in the form of SCHEDULE 1.04 hereto (the "Investment Agreement");

B. Plus 20% of the revenues received by Buyer from all customer orders

(i) described in PARAGRAPH 1.01D(I); and (ii) that are first time orders received within one year after the Closing Date, in each case that are filled by Buyer pursuant to PARAGRAPH 1.02;

C. Less 80% of the purchase price of the correction orders refilled by Buyer, and 100% of all refunds issued by Buyer, pursuant to clause (ii) of PARAGRAPH 1.03; and

D. Less 80% of the purchase price of any customer orders described in PARAGRAPH 1.01D, which Seller has forwarded to Buyer for fulfillment without payment.

1.05 ALLOCATION OF PURCHASE PRICE. The Purchase Price shall be allocated to the various portions of the Assets as set forth in SCHEDULE 1.05 hereto.

1.06 PAYMENT OF PURCHASE Price. The Purchase Price shall be paid or evidenced by the delivery at and after the Closing of the following:

A. A certificate representing the Shares, fully executed by the Seller and containing such restrictive legends as may be provided for in the Investment Agreement.

B. Buyer shall account to Seller, as of the 15th and the last day of each month for the first three (3) months after the Closing Date, and thereafter as of the last day of each month, for the amounts payable to and owed by Seller pursuant to SECTION 1.04B, 1.04C AND 1.04D. Such accounting shall show (i) regarding orders with respect to which payment is due pursuant to PARAGRAPH 1.04B, the number of all existing and new customer orders filled by Buyer during the period accounted for, the amount of the purchase price received by Buyer with respect thereto, the 20% of such amount received to be credited to Seller, and the 80% of any purchase price not received by Buyer to be credited to Buyer; (ii) the number of correction orders refilled by Buyer, the purchase price thereof, and the 80% of such Purchase Price to be credited to Buyer; and (iii) the amount of all refunds issued by Buyer. Each reconciliation will be accompanied by either Buyer's check payable to Seller for the net amount due Seller, or an invoice from Buyer to Seller for the net amount due Buyer. Any net amount due Buyer shall be paid within fifteen (1 5) days of receipt of the invoice by Seller.

1.07 RIGHT OF OFFSET. Buyer may, at its option, use part or all of any amounts due Seller or Valassis pursuant to the terms of this Agreement, the Advertising Agreement (as defined in PARAGRAPH 6.05G below), or the Investment Agreement to apply against or satisfy any failure of Seller or Valassis to satisfy any of its obligations or agreements hereunder, whether due to the breach of any representation or warranty made hereunder or otherwise, together with all expenses, including reasonable attorneys' fees and the costs of defense, incurred by Buyer as a result of or in connection therewith; and, if so used by Buyer, such amounts shall be, and shall

constitute, a complete and absolute offset against any such payments which are or may become due from Buyer to Seller or Valassis pursuant to the terms of this Agreement, the Advertising Agreement or the Investment Agreement. Nothing contained in this PARAGRAPH 1.07 shall be construed so as to limit or modify, except to provide for a right of offset, Seller's and Valassis' general obligation to indemnify Buyer set forth in PARAGRAPH 4.05 hereof. Prior to exercising any right of offset pursuant to this Paragraph, Buyer shall provide written notice of any claim on which Buyer intends to base such right and shall negotiate in good faith with Seller or Valassis in attempting to resolve such claim, but Buyer shall not be required to continue such negotiations beyond 30 days after the date on which it notifies Seller or Valassis of such claim.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SELLER AND VALASSIS

Seller and Valassis jointly and severally represent and warrant to Buyer as follows:

2.01 CORPORATE STANDING. Seller is a general partnership existing under the laws of the State of Delaware, and Valassis is a corporation, duly organized, validly existing and in good standing under the laws of the State of Delaware.

2.02 CORPORATE STRUCTURE. Valassis Direct Response, Inc., a Delaware

corporation which is a wholly-owned subsidiary of Valassis, ("VDR") owns an 80% partnership interest of Seller, and DRB Holdings, Inc., a Texas corporation, ("DRB") owns a 20% partnership interest in Seller. Seller does not have any outstanding options or warrants to purchase, or contracts to issue, or contracts or any other rights or commitments entitling anyone other than VDR or DRB to acquire, an additional partnership interest in the Seller.

2.03 CORPORATE AUTHORITY. Seller has full partnership power and authority to enter into this Agreement, to sell, transfer and deliver the Assets, and to perform all of its obligations contained herein and in the Investment Agreement and in all other documents to be executed pursuant hereto; and Valassis has full corporate power and authority to enter into this Agreement and the Advertising Agreement, and to perform all of its obligations set forth herein and therein. Seller and Valassis have taken all such partnership and corporate action as may be necessary or advisable and proper to authorize respectively this Agreement, the Investment Agreement and the Advertising Agreement, the execution and delivery hereof and thereof, the consummation of the transactions contemplated hereby and thereby and the execution and delivery of each of the documents required to be delivered hereunder and thereunder; so that each of Seller and Valassis, as the case may be, have full right, power and authority to sell and deliver the Assets to Buyer and to perform all of its obligations under this Agreement, the Investment Agreement and the Advertising Agreement.

2.04 ABSENCE OF RESTRICTIONS. Except as set forth in SCHEDULE 2.04, Seller has made no other agreement with any other party with respect to the sale or encumbrance of the Assets. Except as set forth in SCHEDULE 2.04,

the execution and delivery of this Agreement, and the consummation of the transactions provided hereunder, does not require any third party consent (other than the consent of VDR and DRB) and does not violate, conflict with, result in the breach of, or cause the acceleration of or default under any provision of (a) Seller's Joint Venture Agreement, as the same may have been amended from time to time or (b) any obligation, mortgage, lien, lease, agreement, instrument, law, order, arbitration award, judgment, decree or any other restriction to which Seller is a party or by which Seller is subject or bound.

2.05 TITLE TO ASSETS. Except as set forth in SCHEDULE 2.05 hereto, Seller has good and marketable title to all of the Assets, free and clear of all liabilities, mortgages, conditional sales agreements, security interests, leases, liens, pledges, encumbrances, restrictions, charges, claims or imperfections of title whatsoever, so that Buyer shall, after consummation of the transactions contemplated hereunder, be free to utilize, sell or otherwise dispose of all of the Assets in whatever manner and at whatever locations Buyer may desire.

2.06 FIXED ASSETS. SCHEDULE 1.01B hereto contains a list or description of all machinery, equipment and tools owned by Seller and sets forth the basis and manner by which said Assets have been depreciated. All of such Assets are in good working condition and useable in the ordinary course of the Business. No such Asset included in Seller's financial statements or records has been valued in excess of its cost less accumulated depreciation as of March 31, 1995.

2.07 LNVENTORY. All of Seller's inventory included in the Assets and

the location thereof is shown on SCHEDULE 1.01A, is useable or saleable in the ordinary course of the Business, and is in a quantity and of a quality suitable for sale in the ordinary course of the Business. Said inventory has a value, at the lower of cost or market, on a first in/first out basis, in excess of $300,000.

2.08 CONTRACTS. The customer orders described in PARAGRAPH 1.01D(I) and the contracts referred to in SECTION 1.01E are either in full force and effect or are offers which have not been cancelled; Seller has not violated any of the terms thereof in any material respect; no claim has been made by any party thereto that Seller is in default thereunder or in violation of any law, rule or regulation related thereto; and Seller has received no notice that any such order or contract is being or will be cancelled. Each of such orders and contracts is assignable to Buyer and neither such assignment nor the consummation of any of the transactions contemplated by this Agreement will result in a default under or termination of any such order or contract. Full and complete copies of each of such orders and contracts have been supplied by Seller to Buyer on or prior to the date hereof, and there have been no subsequent changes in such orders or contracts.

2.09 TRADEMARKS, TRADENAMES, ETC. Except as set forth in SCHEDULE 2.09 hereto, Seller owns no trademarks or trade names, nor does it have any applications pending with respect thereto, nor does Seller utilize any assumed names, nor is Seller a party to any trademark license agreement; and the ability of the Buyer to discharge the Assumed Obligations, does not require the ownership or use of any trademark, trade name or assumed name, except as set forth in SCHEDULE 2.09 hereto. Seller is not a party to, nor

does Seller have any knowledge of, any trademark infringement litigation or claim affecting or which might affect the Business or the ability of Buyer to discharge the Assumed Obligations, or any basis for any such claim.

2.10 TAXES. Seller has filed returns for and paid in full all of its federal, state and local taxes to the extent such filings and payments are required prior to the date of this Agreement. All such returns were true and correct in all material respects when filed.

2.11 LITIGATION AND CLAIMS. There is no litigation, proceeding, suit, action, controversy or claim in law or in equity (including proceedings by or before any governmental board or agency) existing, pending or, to the best of Seller's knowledge, threatened against Seller which might adversely affect Buyer's purchase or use of the Assets, or Buyer's ability to discharge the Assumed Obligations, and there is no fact known to Seller which could form the basis for any such litigation, proceeding, suit, action, controversy or claim. There are no judgments, orders, laws or regulations existing, whether or not filed, against Seller which might affect the Assets and Buyer's purchase thereof or Buyer's ability to discharge the Assumed Obligations.

2.12 GOVERNMENTAL COMPLIANCE. Seller has complied in all material respects with all applicable laws, rules, regulations and orders of all federal, state and local authorities with respect to the Business and the Assets. Seller has not received any notice that it is claimed to be in default with respect to any judgment, order, injunction, decree, rule or regulation of any court, administrative agency or other governmental agency. All reports, returns and other documents which have been filed by

Seller with any administrative agency or governmental authority are true, correct and complete in all material respects.2.13CUSTOMER FILES. All Seller's customer files as they exist on the date hereof, including, all information contained therein regarding inquiries from customers and potential customers, all computer records and data, and hard copies of all customer orders received by Seller since it commenced business that are in Seller's possession, have been delivered to Buyer; and the customer files so delivered contain the names of not less than 750,000 customers as of the date hereof.

2.14 INVESTMENT AGREEMENT. All of the representations and warranties of the Seller set forth in the Investment Agreement are true and complete and are incorporated herein by reference.

2.15 GENERAL WARRANTY. No representation or warranty of Seller or Valassis contained or incorporated in this Agreement, nor any Schedule, statement or certificate furnished to or to be furnished by Seller to Buyer pursuant to the terms hereof, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact, or fails or will fail to state a material fact necessary to make the statements contained or incorporated therein or herein not misleading.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller and Valassis as follows:

3.01 CORPORATE STANDING. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of

Delaware. Buyer has full corporate power and authority to own its properties and to carry on its business as currently conducted.

3.02 CORPORATE AUTHORITY. Buyer has full corporate power and authority to enter into this Agreement, and to purchase the Assets and to issue the Shares as provided in this Agreement, and to enter into the Investment Agreement and the Advertising Agreement. Buyer has taken all such corporate action as may be necessary or advisable and proper to authorize this Agreement, the Investment Agreement and the Advertising Agreement, the execution and delivery hereof and thereof, the consummation of the transactions contemplated hereby and thereby and the execution and delivery of each of the documents required to be delivered hereunder and thereunder, so that Buyer will have full right, power and authority to purchase the Assets from Seller and to issue the Shares as provided in this Agreement, and to perform all of its obligations under this Agreement, the Investment Agreement and the Advertising Agreement.

3.03 CONSENTS. The execution of this Agreement, the Investment Agreement and the Advertising Agreement by Buyer and its consummation of the transactions contemplated hereby and thereby do not require the consent of any third party and do not violate, conflict with, result in the breach of, or cause the acceleration of or default under any provision of (a) Buyer's Certificate of incorporation and By-laws, as the same may have been amended from time to time or (b) any obligation, mortgage, lien, lease, agreement, instrument, law, order, arbitration award, judgment, decree or any other restriction to which Buyer is a party or by which Buyer is

subject or bound.

3.04 LITIGATION AND CLAIMS. There is no litigation, proceeding, suit, action, controversy or claim in law or in equity (including proceedings by or before any governmental board or agency) existing, pending or, to the best of Buyer's knowledge, threatened against Buyer which might adversely affect Buyer's purchase or use of the Assets, or Buyer's ability to discharge the Assumed Obligations and to perform its other obligations under this Agreement, the Investment Agreement and the Advertising Agreement, and there is no fact known to Buyer which could form the basis for any such litigation, proceeding, suit, action, controversy or claim. There are no judgments, orders, laws or regulations existing, whether or not filed, against Buyer which might affect the Assets and Buyer's purchase thereof or Buyers ability to discharge the Assumed Obligations and to perform its other obligations under this Agreement, the Investment Agreement and the Advertising Agreement.

3.05 GENERAL WARRANTY. No representation or warranty of Buyer contained or incorporated in this Agreement, nor any statement or certificate furnished or to be furnished to Seller or Valassis by Buyer pursuant to the terms hereof, or in connection with the transactions contemplated hereby, contains or will contain any untrue statement of a material fact, or fails or will fail to state a material fact necessary to make the statements contained or incorporated therein or herein not misleading.

3.06 COMPLIANCE WITH REPORTING OBLIGATIONS. Buyer has timely filed all reports and other documents required to be filed by it under Sections 13,14, and 15(d) of the Securities Exchange Act of 1934, as amended

(collectively, the "Reports"). No such Reports (i) contain any statement which was at the time and in light of the circumstances under which it was made, false or misleading with respect to any material fact, or (ii) omit to state any material fact necessary in order to make the statements therein not false or misleading.

3.07 CAPITALIZATION AND SHARES. Buyer's authorized capital stock consists of 10,000,000 shares of common stock $.10 par value, of which 5,821,293 shares were issued and outstanding as of May 12, 1995. On delivery of a certificate representing the Shares at Closing pursuant to this Agreement, the Shares will be duly and validly authorized and issued, fully paid and non- assessable.

ARTICLE IV

FURTHER COVENANTS OF SELLER, VALASSIS AND BUYER

4.01 SELLER AND VALASSIS. Seller and Valassis jointly and severally further covenant and agree as follows:

A. CONDUCT OF Business. To conduct the Business pending the Closing in the normal and usual manner consistent with past practice and, without the prior approval of Buyer (which approval may be withheld by Buyer for any reason in its sole discretion); not to make any change which materially adversely affects the policies relating to the operation and conduct of the Business; and not to commence negotiations for, or enter into, any material or unusual contracts or agreements affecting the Business or the Assets, or extending beyond the Closing that will have a material and adverse effect on the Assets, or the Buyer's ability to purchase the Assets and to discharge the Assumed Obligations.

B. RETENTION OF BUSINESS. To use and exert best efforts between the date hereof and Closing to keep and retain the Business as a going business and to provide such assistance and cooperation as may be requested or necessary to assure the orderly transfer of the Assets to Buyer and the discharge of the Assumed Obligations by Buyer subsequent to the Closing.

C. CHANGES. Between the date hereof and the Closing, to notify Buyer of any unusual changes, problems or developments with respect to the Business and the status of Seller's liabilities, obligations and relationships with its customers.

D. LIABILITIES. To pay and discharge, or make adequate provision for the payment and discharge of, all of Sellers liabilities, indebtedness, obligations, claims and losses not specifically assumed by Buyer in this Agreement, as they become due and payable.

E. ACCESS. To allow the authorized personnel and agents of Buyer to have access to any and all of the records and premises of Seller at all reasonable times between the date hereof and the Closing; to furnish Buyer with all information concerning
Seller's affairs as Buyer may reasonably request; and to permit Buyer to make extracts from, and copies of, all of Seller's books, records, files, customer orders, and other Business records and, for a period of nine months subsequent to the Closing, to make Ken Teeter, or other individuals able to assist with the issues at hand at the time, available to Buyer at Buyer's request for consultation and advice concerning the Assets and Buyers discharge of the Assumed Obligations.

F. INDEMNIFICATION. To fully indemnify and hold harmless

Buyer, its directors, officers, agents, employees, successors and assigns, as applicable, from and against and in respect of any and all liabilities, obligations, damages, losses and expenses, including claims of every kind and nature, whether accrued, absolute, contingent or otherwise, and including reasonable attorneys' fees and the costs of defense, incurred by any of them as a result, or by reason, of the breach, falsity or failure of any of Seller's or Valassis' representations, warranties, covenants or undertakings contained in this Agreement, the Investment Agreement or the Advertising Agreement, including without limitation, any claims arising by reason of the failure of Seller to comply with any "Bulk Transfer" provisions of the Uniform Commercial Code as enacted and presently in effect in the State of Texas; it being agreed by the parties that the provisions of this indemnification shall survive the Closing Date and may be enforced by Buyer's offset against any payments due to Seller or Valassis pursuant to the provisions of PARAGRAPH 1.07 hereof without limiting in any respect any and all other rights which Buyer may have against Seller and Valassis, in law or in equity, to enforce the provisions hereof. Buyer shall give notice to Seller and Valassis promptly after Buyer has actual knowledge of any claim as to which indemnity may be sought, and shall permit Seller and Valassis (at their joint and several expense) to assume the defense of any claim or any litigation resulting therefrom, provided that all counsel who shall conduct the defense of such claim or litigation on behalf of the indemnitees shall be reasonably satisfactory to Buyer, and shall not have any material conflict of interest in representing all indemnitees involved in such claim or litigation.

Buyer may participate in such defense, but only at Buyers expense.

G. COOPERATION. To execute, acknowledge and deliver to Buyer on demand, both prior and subsequent to the Closing, all such instruments, consents, authorizations, certifications, books, records and data, and to take all other action, as heretofore agreed or as may be reasonably necessary or advisable in the opinion of Buyer to satisfy the Conditions to Closing by Buyer contained in ARTICLE VI hereof, to effectuate the provisions and intent of this Agreement, including, without limitation, Buyer's discharge of the Assumed Obligations and to better assign, transfer and convey title and possession of the Assets to Buyer; and further to assist and cooperate with Buyer in connection with any litigation involving the Business or the Assets. In furtherance, but not in limitation, of the foregoing:

(i) Seller agrees to instruct the U.S. Post Office to forward all of Seller's mail relating to the Business to Buyer and agrees to forward to Buyer daily any customer orders otherwise received by Seller after the Closing Date, including both the purchase orders and any checks, money orders or other form of payment, in the form received. The same shall be forwarded to Buyer, at Buyers expense, on the day of receipt by overnight delivery, using a carrier reasonably acceptable to Buyer and Seller. Seller hereby authorizes Buyer to indorse Seller's name and take all other action necessary to indorse and process any checks, money orders, credit card vouchers or other forms of payment, in order that Buyer can deposit such payments to Buyer's account; and

(ii) With regard to Seller's customer files described in SECTION 1.01C (a) Seller agrees to use its best efforts and to cooperate

with Buyer, to obtain delivery from Response Media Products, Inc. ("Response"), in computer readable form, of all information contained in all of Response's data files regarding Seller's check customers, and (b) to cooperate to assist Buyer to extract from Seller's customer file database all information contained therein.

H. NONCOMPETITION. For a period of five (5) years from and after the Closing Date: not to engage or compete, directly or indirectly, as a principal, on its own account, or as a shareholder, agent, officer, director, partner or joint venturer in any corporation or business entity, in any business engaged in the manufacturer of checks and/or direct mail marketing of checks and/or the direct mail sale of checks from, at or into the United States; nor within the same area to extend credit, lend money, furnish quarters or give advice to any such business or proposed business entity; nor without the consent of the Buyer, directly or indirectly discuss, publish or otherwise divulge any information regarding the Business or its methods of operation, unless such information is publicly known, other than by reason of a violation of this Agreement by Seller or Valassis, PROVIDED that nothing contained herein shall be construed as preventing the investment in corporate securities which are traded on a recognized stock exchange. If any of the restrictions on post-Closing competitive activities contained in this PARAGRAPH 4.01H shall for any reason be held by a court of competent jurisdiction to be excessively broad as to duration, geographical scope, activity or subject, such restrictions shall be construed so as thereafter to be limited or reduced to be enforceable to the extent compatible with the applicable law as it shall

then appear; it being understood that by the execution of this Agreement the parties hereto regard such restrictions as reasonable and compatible with their respective rights.

4.02 BUYER. Buyer further covenants and agrees to fully indemnify and hold harmless each of Seller and Valassis, and the directors, officers, agents, employees, successors and assigns of each, as applicable, from and against and in respect of any and all liabilities, obligations, damages, losses and expenses, including claims of every kind and nature, whether accrued, absolute, contingent or otherwise, and including reasonable attorneys' fees and the costs of defense, incurred by any of them as a result, or by reason, of the breach, falsity or failure of any of Buyer's representations, warranties, covenants or undertakings contained in this Agreement, the Investment Agreement or the Advertising Agreement, it being agreed by the parties that the provisions of this indemnification shall survive the Closing Date and may be enforced by Seller's and Valassis' offset against any payments due to Buyer pursuant to the provisions of this Agreement, the Investment Agreement or the Advertising Agreement, without limiting in any respect any and all other rights which Seller and Valassis may have against Buyer, in law or in equity, to enforce the provisions hereof. Seller and Valassis shall give notice to Buyer promptly after either has actual knowledge of any claim as to which indemnity may be sought, and shall permit Buyer to assume the defense of any claim or any litigation resulting therefrom, provided that all counsel who shall conduct the defense of such claim or litigation on behalf of the indemnitees shall be reasonably satisfactory to Seller or Valassis, as the case may be, and shall not have any material conflict of interest in representing all

indemnitees involved in such claim or litigation. Each of Seller and Valassis may participate in such defense, but only at its own expense.

ARTICLE V

CLOSING

Closing hereunder shall take place at the office of Jenkins & Gilchrist at 1445 Ross Avenue, Suite 3200, Dallas, Texas, on May 30, 1995, or at such other time and place as Seller and Buyer may subsequently agree in writing.

ARTICLE VI

CONDITIONS OF CLOSING BY BUYER

The obligation of Buyer to consummate the transactions contemplated by this Agreement shall be subject, at Buyer's sole option, to the satisfaction of the following conditions precedent:

6.01 REPRESENTATIONS. All of the representations and warranties of Seller and Valassis herein contained or incorporated herein shall be true and correct as of the date of this Agreement, and as of the Closing Date as if expressly made on and as of the Closing Date.

6.02 PERFORMANCE OF COVENANTS. All of the covenants to be performed

and all of the conditions to be satisfied by Seller and Valassis prior to the Closing Date shall have been performed or satisfied on or before the Closing.

6.03 BOOKS AND RECORDS. Seller shall have delivered to Buyer on or before the Closing Date all of Seller's operational books, records, data and materials included among or related to the Assets or which are or would be necessary or useful to Buyer in exercising ownership of the Assets or in discharging the Assumed Obligations, expressly EXCLUDING, however, the excluded assets listed in SECTION 1.01 but expressly INCLUDING all of Seller's customer and sales records and all of the other documents referred to in this Agreement.

6.04 CONDITION OF PROPERTY. All of the Assets shall be in the same condition on the Closing Date as the same are as of the date hereof, ordinary wear and tear alone excepted, it being understood and agreed between the Parties hereto that any destruction, loss or damage by fire or casualty prior to the Closing which exceeds One Thousand Dollars ($1,000) or which could result in a substantial disruption of Buyers exercising ownership of the Assets or in discharging the Assumed Obligations shall constitute a failure of the condition precedent set forth herein.

6.05 DELIVERY OF DOCUMENTS. Buyer shall have received all such documents, certificates, opinions and papers required of Seller pursuant to the terms of this Agreement, or which shall have been reasonably requested by Buyer in connection therewith, in form and substance as approved prior to the Closing by Underberg & Kessler, attorneys for Buyer, including expressly, but not limited to, possession of all of the Assets and the following:

A. Duly executed warranty Bills of Sale, Assignments and instruments of transfer and assignment of the Assets.

B. Duly executed assignments of Seller's customer orders and the contracts referred to in PARAGRAPH 1.02.

C. A certificate of Seller executed by VDR and DRB, as venturers of Seller, sufficient to authorize Sellers execution of this Agreement, its consummation of the transactions contemplated hereby and its execution and delivery of the documents required to be delivered hereunder. A certificate of resolutions adopted by Valassis' Board of Directors authorizing the execution of this Agreement and the Advertising Agreement, the consummation of the transactions contemplated hereby and thereby and the execution and delivery of the documents required to be delivered hereunder and thereunder, appropriately certified by Valassis' Chief Financial Officer.

D. A certificate dated as of the Closing Date, to the effect that, as of the Closing Date, all of the representations and warranties of Seller and Valassis contained in this Agreement and the Schedules hereto are true and correct and that all of the covenants and conditions contained in this Agreement to be performed or satisfied by Seller prior to the Closing have been performed or satisfied, such certificate to be executed by Seller's Managing Venturer and by Valassis.

E. A written opinion of McDermott, Will & Emery, attorneys for Seller, dated as of the Closing Date, in form and substance satisfactory to Buyer, in the form of SCHEDULE 6.05E.

F. An Advertising Agreement duly executed by Valassis in the

form of SCHEDULE 6.05F (the "Advertising Agreement") hereto.

G. A Investment Agreement duly executed by Seller, in the form of SCHEDULE 1.04 hereto (the "Investment Agreement").

ARTICLE VII

CONDITIONS OF CLOSING BY SELLER AND VALASSIS

The obligation of Seller and Valassis to consummate the transactions contemplated by this Agreement shall be subject, at Seller's sole option, to the satisfaction of the following conditions precedent:

7.01 REPRESENTATIONS. All of the representations and warranties of Buyer herein contained shall be true and correct as of the date of this Agreement, and as of the Closing Date as if made on and as of the Closing Date.

7.02 COVENANTS AND CONDITIONS. All of the covenants to be performed and all of the conditions to be satisfied by Buyer prior to the Closing Date shall have been performed or satisfied on or before the Closing.

7.03 DELIVERY OF DOCUMENTS. Seller shall have received all such documents, certificates, opinions and papers required of Buyer pursuant to the terms of this Agreement, or which shall have been reasonably requested by Seller in connection therewith, in form and substance as approved prior to the Closing by McDermott, Will & Emery, attorneys for Seller, including expressly, but not limited to, the following:

A. A certificate of resolutions adopted by Buyer's Board of Directors authorizing the execution of this Agreement, the Investment Agreement (and the issuance of the Shares pursuant thereto) and the

Advertising Agreement, the consummation of the transactions contemplated hereby and thereby and the execution and delivery of the documents required to be delivered hereunder and thereunder, appropriately certified to Seller and Valassis by Buyer's corporate Secretary.

B. A written opinion of Messrs. Underberg & Kessler, attorneys for Buyer, dated as of the Closing Date, in form and substance satisfactory to Seller, in the form of

SCHEDULE 7.03B.

C. The Advertising Agreement duly executed by Buyer.

D. The Investment Agreement duly executed by Buyer.

E. A certificate dated as of the Closing Date, to the effect that, as of the Closing Date, all of the representations and warranties of Buyer contained in this Agreement are true and correct and that all of the covenants and conditions contained in this Agreement to be performed or satisfied by Buyer prior to the Closing have been performed or satisfied, such certificate to be executed by Buyer's President and Secretary.

ARTICLE VIll

CONTINGENT FINANCIAL MATTERS

8.01 TAX STATUS AND EFFECT. It is understood and agreed that neither Seller nor Valassis, on the one hand, nor Buyer, on the other, has or have made any representations to each other as to the tax status or tax effect of the transactions contemplated by this Agreement, and each of the parties is therefore separately taking counsel as to such matters and each is

assuming, subject only to the express and specific provisions of this Agreement, the tax, if any, which may be incurred by reason of the carrying out of the terms and provisions hereof.

8.02 SALES OR USE TAX. In the event that any sales or use tax shall be due to any state or local governmental authority by reason of the sale of the Assets, such tax shall be borne by Buyer and Seller equally.

8.03 BROKERAGE COMMISSIONS. Seller, Valassis and Buyer represent and warrant, each to the other, that this Agreement and the transactions contemplated hereunder were brought about without the assistance of any broker, person or firm, and that no one is entitled to a commission, fee or payment of any kind relative to this Agreement or the transactions contemplated hereby.

8.04 RISK OF LOSS. All risk of loss to the Assets shall remain in Seller until the transfer of the Assets on the Closing Date. In the event of any casualty or loss to the Assets prior to the Closing and Buyer elects to consummate this transaction, Buyer may, at Buyer's option, either require Seller at Closing to assign by specific assignment to Buyer all of Seller's claims under and the proceeds of any and all insurance policies (including proceeds received by Seller prior to Closing) as well as claims against any third parties relating to such casualty or loss on the property subject thereto or, alternatively, reduce the Purchase Price by the amount of the loss and permit Seller to retain such claims and proceeds.

8.05 EXPENSES OF PARTIES. All expenses involved in the preparation, authorization and consummation of this Agreement, including, without limitation, all fees and expenses of agents, representatives, counsel and accountants, shall be borne solely by the Party which shall have incurred

the same, and the other Party shall have no liability with respect thereto.

ARTICLE IX

MISCELLANEOUS PROVISIONS

9.01 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. All representations and warranties contained in this Agreement shall survive the execution and delivery of this Agreement and the transfer of the Assets for a period of one year from the Closing Date, provided, however, that the representations and warranties set forth in PARAGRAPHS 2.03,
2.04, 2.05, 2.11, 2.12, AND 2.14 shall survive indefinitely and those set forth in Paragraph
2.08 shall expire at the end of two years after the Closing Date.

9.02 BENEFIT AND ASSIGNABILITY. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of Seller and Buyer.

9.03 NOTICES. Any notice or other communication required or permitted under this Agreement shall be in writing and shall be deemed to have been duly given (i) upon hand delivery, or (ii) on the third day following delivery to the U.S. Postal Service as certified or registered mail, return receipt requested and postage prepaid, or (iii) on the first day following delivery to a nationally recognized United States overnight courier service, fee prepaid, return receipt or other confirmation of delivery requested, or (iv) when telecopied or sent by facsimile transmission if an additional notice is also given under (i), (ii) or (iii) above within three

days thereafter. Any such notice or communication shall be delivered or directed to a party at its address set forth below or at such other address as may be designated by a party in a notice given to all other parties hereto in accordance with the provisions of this paragraph.

Notice to Seller or Valassis shall be sent to:Valassis Communications, Inc.
361 1 1 Schoolcraft Road
Livonia MI 48150
Attn:Barry P. Hoffman, Esq.

with a copy to:McDermott, Will & Emery
1211 Avenue of the Americas
New York, NY 10036
Attn: Mark Thoman, Esq.

Notice to Buyer shall be sent to:Artistic Greetings Incorporated
One Komer Center
Elmira, NY 14905
Attn: Stuart Komer, Chairman

with a copy to:Underberg & Kessler
1800 Chase Square
Rochester, NY 14604
Attn: Michael C. Dwyer, Esq.

9.04 PUBLICITY AND CONFIDENTIALITY. No publicity shall be released by any party prior to or after the Closing Date concerning the execution of this Agreement and the transactions contemplated hereunder except with the

consent of the other parties. If for any reason the transactions provided for hereunder shall not be consummated, each party (a) shall return all confidential information which it received from any other party in the course of investigating and negotiating the transactions provided for hereunder and (b) shall not disclose to any third party any such confidential information, except with the approval of the other party or as required by law; PROVIDED, however, that this provision shall be applicable only with respect to information which was clearly identified as confidential by the furnishing party when originally submitted and (a) was not then known or subsequently independently developed by the receiving party, nor (b) subsequently rightfully obtained from a third party, nor (c) then or subsequently publicly known or available otherwise than through the improper conduct of the other party.

9.05 INTERPRETATION. This Agreement shall be construed and enforced in accordance with the laws of the State of New York. The waiver by any party of a breach of any provision of this Agreement must be in writing, and the waiver of one breach shall not operate as, nor be construed as, a waiver of any subsequent breach thereof. This Agreement represents the entire agreement between the parties with respect to the transactions contemplated hereby and may be modified only by a subsequent written document executed by the parties. Throughout this Agreement, the masculine gender shall be deemed to include the feminine and neuter, and the singular shall be deemed to include the plural, and vice versa. The headings of the Articles and Paragraphs of this Agreement are inserted for convenience only and do not constitute a part of this Agreement. This Agreement may be executed in

several counterparts, each of which shall be deemed an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement on May 30, 1995.

BUYER:

ARTISTIC GREETINGS INCORPORATED

By: /S/ DAVID C.LEE

Its: President and COO

SELLER

VALCHECK COMPANY

By: Valassis Direct Response, Inc.

Its: Managing Venturer

By:/S/ ROBERT L. RECCHIA

Robert L. Recchia

Its: Chief Financial Officer

VALASSIS

VALASSIS COMMUNICATIONS, INC.

By: /S/ ROBERT L. RECCHIA

Robert L Recchia

Its: Chief Financial Officer

The Registrant agrees to furnish supplementally to the Commission a copy of any omitted schedules or exhibits to this Agreement upon request.