

SECURITIES AND EXCHANGE COMMISSION

FORM 10KSB/A

Annual and transition reports of small business issuers [Section 13 or 15(d), not S-B Item 405]
[amend]

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FILER

NBO SYSTEMS INC

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C.**

AMENDMENT NO. ONE TO

FORM 10-KSB

**[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES AND EXCHANGE
ACT OF 1934**

For the fiscal year ended December 31, 2004

or

**[] TRANSITIONAL REPORT UNDER SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934**

Commission File No. 000-33037

NBO SYSTEMS, INC.

STATE OF MARYLAND

(State or Other Jurisdiction of Incorporation or
Organization)

55-0795927

(IRS Employer Identification Number)

3676 West California Avenue, Building D
Salt Lake City, Utah
(Address of Principal Executive Offices)

84104
(Zip code)

(801) 746-8000

(Registrant's Telephone Number, Including Area Code)

Securities registered under Section 12(b) of the Act: None

Securities registered under Section 12(g) of the Act:
common stock, Par Value \$.0005
(Title of Class)

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not contained in this form, and no disclosure will be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-KSB/A or any amendment to this Form 10-KSB/A. [X]

State issuer's revenues and other income for its most recent fiscal year: \$12,007,468

The aggregate market value of the common stock held by non-affiliates as of March 31, 2005 was approximately \$10,100,000.

As of March 31, 2005, there were 17,124,944 shares of the issuer's common stock, \$0.0005 par value, issued and outstanding.

DOCUMENTS INCORPORATED BY REFERENCE: Certain information required in Part III hereto is incorporated by reference to the issuer's definitive proxy statement relating to its 2005 annual meeting of stockholders to be filed with the Securities and Exchange Commission pursuant to Regulation 14A not later than 120 days after the end of the fiscal year covered by this Form 10-KSB/A.

Transitional Small Business Disclosure Format (check one):

Yes ____ No X

NBO SYSTEMS, INC.
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Forward-looking Statements

This Annual Report on Form 10-KSB/A, including information incorporated herein by reference, contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These statements relate to expectations concerning matters that are not historical facts. Words such as "projects," "believes," "anticipates," "will," "estimate," "plans," "expects," "intends," and similar words and expressions are intended to identify forward-looking statements. Although we believe that such forward-looking statements are reasonable, we cannot assure you that such expectations will prove to be correct. Important language regarding factors which could cause actual results to differ materially from such expectations are disclosed in this Report, including without limitation under the caption "Risk Factors" beginning on page 13 of this Report. All forward-looking statements attributable to NBO Systems, Inc. are expressly qualified in their entirety by such language. We do not undertake any obligation to update any forward-looking statements.

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PART I**ITEM 1. DESCRIPTION OF BUSINESS****Overview**

We were incorporated in Utah on June 23, 1994 as Neighborhood Box Office, Inc. We changed our name to NBO Systems, Inc. on January 29, 2002 when we reincorporated in Maryland. Our principal executive offices are located at 3676 West California Avenue, Building D, Salt Lake City, Utah 84104. Our telephone number is (801) 746-8000. Our website is located at www.nbo.com. We also operate the following websites in connection with the operation of our business: www.thegiftcertificatecompany.com, www.thegiftcardcompany.com, www.giftcardbalance.com, www.myprepaidcard.info and www.childrens-heroes.com. The reference to our website addresses does not constitute incorporation by reference of the information contained on these sites and such information should not be considered to be part of this report.

We have registered the following names and logos as trademarks in the United States: "NBO Systems, Inc." "NBO," "Children's Heroes," "Freedom Prepaid Card," and Community Scrip Card." All other trademarks, service marks or trade names appearing in this report are the property of their respective owners.

We are a developer, marketer and supplier of prepaid stored-value card programs including gift cards, corporate incentive and membership reward cards, and fund-raising cards. We market our programs to mall owners/developers and operators, restaurant chains, retailers, corporate incentive providers, membership reward programs and fund-raising organizations throughout the United States. Our business historically focused primarily on mall gift certificates, mall gift cards and third party gift card order fulfillment services, which subject us to typical retail seasonality curves. We historically experience sales for the majority of our products and services in the last two months of the year, specifically the period between Thanksgiving and Christmas. We are in the process of introducing newly developed products and services that may help smooth seasonality effects and provide a more even distribution of cash flows from operating activities throughout the year.

Our primary business model is comprised of several revenue channels. The most mature revenue channel is the mall channel, which provides comprehensive gift card and gift certificate products to shopping mall managers that are accepted and redeemable at all mall retail stores. We administer the entire program including accounting, banking, reconciliation and compliance with all applicable state and federal regulations. The shopping mall program was initiated in October 1998 utilizing gift certificates only. We transitioned to gift cards in 2001. Our gift certificate and gift card programs currently include malls managed by multiple owner/operators in various states across the nation.

Secondly, we provide all Call Center and Internet Fulfillment of gift certificates and gift cards for clients of ValueLink, a subsidiary of First Data Corp, and third-party providers of their own dedicated, closed-end gift card programs such as Darden Restaurants, Inc. ("Darden"), a subsidiary of General Mills Restaurant, Inc. ("GMRI"). We are currently soliciting, negotiating, and finalizing additional business relationships with other national restaurant chains and retail outlets that typically have store locations in or near shopping malls across the United States.

Finally, we implemented the Children's Heroes fundraising channel using traditional scrip products (discounted gift certificates used for fundraising purposes) in 2003. We developed and are currently testing the Community Scrip Card ("CSC"), a multi-merchant prepaid stored-value card used for fundraising purposes. The test is a pilot program with Great Lakes Scrip Company of Grand Rapids, Michigan that began in the fourth quarter of 2004 and will end in the first quarter of 2005. Results of the pilot program will be evaluated early in the second quarter of 2005. We intend to complement and revolutionize the traditional scrip fundraising industry efforts with our CSC. We plan to distribute the CSC through licensing and distributorship agreements with existing traditional scrip companies across the United States.

New business initiatives for 2005 and beyond are detailed in the sections below.

Principal Products and Services

We develop and market prepaid stored-value card programs that operate on the established payment systems operated by Visa and MasterCard (open networks) or on Discover (private dedicated networks). The cards that operate on the Visa and MasterCard payment systems are issued by national banks that are part of a national bank association and may be redeemed at any merchant that accepts Visa or MasterCard. Discover cards are issued by NBO on behalf of Discover and may be redeemed at any merchant that accepts Discover. Our products and services address several different market segments for prepaid stored-value concepts, including universal mall gift cards, corporate incentive and membership reward cards, and cards utilized in fund-raising efforts.

For consumers, prepaid stored-value cards may be better categorized as either "dedicated" or "universal" cards. Dedicated cards are typically "branded" with a retail business's name and are accepted only by that retail business at its specific retail locations. For example, the Blockbuster Entertainment gift card is a dedicated card that permits use only at Blockbuster retail locations. By contrast, multiple retail establishments accept universal cards as in the case of the shopping mall gift card.

The universal cards may operate in an open network environment, such as Visa or MasterCard, or, may be limited to multiple, specific retail establishments through the use of inclusion tables on a private dedicated network environment such as Discover. Our ability to offer customers multiple network alternatives relieves us of the costs of maintaining our own infrastructure to support card redemption processes. Additionally, our development, marketing, and fulfillment services place us in a central and neutral position among credit card associations, issuing banks and data processors. We intend to leverage this position and offer customers with opportunities to design prepaid stored-value card programs that meet their individual needs.

We continue to offer paper-based gift certificates to legacy customers, but over time, we expect that the paper-based gift certificate business will transition to card-based technology. According to Bain & Co., sales of gift cards and paper gift certificates have risen about 25% in each of the past four years, reaching an estimated \$45 billion in 2003. The growing popularity of gift cards can be attributed, in part, to the convenience and flexibility provided to both purchasers and recipients. A gift card allows the purchase decision to be made by the card recipient. The card recipient, in turn, may avoid the inconvenience of exchanging or returning unwanted or duplicative merchandise.

Target Markets

Our primary target markets for our card programs consist of:

- owners and operators of shopping malls;
- consumers who prefer to shop on-line via the Internet;
- fulfillment for third-party companies that develop and manage individual retailers' dedicated card programs (i.e., programs in which the gift cards can only be redeemed in the stores of the issuing retailer or its affiliates);
- businesses and organizations that sponsor incentive and loyalty rewards programs;
- high volume retailers such as grocers, convenience stores and pharmacies; and
- the non-profit fund-raising sector, particularly K-12 and university-based educational institutions.

Shopping Mall Universal Gift Cards

Our product delivery to owners/developers and operators of shopping malls shifted from gift certificate products to gift card products in 2001. Our gift card programs may be tailored specifically to the larger owner/operators of multiple shopping malls, as well as individual, independent shopping malls.

A universal mall gift card issued on an open network environment, such as Visa or MasterCard, may be used at a specific shopping mall (or a group of specific shopping malls) and would be valid at any store within the shopping mall, as well as any retail establishment that accepts Visa or MasterCard.

A universal gift card issued on a private dedicated network environment, such as Discover, would be valid only at specific retailers identified in a group, such as retail stores in a specific mall, through the use of inclusion tables, who accept Discover as a payment type for merchandise or services.

Virtual Malls

Our experience indicates that about 25% of open-network mall gift card redemption activity occurs outside of the shopping mall that sold the mall gift card. This phenomenon is commonly referred to in the industry as "leakage." Leakage is applicable to mall gift cards sold on the VISA or MasterCard networks only, as the Visa or MasterCard logos on the face of the card indicates to the retailer that the card may be accepted at anywhere VISA or MasterCard are accepted. Leakage is not applicable to mall gift cards sold on the Discover platform because Discover uses inclusion tables to restrict the redemption activity of the card to only those merchants located in the mall property. We believe that leakage percentages will increase as consumers recognize their ability to redeem cards at merchant locations outside the particular shopping mall property where the mall gift card was sold.

Leakage decreases the mall's customer traffic and ultimately the mall's sales volume. Opportunity arises when recipients of mall gift cards are unable to find the merchandise that they seek at that particular brick-and-mortar mall location, or when they prefer to shop on-line via the Internet, versus making a trip to the actual mall location. Our Virtual Mall

website provides a solution to these challenges. A customized Virtual Mall website is established to complement the sales efforts of each brick-and-mortar mall location. Shoppers may access the Virtual Mall either through the mall's website or our own website.

Our Virtual Mall fulfillment partners receive merchandise in bulk, or are able to ship merchandise to shoppers directly from the manufacturer. This greatly reduces the inventory handling costs and enables us to offer the same, high quality merchandise offered at the shopping mall, or elsewhere on the Internet, at discounts to the retail price offered at the physical mall location. In most instances, shipping to the shopper is free of charge, except for very large items.

To incentivize the mall to promote the Virtual Mall, we pay a commission to the mall on all virtual mall sales. Mall owners/operators receive a benefit in the form of a commission, whereas they received no benefit before due to leakage.

For mall gift cards issued on the Discover platform, the Virtual Mall is included as one of the participating merchants in the inclusion tables set up.

In February 2005, we established an agreement with i-Carrots, a leading provider of Internet retail services, as the engine behind our Virtual Mall. i-Carrots has direct relationships with the manufacturers of a broad range of consumer merchandise, ranging from consumer electronics to apparel to jewelry. i-Carrots also has a network of distribution centers to handle order fulfillment.

Fulfillment Services

We provide Internet and call-center fulfillment services for dedicated closed network gift cards for our partners such as ValueLink and Darden. In the fourth quarter of 2004, we added 20 new ValueLink clients to our dedicated closed network card order fulfillment program, bringing the total number of ValueLink clients to 29.

Corporate Incentive and Membership Reward Cards

In September 2004, we developed a multi-merchant prepaid stored-value card program. During the development process subsequent to marketing efforts, we entered into agreements with over 80 national and regional retail merchants (i.e., Lowe's Home Improvement Centers, Circuit City and Dillard's) having in excess of 35,000 brick and mortar retail consumer locations, in addition to the merchant's online retail operations. Each of the participating merchants provides us with rebates, varying from 3%-30%, whenever the multi-merchant card is presented for redemption at the merchant locations.

Sponsors of corporate incentive and membership rewards programs are increasing their use of prepaid stored-value cards. For businesses, prepaid stored-value cards may be in the form of incentive and reward cards given to employees for achieving specific goals or other general purposes. Our target customers for these cards are third-party providers of incentive, promotion and loyalty programs for a wide variety of entities, including financial institutions, subscription-based services and membership clubs.

For example, a membership reward card may be given to a member or customer of a business who satisfies the criteria of a particular program. Once these incentive and membership rewards cards are distributed by the sponsors, they function in the same manner as dedicated or universal gift cards.

We contract with program sponsors and administrators to provide the prepaid stored-value cards and associated administration of the cards as an important component of the overall corporate incentive and membership rewards programs. By using our prepaid stored-value cards, program sponsors are not required to maintain and manage the distribution of any inventory of goods, or the process to track the redemption of incentive or reward systems. Instead, the program sponsor simply distributes the cards to the recipients, thereby relieving the sponsor of much of the logistical time and cost of the traditional incentive and membership rewards programs.

In November 2004, we established an agreement with Vertrue (formerly known as MemberWorks) to supply cards to Vertrue's membership rewards programs. There are other large firms offering membership rewards programs, including corporate incentive program providers with ties to large credit card issuers. Vertrue operates several membership-based

websites and other programs, where members receive discounts on products and services, such as merchandise and prescriptions, in return for subscription payments. As of September 30, 2004, Vertrue had 5.5 million active retail members.

Retail Incentive Cards

The retail incentive card is another use for the multi-merchant prepaid stored-value card designed for mass-market retail distribution. We are negotiating distribution agreements with marketing firms and credit card processors experienced in the retail industry. These third parties will market our retail incentive cards to high volume retail locations such as grocery stores, drug stores or convenience stores with which they already have relationships, or market our products to new retail outlets. Our retail incentive cards will be available in the checkout lines near the cash registers. We do not load value on the cards distributed through this channel until they are purchased. In order to load value on the cards at the time of purchase, we provide a software interface between the merchant's point-of-sale terminal and our distribution partner or our data base system, allowing all parties access to all required transaction data. Our distribution partners for this channel have completed development of the interface software into the point-of-sale terminals for many of the largest retail merchants in the country, making this a viable business channel for our multi-merchant card products. We believe our multi-merchant retail incentive card provides additional convenience and benefits to the consumer over single-retailer incentive cards competing in the same space.

Fund-Raising Cards

Non-profit organizations, including school-based groups such as PTAs, booster groups, support foundations, youth sports organizations and churches use discounted gift certificates and gift cards sold at face value to patrons to generate revenue to supplement tuition and to support extra-curricular activities including trips, music programs, and athletic teams. These discounted certificates and cards are known in the fund-raising industry as "scrip."

There is an inventory and capitalization burden using traditional scrip products. Therefore, the charitable fund-raising industry in the United States is increasingly making use of prepaid stored-value cards. We sell multi-merchant stored value cards in the fundraising channel as a supplement to traditional scrip products, redeemable at a variety of participating local and national merchants. We brand cards used in the K-12 schools under the "Children's Heroes" name, and label them as Community Scrip Cards (CSC). Other applications are under development for universities and specific charitable foundations.

We have agreements with merchants that allow us to receive rebates or discounts when our cards are presented for redemption at participating merchants. Non-profit organizations purchase the fundraising cards from us at face value and then re-sell the cards to parents, members and other supporters at face value. When a card is redeemed at a participating merchant, the merchant receives the full value of the card as is typical in any debit card transaction. We track card redemption activity and invoice the participating merchants for the agreed upon rebate or discount. Revenue sharing does not occur with the fundraising organization or the distributor until we receive the rebates or discounts from the participating merchant. The use of a multi-merchant stored-value card accomplishes the same fundraising objectives as traditional scrip products, but without the capitalization and inventory requirements.

In November 2004, we signed an agreement with Great Lakes Scrip Company ("GLSC") of Grand Rapids, Michigan to operate a pilot program for distributing our fundraising cards in California, Minnesota, and Iowa in the first quarter of 2005. At the conclusion of the pilot, both parties will evaluate the sales data, and we intend to enter into a long-term agreement with GLSC to distribute our fundraising cards nationwide. We sell the cards to GLSC, which in turn, sells the cards to its customers - the schools in their traditional scrip programs.

In December 2004, we launched the University Fundraising Card Program using a dedicated internal sales team. The target market is large public and private colleges and universities throughout the country. The program includes a university-branded fundraising prepaid card and a university-branded virtual shopping mall. The university receives a percentage of the card purchases and virtual mall purchases.

Growth Strategy

Our objective is to become the leading provider of prepaid stored-value card programs. We intend to build upon our expertise as a developer of prepaid stored-value card systems and services to mall owners/developers, restaurant chains, incentive program providers and fund-raising institutions. Key elements of our strategy include the following:

- *Expand Existing Mall Gift Card Programs*

We intend to continue to provide gift card solutions to large and medium-sized shopping center owner/operators by introducing new programs that are more consumer-friendly, and more attractive revenue-sharing programs through the use of our new virtual mall concept. Of the approximately 3,500 indoor shopping malls located in the United States, we will concentrate our efforts on those malls having a minimum annual gift certificate or gift card sales volume of \$250,000 or greater. We also plan to engage mall owner/operators in the use of our Virtual Mall as a revenue enhancement device to their existing operations.

- *Continue to Establish Merchant Rebate Agreements for use with the Multi-Merchant Card Applications*

As part of our multi-merchant card strategy, we plan to continue to add additional anchor merchants to our current list of 80 participating merchants. These agreements are difficult and time-consuming to craft, and form one barrier to entry in the channel for potential competitors. We believe our existing relationships will facilitate further advancement in the marketplace. We also believe that incremental volumes created for our participating merchants will enable us to receive even larger discounts and rebates than the initial agreements provide. This should increase our margins and provide additional or increased revenue sharing opportunities for our distribution partners, thereby accelerating additional sales and revenues.

- *Expand Corporate Incentive and Membership Reward Card Programs*

We currently supply prepaid stored-value cards to providers of turnkey corporate incentive and membership reward programs. We intend to expand our marketing efforts of prepaid stored-value cards to companies that administer their own incentive and membership reward programs.

- *Establish a Direct Retail Presence for our Multi-Merchant Cards*

We intend to market our prepaid stored-value cards through high-traffic retail locations, such as grocery stores, drug stores, and entertainment venues. These companies market, distribute and manage card activation through the point-of-sale systems for prepaid cards, such as individual merchant cards or phone cards, for sale in grocery store checkout lines or in other retail establishments. The sale of prepaid telephone cards at such locations is well established, and an increasing number of open and closed network gift cards are now being sold through direct retail locations.

- *Expand the Gift Card Fulfillment Program*

As we demonstrate the power, flexibility, and economy of our fulfillment model, we attract additional business from our existing partners such as ValueLink and we entice new customers through word-of-mouth referrals. We plan to expand our gift card order fulfillment business for dedicated prepaid stored-value gift cards primarily through our exclusive arrangement with ValueLink for ValueLink's customers. This increased volume of business has allowed us to leverage economies of scale in our operations. We will also continue to pursue order fulfillment business from outside ValueLink's existing customer base where non-compete agreements allow for such activities.

- *Promote our Fundraising Programs Through Distributorship Relationships*

Fund-raising for schools, youth sports organizations, church and similar organizations is primarily a grass-roots activity, and we are pursuing opportunities to partner with firms who have already established strong distribution networks to market our multi-merchant rebate cards. We are marketing our stored-value multi-merchant cards as complementary or replacement products for traditional scrip products.

- *Credit Card Registration Program to Generate Rebates from Leading Retailers*

We developed a program to supplement the multi-merchant cards with the standard credit/debit cards that most consumers currently utilize for everyday purchases. Under this program, we contract with leading merchants to provide rebates on purchases made with regular credit/debit cards by those individuals who have registered those credit/debit cards as part of our program. We have already negotiated such agreements with approximately 15 retailers, constituting about 18% of the retailers who participate in the multi-merchant card program. We do not expect material sales or revenues from this new channel until 2006 or 2007. We must demonstrate traction with our multi-merchant stored-value cards and sign up significantly more merchants offering rebates before this becomes a material part of our operations. However, the potential of this opportunity is large and, in our opinion, is worth expending the additional time and resources to expand.

Sales and Marketing

Our approach to sales and marketing varies by product and target market. We maintain an internal sales team supported by senior management, and also use third parties as distribution channels and extensions of our own sales force. We market our gift card programs and services to shopping malls and other retail merchants. Our gift cards are sold at mall customer service desks through mall-staffed dedicated terminals, through Internet websites that we operate and maintain, and through telephone orders to our in-house call center. Our marketing programs may be tailored specifically to one shopping mall, to a number of shopping malls owned by one owner/operator, to one retailer, or to multiple retailers. We market our multi-merchant card to high-volume outlets such as grocery stores and drug stores. We market our incentive cards to businesses that use them for employee incentive rewards programs and for customer loyalty rewards programs. We market our fund-raising cards to primary and secondary schools, colleges and universities and to their affiliated support organizations, as well as single purpose non-profit fundraising organizations. Finally, we market our Internet and call-center gift card fulfillment services to businesses that use proprietary closed system gift cards. We maintain several websites such as nbo.com, thegiftcardcompany.com, thegiftcertificatecompany.com, and childrensheroes.com to accommodate sales in each of the above-mentioned channels. Additionally, purchasers or recipients of a gift card can access our balance inquiry websites, www.giftcardbalance.com and www.myprepaidcard.info, to check the outstanding balance of funds available on their cards.

Our sales in each of the above channels position us in the areas of strongest growth in the prepaid stored-value card industry. Each channel has its strengths, and in addition, we have an underlying program that is common to each sales channel - our merchant rebate program. We have entered into rebate agreements with over 80 national retail merchants having more than 35,000 retail consumer locations, who pay us a rebate on card redemptions in their stores in exchange for increasing customer traffic. Additionally, we created a virtual mall website that has more than 3,000 brand name merchandise products available for purchase and delivery at prices typically below brick-and-mortar retail prices. We have the flexibility to use the multi-merchant card rebates to enhance our own margins, or to create additional or enhanced revenue sharing opportunities with our distribution partners.

Operations and Strategic Relationships

We manage our prepaid stored-value card program operations in four basic categories:

- Program setup
- Sales and distribution
- Redemption
- Post-redemption activity, including analysis, reporting, and billing

In each of these categories, we leverage strategic relationships with industry leaders to ensure smooth and robust operations for our customers.

Program Setup

Our operation steps for program setup vary, depending primarily on the platform or network that the card program will employ. For open-network programs, those that rely on the Visa or MasterCard networks, our first step is to define the new program with an issuing bank, the financial institution that is ultimately responsible for the underwriting of the

card. We have relationships with several banks that underwrite our card programs, including Bank First, MetaBank, and Mercantile Bank. For dedicated-network programs, those that rely on the Discover network, we are considered the issuing partner through sponsorship by Discover.

Next, we work with the issuing bank's or network's data processor to establish card number ranges and other details. We have agreements with First Data Corporation and Metavante Corporation, two of the leading data processors in the industry, who handle large volumes of Visa, MasterCard, and Discover traffic. We secure network approval on the card design, including card artwork and terms and conditions. We then order the plastic cards themselves, through the data processors, and the processors prepare the cards for distribution by encoding their magnetic stripes and embossing card numbers.

Our setup steps for a closed-network program, such as a ValueLink gift card program, require us to form a connection to the ValueLink client's data processor, and then establish a shopping cart on the client's website to effect internet and call center sales.

Sales and Distribution

We sell cards through a mall PC desktop counter-top unit ("CTU"), one of our websites, our call center, or in bulk to a business-to-business customer, corporate incentive program provider, or fundraising group. These entities present a credit card, cashier's check, wire transfer, or other form of payment. In exchange, they receive a card or group of cards loaded with value, ready to use. In programs where we are responsible for handling a credit card transaction in support of a prepaid card sale, we route the transaction through our credit card processor, Nova Information Systems ("NOVA"), an industry-leading gateway to the major credit card networks.

We use CTUs located in the malls as our primary mall gift card and gift certificate sales medium. The CTU software gives the consumer the choice of purchasing a gift card or paper gift certificate (where supported) by credit/debit card, check, or cash. When the customer presents a credit/debit card for payment, the most common payment source, the mall employee swipes the consumer's card at the CTU, which then transmits an authorization request to NOVA. Upon receipt of the applicable authorization, the CTU software charges the credit/debit card for the gift card face value, plus any applicable point of sale fees and taxes. We deposit funds into a local bank account, often on the mall premises. At the end of each business day, we sweep the funds from the depository bank account into a holding account designated specifically for gift card redemptions. These restricted bank accounts are maintained by the card-issuing bank or network designate and are separate from our operating accounts. The funds are dispensed as consumers redeem the gift cards. We earn interest income on the deposited funds.

Redemption

The flow of funds from redemption activity lies solely within the domain of the merchant's credit card processors, the card networks, and the issuing bank's data processors. When a cardholder presents one of our cards at a merchant, that merchant authorizes the redemption using its own credit card processor and the network affiliated with the card. The data processor receives the authorization request, consults its database, and either approves or denies the purchase. The merchant later settles the transaction with the bank, triggering a transfer of funds from our holding accounts to the merchant. The redemption transactions are high volume - we rely on the 'heavy iron' secure and redundant processing systems within the data processors to accommodate this traffic. We earn a portion of the interchange on the redemption of the cards.

Post-Redemption Activity

The data processors relay redemption information to us on a regular basis. We use the redemption information to add value for our clients by supplying them with store-by-store redemption reports, information on the payment sources used by cardholders to load value on the cards, and rebate generation, where appropriate. Our customers use this information to analyze spending trends and to gauge program performance. We rely on redemption data to bill

merchants for agreed-upon rebates, and to support our billing to our customers of account initiation and interchange fees.

Another important post-redemption step is the calculation of merchant rebates. We match card redemptions against our list of participating merchants, and determine the rebate that relates to each transaction. The merchant rebates vary in percentage, in general from 3% to 30%. We deduct a technical services fee from each rebate up front, and then, depending on the program and sales channel, either retain the rest of the rebate, or calculate a split with our distribution partner from the appropriate channels mentioned above.

To support post-redemption processing for the credit/debit card-registration program, we rely on our agreement with Card Commerce International ("CCI"), a leading supplier of transaction filtering and fraud check services. CCI scans all traffic from participating merchants, detects transactions from registered cards, and relays the redemption activity to us for analysis, reporting, and billing. Filtering the large number of transactions is a burdensome task, requiring significant infrastructure and association certification. Our 5-year agreement with CCI, signed in 2002, relieves us of that burden.

In our strategic relationships with issuing banks, data processors, and networks (either open or closed), we have taken care to establish redundant agreements that assure smooth operations in the event that one of the key relationships fails. As mentioned earlier, we offer customers a choice of platforms, and those multiple platforms give us access to multiple issuing banks and data processors that can support similar lines of business.

Customers

We have a broad customer base from a variety of product offerings, including mall owner/operators, restaurant and retail chains, corporate incentive and reward sponsors, and fund-raising organizations. As of March 2005, we provided gift certificates and gift card programs to a total of 76 shopping malls in 31 states. One mall customer, Glimcher Properties, represented 28% of total transaction volume in 2004. We expect to further diversify our customer base as we execute our growth strategy.

Competition

We face competition in each of our business channels, potentially from much larger financial services companies, that may choose to enter the prepaid stored-value card market.

With respect to mall gift cards in particular, we face competition from two basic sources: mall developers themselves, and alternate service providers. Many mall owner/operators currently manage their own gift card and gift certificate programs in-house. Our challenge is to convert these in-house competitors into customers by demonstrating the benefits of out-sourcing to us, with the potential of revenue sharing back to the mall owner/operator, and the cost savings and customer service benefits we can provide to the mall owners, thereby eliminating manpower and overhead associated with an in-house program.

We believe that with the availability of stored-value gift cards, and the complexities of administering such a detailed program, mall owner/operators who have chosen in the past to manage their own paper gift certificate programs may see the benefits of outsourcing this service if they want to convert from paper gift certificates to plastic gift cards expeditiously and with a lower administrative burden. Our stored-value gift card and gift certificate services provide a revenue sharing opportunity for the mall owner/operators that did not exist with a paper gift certificate program as recently as 2002, providing another incentive for mall owner/operators to do business with us. We have established four long-term contracts with significant mall owner/operators that previously managed their programs in-house.

The primary competitor in the mall gift certificate/card space is Mid-America Gift Certificate Company, a subsidiary of Mid-America Bank, wholly owned by BB&T Corporation of Winston-Salem, North Carolina. Another direct competitor in the mall space is Store Financial Systems, based in Chicago, Illinois, a recent entry into the gift card provider business.

The most direct competitor to our universal multi-merchant gift card is the Persona card, marketed by American Express Incentive Services. This card offers rebates on purchases made at participating merchants, similar to our multi-merchant card.

Other potential gift card competitors include banks that already issue prepaid stored-value cards. Although most banks run only local or regional prepaid gift card programs, these programs are attracting the attention of national banks as well. Data processors are also entering the market, with First Data Corp. offering a 'gift card in a box' program, designed to allow customers to quickly configure and launch a customized gift card program.

In the order fulfillment arena we have a variety of competitors including Gift Check Solutions, GiftCertificates.com, and other primarily internet-based operations.

In the fundraising channel, in particular scrip fundraising, several firms compete with us, although we do not consider scrip fundraising to be a critical revenue channel. Great Lakes Scrip Center, ("GLSC"), is based in Grand Rapids, Michigan and has significant operations in Michigan, Indiana, Illinois, Ohio, and Wisconsin. GLSC is a potential national distribution partner for our CSC card, and is currently running a pilot CSC program scheduled to be completed in the first quarter of 2005. The results will be evaluated in April 2005.

Other scrip competitors are SchoolPop, (who in January 2004 purchased assets of The National Scrip Center, or NSC, based in Santa Rosa, California), Scrip Advantage based in Fresno, California, and eScrip based in Auburn, California.

We compete in our target markets based primarily on cost, administrative efficiencies, processing capabilities, technology, and rebate programs.

Technology

We have developed and deployed proprietary software for our gift card and gift certificate programs. Our software is contractually protected through licensing agreements with the contracting entities (such as mall developers and merchants).

Magnetic Stripe Stored-Value Gift Cards

Magnetic stripe cards are most commonly used as credit cards and debit/ATM cards. This technology has an application in the gift giving industry as a "stored value" or debit card. The magnetic stripe card can be pre-loaded in fixed denominations or loaded at the time of purchase for any amount the customer chooses. While the magnetic stripe card is not as powerful or versatile as the latest smart card technology, magnetic stripe technology is widely accepted in the U.S. market, and is less costly than smart card technology. Accordingly, we believe magnetic stripe technology will continue to replace paper gift certificates and be the preferred technology in many applications until smart cards or other card technologies are more widely accepted and become less costly.

Onsite Systems

Our Onsite Systems consist mainly of multiprocessor Dell servers running Windows XP Advanced Server and are used to provide services for MS-SQL databases, credit card processing, a modem pool offering a secured redundant connection method for point-of-sale devices, web services, anti-virus software management, accounting software and e-mail services. Servers running a UNIX operating system are used for security and twenty-four hour network monitoring. Our network utilizes network-attached storage, a reliable tape backup system, a secure firewall and intrusion detection system, and a virtual private network gateway. Many of our systems utilize redundant servers and equipment to enhance reliability. We utilize three T1 Internet connections from three separate providers to ensure redundant network services. Failure on any T1 link is automatically detected and resolved.

Software Methodology

Our software design allows several modular applications to run on outlet computer systems (point-of-sale systems) simultaneously. This modular design approach allows us to develop custom point-of-sale solutions and can be

configured to accept a variety of payment methods. For example, one point-of-sale system can be configured to accept cash only while another, running the same software modules, can be configured to accept cash, credit and debit cards.

Our software uses industry standards for both client-server deployment and for host-based systems. Additionally, where applicable, we interface to third party systems using application program interfaces, or APIs. API's are used for real-time communication with software systems of strategic partners, credit card processors and batched file transfers for other systems where real-time events are not required.

Furthermore, software has been developed to connect with various networks using dial-up, DSL, frame relay and Ethernet. Additionally, many of our outlets contain local databases, allowing for temporary off-line operation in the event a network connection interruption occurs.

Point-of-Sale Systems

Our Point-of-Sale Systems deployed in the field consist of mall-employee manned systems residing on a desk or counter top, known as Dual-Advantage Counter Top Units, or CTUs.

CTUs are point-of-sale devices used for issuing gift cards or gift certificates in the field. This system allows clients to move from paper gift certificates to gift cards at will. This design reduces the number of configurations deployed in the field. This reduces technical support training and manpower costs for computer integration. CTUs are configured to either use our credit card processing services or free standing Verifones.

Intellectual Property

We currently rely on a combination of trademark, copyright, and trade secret law and contractual restrictions with our customers, suppliers and consultants to protect our intellectual property rights. We have filed for several federal applications with the US Patent and Trademark Office for the trademarks and service marks relating to the marketing and sale of our products and services. These applications include "Children's Heroes", "Freedom Prepaid Card" and "Community Scrip Card."

We have licensed, and may license in the future, elements of our trademarks, trade dress and similar proprietary rights to third parties. While we attempt to ensure that these business partners maintain the quality of our brand, they may take actions that could materially and adversely affect the value of our proprietary rights or reputation.

Government Regulation

The gift card and the gift certificate industries are regulated primarily by state law and vary substantially from state to state. Some states under their abandoned property laws seek to escheat unredeemed gift certificates and gift cards and some states exempt gift certificates and gift cards from the abandoned property laws. Some states regulate expiration dates of gift cards and gift certificates and other states have no provisions for expiration dates. Some states regulate the type and amount of charges that may be applied to gift certificates and gift cards and other states have no regulations. Some states apply money transmitter licensing regulations to issuers of gift cards and gift certificates and others do not. In some states, the state Attorney General and private plaintiffs attempt to regulate gift certificates and gift cards through lawsuits in an attempt to apply a state's unfair business practices laws or other consumer protection legislation to the gift certificates and gift card business. Finally, some members of Congress have suggested federal legislation to regulate gift cards, although no federal legislation has been enacted to date. We expect that a number of state legislatures will continue to be active in regulating gift cards and gift certificates.

We are continually reviewing legislation enacted from time to time by the various states and we attempt to monitor material instances of litigation affecting gift certificates and gift cards. We make a concerted effort to comply with the laws of the various states and to adapt our business practices from time to time in response to changes in the laws and the results of litigation.

Employees

As of December 31, 2004, we had 58 total employees, consisting of 41 full-time employees and 17 part-time seasonal temporary employees. Our operations staffing varies with seasonal demand. Our employees are not represented by any collective bargaining agreement and we have never experienced a work stoppage. We believe our relationship with our employees is good.

Available Information

Our primary Internet website address is www.nbo.com. We make available, free of charge on or through this website, our Annual Reports on Form 10-KSB, Quarterly Reports on Form 10-QSB, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after such material is electronically filed with or furnished to the Securities and Exchange Commission. We also operate the following websites in connection with the operation of our business: www.thegiftcertificatecompany.com, www.thegiftcardcompany.com, www.giftcardbalance.com, www.myprepaidcard.info and www.childrensheroes.com. Information contained on these websites is not part of this Annual Report on Form 10-KSB/A.

RISK FACTORS

Investing in our common stock involves a high degree of risk. Before purchasing our common stock, you should carefully consider the risks described below in addition to the other information in this Report. Our business prospects, results of operations, liquidity or financial position may be materially and adversely affected due to any of the following risks. The risks described below are not the only ones we face. Additional risks we are not presently aware of or that we currently believe are immaterial may also impair our business prospects, results of operations, liquidity or financial position. The value of our common stock could decline due to any of these risks, and you could lose all or part of your investment. In assessing these risks, you should also refer to the other information contained or incorporated by reference in this Report, including our consolidated financial statements and related notes.

This Report contains forward-looking statements based on the current expectations, assumptions, estimates and projections about our industry and us. These forward-looking statements involve risks and uncertainties. Our actual results could differ materially from those discussed in these forward-looking statements as a result of certain factors, as more fully described in this section and elsewhere in this Report. We do not undertake to update publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

Since inception, we have incurred net losses and negative cash flows from operating activities.

Since inception of operations in June 1994, we have incurred net losses and negative cash flows from operating activities. As of December 31, 2004 we have incurred cumulative losses of approximately \$34.3 million. In recent years, we have been financing our operations, in part, through loans extended by existing stockholders, in exchange for which we have issued short-term and long-term promissory notes providing for interest at annual rates of between 17 and 30 percent. The aggregate amount of such loans was approximately \$5 million as of December 31, 2004. We may need to raise additional funds to continue to operate our business if we are unable to generate positive cash flows from our operating activities. We may not be able to obtain such financing on terms favorable to us, if at all. Any additional capital raised through the sale of equity or convertible debt securities would dilute the ownership interests of our then-existing stockholders. Any additional capital raised through debt financing would result in increased interest expense and would likely subject us to financial and other covenants that restrict our ability to operate our business. If financing is unavailable when required or is not available upon acceptable terms, we may not be able to develop or enhance our products and services, marketing efforts or operational infrastructure, which may, in turn, prevent us from achieving profitability and/or continuing in business.

If we are not successful in marketing our products and services, our results of operations will suffer.

We have expended few funds on marketing and advertising to date. We anticipate a significant increase in sales and marketing expenditures particularly for our new products and services to be offered in 2005. We have not developed or tested any targeted, integrated, multi-media marketing program that would include print, radio, television or on-line components to build brand awareness and drive sales. Our future growth and profitability will depend in large part upon our ability to:

- create greater awareness of our products and services and the ways in which consumers and corporations may purchase them;
- identify the most effective and efficient level of spending for each product in each market;
- determine the appropriate creative message and media mix for marketing expenditures;
- effectively manage marketing costs (including creative and media) in order to maintain acceptable operating margins and return on marketing investment;
- select the right markets in which to market; and
- convert consumer awareness into actual store visits, on-line visits and product purchases.

If we are not successful in implementing our marketing program, our results of operations will be adversely affected.

At present, we have a fairly limited number of customers. To continue in business and achieve profitability, we need to expand our customer base.

There are a limited number of shopping mall properties in the United States that would likely have sufficient gift card and gift certificate volume for us to be able to establish profitable gift card programs at such properties. Our target market for gift card programs is further limited as a result of owners/operators of some of the largest malls in the United States developing their own gift card and/or gift certificate programs, as have many large retailers. Further, there has been a significant amount of consolidation in the shopping mall commercial real estate industry. The prospect of further consolidation creates the risk that we may lose some of our existing mall owner/operator customers.

The Company maintains a non-compete agreement with ValueLink, limiting the customer base available for fulfillment contract services. At this time, we are unable to offer fulfillment services to direct ValueLink competitors.

Existing and/or proposed federal and state laws and regulations regarding gift certificates, gift cards and other prepaid stored-value cards have limited (and may further limit) the manner in which we operate our gift, incentive and fund-raising card programs and our revenues.

Existing and/or proposed federal and state laws and regulations have limited and may in the future further limit the manner in which we are able to operate our gift, incentive and fund-raising card programs. For example, in October 2004, a bill was introduced in the U.S. Senate and referred to the Committee on Banking, Housing and Urban Affairs. This proposed legislation, referred to as the Fair Gift Card Act, would, if adopted, preclude us from being able to impose fees, such as the monthly maintenance fees we charge, for non-use or inactivity of gift certificates or gift cards, except in limited circumstances. Further, the proposed legislation would make it unlawful for gift certificates or gift cards to have an expiration date of less than five years from the date of purchase. Some states have already enacted legislation eliminating expiration dates or maintenance fees, and additional states may enact similar legislation in the future. In other states, the statute of limitations before a gift certificate expires is minimally three years from the date of issuance of the gift certificate. We cannot recognize revenue from unused gift certificates until the statute of limitations expires. Accordingly, if the statute of limitations is increased or expiration dates are eliminated then this would extend the time before we would be able to recognize revenue from unused gift certificates and gift cards, which would negatively affect our results of operations.

We currently recognize revenue from unused gift certificates and gift cards. Some states regulate the underlying funds from unused gift certificates and gift cards through abandoned property laws or escheat laws. As a Maryland corporation, we are subject to the Maryland abandoned property laws, which do not apply to gift certificates. We have relied on our Maryland domicile to determine that funds reflecting unredeemed gift certificates and gift cards are not subject to escheatment. However, at least 15 states have enacted "transactional jurisdiction" escheatment statutes, which focus on the location where a transaction occurs rather than the domicile of the holder of abandoned property. We do

not know whether any of the states enacting such laws will attempt to apply them to the "breakage fees" we impose with respect to our gift certificates and gift cards. If such states were successful in applying such laws to breakage, our business prospects, results of operations, liquidity, and financial position would be adversely affected.

Since we do not have long-term agreements with our vendors and suppliers, we may not be able to secure adequate supplies, which could disrupt our operations and have an adverse effect on our business prospects, liquidity, financial position and results of operations.

We purchase 100% of our materials used for our products and services from outside vendors. These vendors, in turn, contract for our orders with multiple factories for the production of our certificate and card stock. Our relationships with our vendors generally are on a purchase order basis and do not provide a contractual obligation to provide adequate supply, quality or acceptable pricing on a long-term basis. Our vendors could discontinue sourcing products for us at any time. If the vendors were to discontinue their relationship with us, or if the factories with which they contract were to suffer a disruption in their production, we may be unable to replace the vendors in a timely manner, which could result in short-term disruption to our inventory flow as we transition our orders to new vendors or factories. Disruption in inventory could, in turn, disrupt our operations and have an adverse effect on our business, financial condition and results of operations.

We may undertake acquisitions to expand our business that may pose risks to our business and dilute the ownership of our existing stockholders.

We may, in the future, evaluate opportunities to acquire other businesses, products or technologies that would complement our current offerings, or enhance our capabilities. We have no experience making acquisitions and we may not realize the anticipated benefits of any acquisitions we do undertake. Acquisitions that we may potentially make in the future may entail a number of risks that could materially and adversely affect our business prospects, liquidity, financial position, and results of operations, including:

- problems integrating the acquired operations, technologies or products with our existing business and products;
- costs associated with acquiring another business;
- diversion of management's time and attention from our core business;
- the need for financial resources above our planned investment levels;
- overestimation of potential synergies or a delay in realizing those synergies;
- difficulties in retaining business relationships with suppliers and customers of the acquired company;
- risks associated with entering markets in which we lack prior experience;
- the potential loss of key employees of the acquired company; and
- potential litigation arising from the acquired company's operations before the acquisition.

We could be required to use a substantial portion of our available cash to consummate any acquisition. Any future acquisitions also could cause us to incur debt or contingent liabilities or cause us to issue equity securities that would reduce the ownership percentages of existing stockholders. Furthermore, acquisitions could result in adverse tax consequences, substantial depreciation, deferred compensation charges, in-process research and development charges, impairment of goodwill or the amortization of amounts related to deferred compensation and to identifiable purchased intangible assets, any of which would negatively affect our operating results.

Our success is highly dependent on general economic conditions since consumer gifts are highly discretionary.

Our business is subject to changes in general economic conditions. Since purchases of our products and services are dependent upon discretionary spending by the users of our gift, incentive and fund-raising cards, our financial performance is sensitive to changes in overall economic conditions that affect consumer spending. Consumer spending habits are affected by, among other things, prevailing economic conditions, levels of employment, salaries and wage rates, consumer confidence and consumer perception of economic conditions. A general or perceived slowdown in the United States economy or uncertainty to the economic outlook could reduce discretionary spending or cause a

shift in consumer discretionary spending to other products or services. Any of these factors would likely cause us to delay or slow our expansion plans, result in lower transaction volumes and revenues and adversely affect our liquidity and profitability. A nationwide economic downturn could adversely impact our busiest selling season and reduce the expected revenues and other income we expect to receive to fund our operations.

The execution of our growth strategy depends on our ability to retain key personnel, including our executive officers, and to attract qualified personnel.

The successful implementation of our business model and growth strategy depends on the continued contributions of our senior management and other key personnel, including Keith A. Guevara, our President and Chief Executive Officer. We have \$2,000,000 in key man life insurance on Mr. Guevara. We believe future success will also depend, in part, upon the ability to attract, retain and motivate qualified personnel.

If we are unable to protect our intellectual property, which is essential to our business, we may not be able to compete effectively.

We believe our copyrights, service marks, trademarks, trade secrets, and similar intellectual property are critical to our success. In a highly competitive industry with relative ease of entry into the marketplace, we rely on trademark, copyright and other intellectual property laws to protect our proprietary rights and maintain our product differentiation. We also depend on trade secret protection through confidentiality and license agreements with our employees, licensees, licensors and others. We may not have agreements containing adequate protective provisions in every case, and the contractual provisions that are in place may not provide us with adequate protection in all circumstances. The unauthorized reproduction or other misappropriation of our intellectual property could diminish the value of our brands, products and services and competitive advantages and result in decreased revenues. Despite our efforts to protect our intellectual property rights, intellectual property laws afford us only limited protection. A third party could copy or otherwise obtain information from us without authorization. Accordingly, we may not be able to prevent misappropriation of our intellectual property or to deter others from developing similar products and services. Further, monitoring the unauthorized use of our intellectual property rights is difficult. Litigation may be necessary to enforce our intellectual property rights or to determine the validity and scope of the proprietary rights of others. Litigation of this type could result in further substantial costs and diversion of resources, may result in counterclaims or other claims against us and could negatively impact our financial position, liquidity, business prospects, and results of operations. In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as the laws of the United States.

Damage or long-term disruption to our information systems would substantially harm our business.

We depend heavily on our communications and information systems, which, despite our adoption of industry-standard security measures, are vulnerable to potential systems failures, unauthorized file access, telecommunications provider failures, and power failures. Any damaging failure or long-term interruption of our systems, including those associated with new systems implementations or system upgrades, will significantly harm our business, including our sales, distribution, purchasing, inventory control, merchandising and financial controls.

Consumer-information privacy regulations could subject us to state penalties or litigation, damage our reputation, and deter current and potential users from using our products and services.

Under certain circumstances, we currently obtain and retain personal information about consumers who purchase cards on our websites, phone in orders to our call center, or register cards on our websites for theft-cancellation or loss-replacement services. Federal, state and foreign governments have enacted or may enact laws or regulations regarding the collection and use of personal information, possibly including enforcement and redress provisions. We

have implemented programs and procedures designed to protect the privacy of consumers and have established security features to protect our user database and websites. However, our security measures may not prevent all possible security breaches. If third persons were able to penetrate our network security and gain access to, or otherwise misappropriate, our users' personal information, it could harm our reputation and, therefore, our business, and we could be subject to liability. Such liability could include claims for misuse of personal information. These claims could result in litigation, our involvement in which, regardless of the outcome, could require us to expend financial resources and limit our operational growth.

Increased accounting and financial reporting requirements, as an SEC reporting entity, could stress our internal accounting system and system of internal controls sufficient to potentially impair the accuracy of our financial results or impair our ability to prevent fraud.

The risks associated with financial reporting have come to the forefront in recent years. Any failure to effectively implement adequate controls or meet the growing systems and staffing needs of our accounting and finance functions could result in errors in our published financial reports or in other failures to comply with our obligations as a public company, including the requirements of the Sarbanes-Oxley Act of 2002. Based upon our size and scope of operations, we are not required to comply with Sarbanes-Oxley until December 31, 2006. Effective internal controls are necessary for us to provide reliable financial reports and effectively prevent fraud within the company. Our intent is to operate within the confines of the requirement to ensure effective internal controls within the organization. As we have been a non-listed public company, we have had limited accounting personnel and other resources with which to address our internal controls and procedures. Our reporting obligations will increase significantly should we become a listed public company, placing a considerable strain on our management, operational and financial resources and systems for the foreseeable future. We are currently developing and improving our internal accounting systems, particularly our operational, financial, communications and management controls and our reporting systems and procedures. We expect to devote significant resources to ensure that our administrative infrastructure and system of internal controls remain adequate for a listed public company. We cannot be certain that these measures will ensure that we implement and maintain adequate controls over our financial processes and reporting. Non-compliance with Sarbanes-Oxley can result in litigation, public scrutiny, and/or lost revenues, significantly limiting opportunities for future growth.

ITEM 2. DESCRIPTION OF PROPERTY

Our headquarters are located at 3676 West California Avenue, Building D, Salt Lake City, Utah, 84104. This facility consists of approximately 28,800 square feet of leased space, which is comprised of 22,820 square feet of office space and 5,980 square feet of warehouse facilities. Included in the office space is a 9,120 square foot call center that can accommodate up to approximately 190 employees. The term of the lease was five years, which expired on February 28, 2005. We recently signed a one-year extension, set to expire on February 28, 2006. We lease the headquarters facility from 5B Bangerter LLC at a base monthly rent of \$23,035. We believe that our facilities are adequate for our current needs. However, we may require additional space in the future, which may not be available on commercially reasonable terms or in the location we desire.

ITEM 3. LEGAL PROCEEDINGS

a. Ripperda, et al v. NBO, Inc., et al, Circuit Court Twentieth Judicial Circuit of Illinois, St. Clair County, Case No. 04L91

On February 13, 2004, Thomas Ripperda, et al, filed an action in Illinois State Court in St. Clair County, Illinois, against us in connection with gift cards sold at the St. Clair Square Mall in St. Clair County, Illinois. The plaintiffs' complaint seeks to establish a class action. However, as of this date, the plaintiff has not moved to certify a class. The complaint alleged that the term "valid thru" appearing on the face of the gift card next to the expiration date of the gift card is misleading in violation of the Illinois unfair business practices laws. The plaintiff seeks a return of all administrative fees charged against his gift card prior to the "valid thru" date. If a class were certified, then the plaintiff would seek to recover similar fees with respect to all gift cards that we have sold.

Under the terms and conditions of the gift cards and the gift card program, we disclosed that we may charge an administrative fee against a gift card if the gift card is not used within 90 days from the date of purchase. The "valid thru" date is typically between 12 months and 18 months after the date the gift card is purchased. In some cases, the administrative fee reduces the amount of the gift card prior to the "valid thru" date on the card. We disclosed the charge of an administrative fee on the backside of the gift card and again in the written terms and conditions that are distributed to customers when they purchase the gift cards. We also disclosed that a gift card may be renewed after the "valid thru" date with the payment of a renewal fee.

The lawsuit is currently pending in state court in St. Clair County, Illinois. We have filed a motion to dismiss, but the plaintiffs have not yet filed an opposition. The parties are continuing to conduct discovery.

b. WildCard Systems, Inc., Claim for Indemnification

WildCard Systems, Inc. ("WildCard") is a credit card transaction processor. We entered into an agreement with WildCard for the right to use the MasterCard-branded gift cards sold at the St. Clair Square Mall and for card transaction processing in connection with these gift cards. WildCard in turn contracted with Bank of America and Bank of America issued the gift cards that were sold at St. Clair Square Mall. The term "valid thru" appearing on the face of the card are words required by Bank of America on the face of the card.

Thomas Ripperda, the plaintiff described above, named Bank of America as a defendant together with us when he filed his complaint against us in connection with the gift cards sold at St. Clair Square Mall. Bank of America has been defending the lawsuit parallel to our own defense of the lawsuit. WildCard has not been named as a defendant in the lawsuit.

WildCard has informed us that Bank of America has asserted a claim for indemnification against WildCard in connection with Bank of America's expenses and possible liability arising from the lawsuit filed by Thomas Ripperda against Bank of America. WildCard has in turn asserted a claim to indemnification against us with respect to Bank of America's claim against WildCard.

Section 9.2 of our agreement with WildCard sets forth the indemnification provisions in clause (a) and (b). The obligation to indemnify only arises out of or relating to the following: "(a) any act or omission by [NBO Systems, Inc.] or its representatives in the performance of [NBO Systems, Inc.'s] obligations under the Agreement, (b) any material breach in a representation, covenant or obligation of [NBO Systems, Inc.] contained in this Agreement". Our agreement with WildCard provides a similar reciprocal indemnification requirement by WildCard in our favor.

WildCard asserts that we have the responsibility to assure that all aspects of the gift card program at St. Clair Square Mall complied with all laws, and since the plaintiff alleges a breach of the Illinois unfair business practices laws in connection with the sale of the gift cards, we should be responsible for indemnifying WildCard for its expenses and liabilities incurred in connection with the gift cards. We have denied liability based on several grounds. First, WildCard is not a party to the litigation and we claim that we should not be liable for expenses and liabilities incurred by WildCard under a completely independent agreement with Bank of America. Second, WildCard has not identified any specific act or omission by us or any breach by us of a specific covenant or obligation. Third, the complaint focuses specifically on the phrase "valid thru" on the front of the card, a phrase required by Bank of America and therefore, we claim, indirectly required by WildCard.

We have also asserted a right to indemnification from WildCard for our costs and liabilities, if any, incurred in the litigation with Thomas Ripperda. WildCard has rejected our claim for indemnification.

Since our agreement with WildCard contains an arbitration clause, WildCard has invoked the right to arbitrate the dispute. As of March 31, 2005, both WildCard and we are in the process of appointing arbitrators. No lawsuit has been filed and no discovery or other proceedings have been initiated in the arbitration proceeding.

Except as described above, we are not a party to any material threatened or pending legal proceedings, which if adversely determined, would have an adverse material effect on our business prospects, financial position, liquidity or results of operations. From time to time, however, we may become subject to legal proceedings, claims, and litigation arising in the ordinary course of business, including, but not limited to, employee, customer and vendor disputes.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

PART II

ITEM 5. MARKET FOR COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Market Information

There is currently no public trading market for shares of our common stock.

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Holders

As of March 31, 2005, there were approximately 691 stockholders of record of our common stock.

Dividends

We have not declared nor paid cash dividends on our common stock in the past two fiscal years or in any subsequent period. We do not anticipate paying cash dividends on our common stock in the foreseeable future. We currently intend to retain all future earnings, if any, to support operations and to finance the growth and development of our business. Any future determination relating to our dividend policy will be made in the discretion of our Board of Directors and will depend upon a number of factors including, our results of operations, financial position, liquidity, capital requirements, contractual and legal restrictions and other factors the Board of Directors may deem relevant.

Equity Compensation Plan Information

The equity compensation plan information required by this Item is set forth in Part III, Item 11 of this Annual Report on Form 10-KSB/A.

Recent Sales of Unregistered Securities

For the year ended December 31, 2004, we issued the following securities without registering the securities under the Securities Act of 1933, as amended:

We borrowed money from existing stockholders, all of whom are accredited investors, and issued promissory notes in return. In connection with these loans, we issued 118,742 warrants to purchase shares of common stock at various strike prices. As of December 31, 2004, borrowings from stockholders totaling \$5,100,750 remain outstanding. We relied upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and Regulation D.

In January 2004, we issued 17,782 shares of common stock at \$2.75 per share to retire a \$48,897 outstanding note payable. The note holder is also a stockholder of the Company and an accredited investor. We relied upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and Regulation D.

In January 2004, we issued 889 shares of common stock for interest payable in the amount of \$3,558. The note holder is also a stockholder of the Company and an accredited investor. We relied upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and Regulation D.

During November and December 2004, we issued 571,250 shares of common stock at \$4.00 cash per share in connection with a private placement offering totaling proceeds of \$2,285,000. The Company incurred issuance costs of \$67,352 to facilitate the sale. Each investor is an accredited investor. We relied upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and Regulation D.

We issued 6,515 shares of preferred stock as stock dividends on previously issued preferred stock. This issuance did not constitute a sale because the recipients did not pay any consideration and did not make any election either to receive the shares or to receive other payment.

In April 2004, we issued 155,111 shares of common stock upon the exercise of 456,205 Class B warrants with an exercise price of \$2.64 in a cashless exercise of those warrants. The warrant holders were accredited investors. We relied upon the exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended, and Regulation D.

We granted options to purchase an aggregate of 1,700,625 common shares, vesting over a 5-year period, at an average exercise price of \$4.00 per share to our directors, executive officers, employees and consultants. These options were issued under Section 4(2) of the Securities Act of 1933, as amended.

ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion of our financial condition and results of operations should be read in conjunction with our financial statements and the related notes to such financial statements included elsewhere in this Form 10-KSB/A. The following discussion contains forward-looking statements that involve risks and uncertainties. Readers should not place undue reliance on these forward-looking statements. These forward-looking statements are based on current expectations and actual results could differ materially from those discussed herein. Our actual results could differ materially from those predicted in these forward-looking statements, and the events anticipated in the forward-looking statements may not actually occur. Although we believe the expectations reflected in these forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this Form 10-KSB/A to conform these statements to actual results or to reflect the occurrence of unanticipated events, unless required by law.

Basis of Presentation

From our inception until 2003, our fiscal year end was March 31. In 2003, we changed our fiscal year end to December 31. The change in fiscal year end resulted in audited financial reporting for the nine-month transitional period from April 1, 2003 through December 31, 2003. The financial statements included in this Form 10-KSB/A along with the footnotes and this management's discussion and analysis present unaudited results for the year ended December 31, 2003. We believe this provides the reader with a clearer understanding when reviewing our financial statements from a full calendar-year perspective. This management's discussion and analysis provides a comparison of the years ended December 31, 2004 and 2003 (unaudited) and a comparison of the year ended December 31, 2004 with the nine-month period ended December 31, 2003.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the appropriate application of certain accounting policies, many of which require us to make estimates and assumptions about future events and their impact on amounts reported in our financial statements and related notes. Since future events and their impact cannot be determined with certainty, the actual results will inevitably differ from our estimates. Such differences could be material to the financial statements.

We believe the application of accounting policies, and the estimates inherently required in connection with the application of such policies, are reasonable. These accounting policies and estimates are periodically reevaluated, and adjustments are made when facts and circumstances dictate a change. Historically, we have found our application of accounting policies to be appropriate, and actual results have not differed materially from those determined using necessary estimates.

How We Generate Revenues and Other Income

With respect to our various gift card programs, we derive revenue and other income from a number of sources, including:

- enrollment or point of sale fees charged to purchasers of cards issued in connection with one of our card programs, either at the time of purchase or during the life of the card. These fees are an additional expense to the consumer and are deposited with the proceeds from the card sales regularly in accounts swept by us.
- payment system interchange and transaction fees in connection with redemption transactions;
- rebates paid by merchants who participate in our card programs;
- interest on funds held in reserve for the redemption of the prepaid, stored-value cards;
- monthly administrative fees and renewal fees charged on inactive prepaid, stored-value cards;
- balance inquiry fees;
- fees charged to sponsors of employee incentive and customer rewards programs; and
- "breakage" resulting from prepaid, stored-valued cards that expire or are never redeemed.

Historically, we expect to receive approximately 10% of the value loaded on our multi-merchant cards back in the form of maintenance fees, expiration fees, balance inquiry fees and other administrative fees.

With respect to our various gift certificate programs, we derive revenue and other income from a number of sources, including:

- interest income on funds held in reserve until utilized for gift certificate redemption by the customer.
- breakage resulting from unredeemed or unredeemable gift certificates.

We also record revenue from the sale of third-party closed-end gift cards and gift certificates. We purchase these gift cards and gift certificates at a discount as inventory and in turn resell them to customers or provide them to clients of ValueLink, a subsidiary of First Data Corp., through our call center and internet fulfillment website. We record revenue equal to the sales price of the gift cards and gift certificates sold or the fulfillment fee paid to us by ValueLink and the shipping and handling charges.

Revenue Recognition/Cost of Goods

Gift Card Fees

Our multi-merchant cards are governed by the rules of, and approved by, the member bank associations (Visa and MasterCard) and Discover. The member bank associations and their related issuing financial institutions require us to fund the value of the multi-merchant cards within 24 to 48 hours from the sale of the multi-merchant card. We sweep the depository funds from the mall owner/operator deposit accounts and hold the funds in restricted bank accounts. The issuing bank or financial institution sweeps the funds reserved for gift card redemptions from our restricted cash accounts to be held for future multi-merchant card redemptions. We show the funds on our balance sheet as restricted cash. We record an offsetting liability labeled gift certificates/gift cards payable on our balance sheet. The multi-

merchant card-issuing bank makes a perpetual daily reconciliation to net new sales against redemptions and fees owed to us.

We record interchange transaction or processing fees earned in connection with card redemption transactions as revenues when received. We begin to recognize material revenues on multi-merchant card sales approximately 7 months from the date of sale. The issuing bank and card processor calculate the fees owed to us and submit the fee revenue to us from the restricted bank accounts on a regular basis, typically monthly.

The multi-merchant card has a maximum life of 18 months based on the "Valid thru" (or other similar phrase) date imprinted on the face of the multi-merchant card. The issuing banks mandate this expiration date. However, for a period of up to 12 months after the expiration of the multi-merchant card, the consumer may obtain a replacement multi-merchant card with the remaining balance by calling us. All multi-merchant card fees are charged against the value of the multi-merchant card after expiration as described in the terms and conditions document provided to the consumer at the point of sale. The issuing bank holding the funds for our multi-merchant cards remits to us the funds remaining upon expiration of the multi-merchant card, which we record as revenue when received. Our experience shows that approximately 2% of the face value of all multi-merchant cards sold will be returned to us in the form of expiration fees.

The average life of all multi-merchant cards is approximately 3 to 4 months. Consumers redeem most multi-merchant cards (approximately 85% to 90%) before any maintenance fees or expiration fees are imposed. For those multi-merchant cards that are not fully redeemed by a particular date (which may vary from mall to mall), we charge a monthly maintenance fee (typically \$2.50 per month) to the card per the Terms and Conditions (imprinted on the multi-merchant card and in a separate document provided at the point of sale) until the balance on the multi-merchant card is zero. We deactivate the multi-merchant card account 12 months after the multi-merchant card expires. Our experience shows that approximately 8% of the face value of all multi-merchant cards sold will be returned to us in the form of maintenance fees.

The monthly maintenance fees and the expiration fees enable us to provide the multi-merchant card service to consumers and cover our up-front costs. We record gift card maintenance and expiration fees as revenue in the period earned.

We record rebate income as revenue net of any revenue sharing agreements with third parties in the period received. We apply estimates when compiling quarter-end or year-end results due to timing of receipts of receivable invoices or amounts due to us.

Other Income - Gift Certificate Breakage

For gift certificates, we record the gross transaction volume on our balance sheet as restricted cash. We adjust the restricted cash liability as we offset new gift certificate sales against our payment to retailers of gift certificates they present to us for redemption. We earn and retain all of the interest income from the restricted bank accounts. With interest rates at their current levels, revenue from interest income is not material.

We do not record the full amount of the mall gift certificate sale as revenue. We recognize the majority of our other income from unredeemed or unredeemable gift certificates, known in the industry as "breakage". We classify breakage as "Other Income" in our statement of operations. We recognize income from breakage upon expiration of the gift certificate, or when no expiration date exists, upon the extinguishment of the liability per the applicable state statute of limitations, for which we use an average of three years from the date of issuance. We have tracked redemption and breakage patterns since inception. Our historical analysis indicates that we receive approximately 4% of the gift certificate gross transaction volume in the form of breakage. However, this breakage income is deferred a minimum of 12 months from the sale date to several years from the sale date, based on the existence or non-existence of an expiration date on the gift certificate. As we record breakage income in the statement of operations in the applicable period, we record a corresponding decrease in gift certificate liability.

Gift Certificate Processing Fees

Our sales history shows that typically 70% to 80% of the gift certificates are purchased with a credit or debit card, with the remainder being purchased with either cash or check. Each credit or debit card transaction is assessed a processing fee, which we show as a cost of revenue shown as merchant fees and charges in our statement of operations. We pay the processing fees and subsequently invoice the mall operator for the processing fees in the following month. We record revenue from the credit and debit card processing fees as merchant fees earned from retailers in our statement of operations.

Sale of Third-Party Gift Certificates and Gift Cards and Related Fulfillment Services

Because we pre-purchase third party gift certificate and gift card inventory, we bear all the financial risk associated with that inventory. Therefore, we record the entire transaction volume sold as revenue in our statement of operations. The associated cost of revenue is the discounted price we pay to the seller of the gift certificates and gift cards we purchase for re-sale.

Since we pre-purchase the entire inventory for traditional scrip, we record the face value amount of the scrip as revenue when sold. We offer no terms on traditional scrip products. Non-profit organizations purchasing the scrip products pay for the scrip electronically or by check before we ship out the product. Our cost of revenue is the pre-purchase amount of the scrip, less the agreed upon discount provided by the retailers. We also share the discount provided by the retailers with the non-profit organization.

We record all fulfillment business transaction volume conducted for third parties as revenue. This channel, reflected as sale of third party gift certificates/cards in our statement of operations, currently constitutes approximately 64% of our revenues. We derive the majority of the revenue from this channel from our Darden relationship. We expect the percentage of revenues in future periods to be reduced as we generate other revenue from new products and services that we anticipate to sell through other business channels in 2005.

ValueLink, our leading fulfillment customer, pays us on a per card fulfilled basis, which we record as revenue in the appropriate period. Typically, we ship ValueLink's consumer orders from our facilities in Salt Lake City. Most orders are placed by consumers and corporations via our website or call center operators. We retain any shipping and handling margins from the fulfillment of the ValueLink products.

Stock Based Compensation

In accordance with Statement of Financial Accounting Standards No. 123 (SFAS No. 123), "Accounting for Stock Based Compensation", expense is recognized in connection with the grant of stock options when issued to nonemployees using the fair-value based method. The expense is equal to the fair value of the options, based on the Black-Scholes option-pricing model, at the grant dates and is expensed ratably over the vesting periods.

We account for its employee based compensation plans using the intrinsic value method, as prescribed by APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Accordingly, we record deferred compensation costs related to our employee stock options when the current market price of the underlying stock exceeds the exercise price of each stock option on the measurement date (usually the date of grant).

Restricted Cash

Restricted cash consists of funds held for the payment of issued and outstanding gift certificates and gift cards to customers. We maintain these funds at several financial institutions in depository bank accounts and associated sweep accounts. We are restricted from withdrawing the funds except for the redemption payment of issued and outstanding

gift certificates and gift cards. We may not transfer the funds into our operating accounts until such time that the unredeemed gift certificates and gift cards qualify as breakage or estimated breakage. We determine breakage based on (1) expiration, (2) legal statute of limitations, or (3) the accumulation of sufficient historical data upon which to make reliable estimates. We record breakage by expiration or legal statute of limitations as income, and we remove a corresponding amount from gift certificates and gift cards payable. We remove the same amount from restricted cash and record it as unrestricted cash. We base estimated unredeemed gift certificates and gift cards ("estimated breakage") on our historical breakage data and we do not record it as income until the expiration date or the legal statute of limitations passes. However, we may transfer all or a portion of estimated breakage from restricted cash to unrestricted cash upon issuance of the gift certificate or gift card. Any estimated breakage amount transferred to unrestricted cash decreases the restricted cash balance but remains in gift certificates payable, until such estimated cash decreases the restricted cash balance but remains in gift certificates payable, until we recognize such estimated breakage as income. At such time, we reduce the amount of gift certificates and gift cards payable by a corresponding amount.

Our Primary Business Channels

The Shopping Mall Channel

The gift giving industry in the U.S. amounted to approximately \$350 billion in sales in 2003. Accurate figures for 2004 are not yet available. According to our research, in 2003, sales of gift certificates and prepaid, stored-value gift cards totaled approximately \$60 billion, or 17.1% of the entire gift giving industry. Gift certificate sales amounted to \$43 billion or 71.7% of the \$60 billion. Gift card sales were \$17 billion or 28.3%. 97% or \$58.2 billion of the 2003 gift certificate and gift card sales consisted of sales derived from individual retailers' closed network programs. The remaining 3% or \$1.8 billion were in the form of universal mall gift certificates and gift cards.

Although gift certificate sales have been growing at an annual rate of 11% to 15% since 1993 and reached 20% annual growth in 2003, gift cards are rapidly replacing traditional paper gift certificates because of their greater flexibility and convenience. We anticipate by 2007, gift cards will represent 80% of the total amount of sales of gift cards and gift certificates.

Approximately 3,500 covered or indoor shopping malls and 37,000 outdoor shopping centers or outlets (often referred to as strip centers), representing over \$1.8 billion in gift card and gift certificate sales in 2003, exist in the United States. Approximately 15 major commercial property developers own about 1,500, or 42.9%, of the indoor malls. Smaller commercial property developers or independent owner/operators own or manage the remaining mall properties. Several of the larger indoor-mall property owners/developers, with interests in roughly half of the indoor malls, manage their own gift certificate/card programs, from which they generated an estimated \$563 million in sales in 2003. The owner/operators of the remaining indoor malls either outsource their gift certificate/card programs or do not currently have such programs.

We intend to grow our mall gift card business as we have done over the last several years. However, as a percentage of total transaction volume and total revenues, we expect the mall channel percentages to decrease as other business channels produce higher transaction volumes and revenues. We also anticipate a decrease in mall gift certificate business as the industry shifts to mall stored-value gift cards.

We have been marketing our gift card programs, and related fulfillment services, to targeted mall owner/operators since October 2001. Our typical mall owner/operator does gift certificate/card volume averaging \$500,000 per year. We currently service 76 mall properties in 31 states across the nation. We have serviced in excess of 100 malls in 38 states in recent years; however, the commercial real estate market, particularly shopping malls, has experienced a significant amount of consolidation. The largest mall developers are buying even more shopping mall properties from large to mid-size owner/operators. Typically, the largest mall developers have the resources to manage their gift certificate or

gift card programs in-house. That consolidation has resulted in a loss of business for us each of the last several years. We have been able to make up the losses by adding new shopping mall clients to our portfolio, thereby maintaining essentially flat transaction volumes in 2003 and 2004. The industry consolidation is outside of our control. We collect termination fees when our contracts are not renewed due to consolidation. We are contractually unable to force an acquiring mall company to continue with our gift certificate or gift card program.

As a result of our efforts to convert our gift certificate customers to gift cards, our gift certificate business has been declining, both in terms of volume and in terms of the percentage of our business. We anticipate 2005 gift certificate gross transaction volume will decrease compared to 2004 due to the number of our mall owner/developer customers converting from paper gift certificate programs to gift card programs. Our gift card programs may be tailored specifically to the owners/developers of one or more shopping malls, as well as individual and multiple retailers.

The introduction of our Virtual Mall in 2005 should enhance revenue sharing opportunities with our existing mall clients, as well as differentiate us from our competition in acquiring new mall gift card business. Our multi-merchant gift card approach allows us to receive rebates from gift cards sold at participating merchants within the mall properties. These revenue enhancing measures will be crucial to our sales efforts as the gift card regulatory and legislative environment continues to change and become less friendly towards monthly fees and expiration/breakage issues.

Fulfillment Services

We provide Internet and call-center fulfillment services for dedicated closed network gift cards for our partners such as ValueLink and Darden. In the fourth quarter of 2004, we added 20 new ValueLink clients to our dedicated closed network card order fulfillment program, bringing the total number of ValueLink clients to 29. We anticipate an increase in ValueLink clients in 2005 and a corresponding increase in revenues. We also plan to pursue fulfillment opportunities on our own that do not infringe upon our non-compete agreement with ValueLink.

Incentive and Loyalty Rewards

Many businesses, large and small, use gift cards in connection with employee incentive and customer loyalty rewards programs. In the past, businesses have typically been unable to negotiate discounts on these gift card bulk purchases.

Beginning in late 2004, we began marketing our multi-merchant card programs to businesses that use them for employee incentive and customer loyalty rewards programs. We are negotiating distribution agreements with marketing firms and credit card processors experienced with corporate incentive and customer loyalty rewards programs. These third parties essentially act as resellers, marketing our business-to-business multi-merchant card programs to businesses with which they have or are seeking relationships. These third-party resellers either pay for the cards prior to our shipment or pass on the prepaid cost to the businesses sponsoring the incentive or customer loyalty rewards programs. We believe a significant portion of our sales and revenues will be derived from business-to-business multi-merchant card programs going forward. We believe we can significantly improve the volume of orders for these programs by providing revenue sharing (in the form of rebates provided by participating merchants) to the program sponsors.

The Fund-Raising Channel

Our research indicates that a \$20 billion fund-raising industry currently exists for school and youth non-profit organizations. There are approximately 120,000 K-12 schools in the United States. The average school participates in multiple event-based fund-raisers that allow the schools the opportunity to earn as little as a few thousand dollars to upwards of \$100,000 per year, at a substantial cost in volunteer time (e.g., children going door-to-door, parent supervision, PTA and school administrator time). We believe that many parents across the United States are no longer

comfortable having their children participate in fund-raising activities of this nature because of the attendant safety and security issues.

We believe that the use of "scrip" is a viable alternative to door-to-door and other traditional forms of fund-raising. Scrip consists of gift certificates and gift cards purchased below face value and resold at full face value. As it exists today, this business is a high-volume, low-margin business. The face value of sales derived from traditional scrip fund-raising has increased dramatically in the limited geographic markets currently being serviced by the various scrip providers. Scrip has become a valuable fund-raising tool in California, the Midwest and Mid-Atlantic regions of the United States. We believe the largest scrip company in the industry, Great Lakes Scrip Center, based in Grand Rapids, Michigan, achieved face value sales of scrip products in excess of \$400 million in 2004, generating revenue of approximately 1.5% to 2% of this amount (roughly \$4.5 million to \$6 million).

Today, in excess of 350 national merchant organizations, consisting of supermarkets, gas stations, restaurants and many other retail merchants, sell gift certificates and gift cards at discounts to support various non-profit organizations. The majority of merchants providing discounts to fund-raising organizations typically require full payment prior to shipment of the scrip. Large scrip companies during peak scrip ordering seasons must cover significant cash outflows. For example, assume a scrip company with \$200 million in annual sales, did 60% of its annual volume in the Thanksgiving and Christmas season, as is typical of most retailers. The building of physical scrip inventory for hundreds of various merchants required to meet the holiday demand could require approximately \$120 million of capital to finance the inventory. That is a significant cash flow concern and a security risk based on the value of the inventory itself.

We currently maintain a traditional scrip inventory through approximately 100 of the largest merchants in the country, supplying scrip products to approximately 100 schools in 15 states. Our traditional scrip sales were in excess of \$1 million in 2004. The traditional scrip business is not profitable for us, as it requires us to carry scrip inventory, which is capital and labor intensive. However, we intend to continue this business on a limited scale to further our marketing efforts for our Community Scrip Card programs. We intend to exit the traditional scrip business and to refer out our registered schools to existing scrip companies in exchange for their entering into distribution agreements for our fund-raising card programs. We also intend to enter into licensing agreements with existing traditional scrip companies to augment their own offerings with products such as our Community Scrip Card programs. We anticipate that the licensing revenues will offset the cost of card production and provide greater revenues than those achieved with traditional scrip.

To pursue non-traditional scrip opportunities in the non-profit, fund-raising market, we introduced our multi-merchant "Community Scrip Card" program in late 2004. We entered into an agreement with Great Lakes Scrip Center to test this product on a three-month pilot basis beginning in January 2005. During this test period, Great Lakes Scrip Center has been marketing the Community Scrip Card to its non-profit organization customers in the states of California, Minnesota and Iowa. If this pilot program is successful, we anticipate signing a distribution agreement with Great Lakes Scrip Center for a national rollout of the program to its entire customer base, consisting of more than 10,000 public and private schools and their affiliated support organizations, in approximately the second quarter of 2005. We will complete our evaluation of the pilot program in the second quarter of 2005.

In primary and secondary schools, the Community Scrip Card program is intended to complement or replace traditional scrip programs. We believe the Community Scrip Card has an advantage over other traditional fundraising products/services for the following reasons:

- consumers shop where they normally shop;
- consumers buy what they normally buy;
- consumers do not spend a penny more for normal purchases;
- consumers can conveniently raise funds for schools or causes for which they have an interest;

- children remain in the classroom, not going door-to-door selling candy, wrapping paper, trinkets and other non-essential products, generally at higher than average prices;
- the program eliminates scrip inventory requirements for various fund-raising organizations; and
- the program increases the efficiency of the ordering, distribution and managing process of scrip products.

Our Community Scrip Card program is designed to drive increased transactions, monthly visits, and incremental profit for shopping centers, restaurants and local merchants, while concurrently raising funds for community schools, youth sports, youth groups and other local non-profit organizations. We expect that the discounts/rebates offered by participating merchants will vary by product category and volume. High volume merchants such as supermarkets and gas stations typically offer discounts that average 3% to 5%. Other retailers such as clothing stores offer discounts that average 10% to 15%, with restaurants offering discounts that can be as high as 15% to 30%. The merchant discounts realized will be split between the school, our distribution partner and us.

We have also recently introduced "University Card" program, which is the marketing of a multi-merchant card very similar to the Community Scrip Card branded with a university or college theme on the face of the card. We are currently negotiating with universities and colleges in Utah and will begin marketing efforts to universities and colleges outside of Utah in 2005. University or college supporters will purchase the University Card through the university or college, its alumni association, other fund-raising organizations affiliated with the university or college, or through us via the Internet or our call center. We will provide the university or college with part of the revenues derived from the University Card program, in the form of convenience or enrollment fees and rebates provided by participating merchants. We believe our multi-merchant University Card provides the opportunity to supplant existing programs because we generate more revenue for sharing with colleges and universities than our competitors.

Our Community Scrip Card and University Card multi-merchant card programs eliminate all capitalization requirements because the cards are loaded with value when the schools order the cards. Upon redemption at a specific merchant, the merchant is paid in the same manner it is paid in any other credit/debit card transaction. We invoice the merchants for the applicable rebates and then share the revenue with the schools and our distribution partners. We believe that the benefits of our multi-merchant fund-raising card programs, including the elimination of the capitalization required for traditional scrip products, the increase in the profit margins available to fund-raising organizations and other efficiencies will appeal to fund-raising organizations. We intend to pursue this channel in 2005.

Results of Operations

The following figures are included for informational purposes only and are not included in the Company's statements of operations.

Transaction Volume

	Year Ended December 31, 2004	2003	Dollar Change	Percentage Change
Mall gift certificates	\$ 20,108,000	\$ 46,541,000	\$ (26,433,000)	-56.8%
Mall gift cards	24,611,000	9,897,000	14,714,000	148.7%
NBO fulfillment (excluding ValueLink and Scrip)	4,895,000	3,565,000	1,330,000	37.3%
ValueLink	1,226,000	303,000	923,000	304.6%
Scrip	2,831,000	1,191,000	1,640,000	137.7%
	<u>\$ 53,671,000</u>	<u>\$ 61,497,000</u>	<u>\$ (7,826,000)</u>	-12.7%

In 2004, we experienced a major shift from mall gift certificate sales to mall gift card sales. This was primarily a result of The Rouse Company being purchased by General Growth Properties. Our gift certificate sales for The Rouse

Company ceased in mid-2004. The Rouse Company had been our largest mall customer. We replaced most of the lost Rouse sales with gift card sales by Glimcher Properties, now our largest mall client, as well as other new independent mall owner/operators. We anticipate a further reduction in gift certificate sales as more properties convert to stored-value mall gift cards.

With the decline in gift certificate sales, we have developed new products and services to provide diversification away from the mall channel. We will continue to grow our mall gift card business, but anticipate less of a reliance on the mall channel for future growth in sales and revenue.

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We also experienced a 37.3% increase in the number of third party gift certificates fulfilled. The majority of this transaction volume resulted from year-over-year increases in Darden sales (Red Lobster, Olive Garden and Bahama Breeze). This transaction volume could decrease in 2005 if Darden changes its current fulfillment process. Darden has expressed intent from time to time in the year 2004 to change its fulfillment process in a manner that would affect how we record revenue. The contemplated change would be similar to our current processing of our ValueLink transactions, where we invoice ValueLink on a per-card fulfilled basis. Under the contemplated change, we would not record as revenue the full amount of the value of the gift cards sold on behalf of Darden, as we currently do. Accordingly, our recorded revenue would decline significantly, possibly as much as \$4,000,000 in 2005 or more. We would also have a corresponding decrease in our cost of sales in 2005. The change contemplated by Darden would not materially affect our cash available for operations or our profitability.

ValueLink transaction volume increased over three-fold in 2004. We gained 22 new ValueLink clients in the fourth quarter of 2004. We expect 2005 ValueLink transaction volume to substantially exceed 2004 volumes.

Scrip transaction volume showed large year-over-year increases since we started with a small volume of scrip in late 2003. 2004 was our first full year of scrip operations. We will be exiting the traditional scrip business by the end of the second quarter 2005 in favor of selling our Community Scrip Card .

We anticipate increases in our transaction volume in 2005 compared to 2004 arising from our fundraising card, loyalty and incentive cards, retail incentive cards as well as sales from our virtual mall.

Comparison of year ended December 31, 2004, with the nine months ended December 31, 2003

Revenues and Other Income

We recorded revenues and other income from the various channels as follows:

	Year Ended December 31, 2004	Nine Months Ended December 31, 2003	Dollar Change	Percentage Change
Sale of third party gift certificates/cards	\$ 7,701,000	\$ 4,133,000	\$ 3,568,000	86.3%
Merchant fees earned from retailers	1,191,000	1,234,000	(43,000)	-3.5%
Fees earned from customers	914,000	539,000	375,000	69.6%
Miscellaneous Income	623,000	393,000	230,000	58.5%
Interest on restricted cash	50,000	26,000	24,000	92.3%
Gift certificate breakage	1,528,000	2,358,000	(830,000)	-35.2%
Total revenues and other income	<u>\$ 12,007,000</u>	<u>\$ 8,683,000</u>	<u>\$ 3,324,000</u>	38.3%

Our Company is subject to typical retail seasonality. We sell the majority of our gift certificates and gift cards between Thanksgiving and Christmas every year. We have specific holiday spikes such as Easter, Mother's Day and Father's day, but the first three calendar months of the year typically represent only 10% of our transaction volume and revenues and

other income. Approximately 90% of our full year revenues and other income are represented by the nine month period ended December 31, 2003.

The apparent increase in revenue and other income is due to the comparison of the full year for 2004 with the nine months ended December 31, 2003. However, as noted above, our first calendar quarter revenues and other income generally represent 10% or less of our total annual revenues and other income.

The increase in fees earned from customers of \$375,000, or 69.6%, is partly due to the comparison of twelve months with nine months, but the continuing trend of significant increases in the sale of mall gift cards also contributed to the increase. As noted in the transaction volume table above, we have achieved a significant increase in the volume represented by the sale of mall gift cards. We earned the majority of fees from the monthly maintenance fees and expiration fees from unused gift cards sold in prior periods. We have also been able to negotiate with malls to retain all or a portion of the point-of-sale fees assessed by malls upon the sale of the gift cards. In contrast, in our past contracts we generally allowed the malls to retain these point-of-sale fees. We expect the trend of increased fees to continue as we complete new mall contracts going forward and as we sell more gift cards than gift certificates.

We receive immaterial revenue on gift cards sold until approximately 7 months from the date of sale. In some instances, we defer gift card fee revenue over a period of time that could range from 7 months to 18 months or longer from the date of sale of the gift card. When gift cards are sold, we hold the funds for redemption in restricted bank accounts maintained by the issuing bank and the card processor. We do not have access to these funds, which adds a security feature for the consumers and the malls selling the gift cards. We record gift card fee revenue in the period it is earned and recouped. The issuing bank and card processor calculate the fees owed to us and remit the fees to us from the restricted bank accounts on a regular basis, typically monthly.

We anticipate the sale of third party gift cards and gift certificates to continue to increase. However, we expect that these revenues will represent a lesser percentage of the total revenues and other income in future periods. We also expect gift certificate breakage to continue to decline as our customers phase out the use of gift certificates and replace them with gift cards.

We sell gift cards and gift certificates at a stated face value. We do not recognize the face value as revenue unless we bear the financial risk and liability for the gift certificates and gift cards sold. We record revenue for each product line.

We purchase and re-sell third party retailer gift certificates and gift cards (primarily from Darden). The line item "Sale of third party gift certificates/cards" also includes our ValueLink operations, as well as our traditional scrip fulfillment business. We had a corresponding increase in revenues from transaction volumes, from the sale of third party gift certificates and gift cards, primarily from the increase in Darden fulfillment operations. We generate additional revenues through call center and Internet order fulfillment primarily ValueLink customers.

Merchant Fee revenues earned from retailers represent dollars collected to cover expenses associated with the mall products. When customers purchase gift certificates and gift cards using their credit cards, we collect an additional fee to cover processing costs. Credit card processors seek to create agreements with service providers to share the revenue generated through redemption interchange. We, in turn, receive revenue from redemption interchange sharing agreements related to gift cards. We will continue to pursue and foster these opportunities. The reduction in merchant fees earned from retailers for the nine-month period ended December 31, 2003, corresponds with the reduction in transaction volume as described above, as fewer consumers purchased gift certificates and gift cards overall, thereby reducing the number of credit/debit card transactions we typically process relating to those sales.

Our miscellaneous income is comprised of service income collected from our third party and mall customers. We charge our customers for additional services provided by our employees, through technology development, special reporting, and/or postage and handling associated with our products. As our customers seek to differentiate themselves within the industry, we expect these revenues to grow.

We experienced a decrease in breakage income of 35.2% or \$830,000 for the year ended December 31, 2004, compared to the nine-month period ended December 31, 2003. We recorded breakage for gift certificate transactions only. We record breakage as other income, as set forth in Critical Accounting Policies described above. We recorded a decrease in gift certificates issued for the year ended December 31, 2004, due to the termination of The Rouse Company contract and a shift to gift card sales. Based on current trends and the expansion of our gift card business, we expect breakage income from gift certificates to continue to decrease in ensuing years.

Cost of Revenues

Cost of Revenues and Other Income:

	Year Ended December 31,	Nine Months Ended December 31,	Dollar	Percentage
	2004	2003	Change	Change
Third party gift certificates/cards	\$ 7,118,000	\$ 3,776,000	\$ 3,342,000	88.5%
Merchant fees and charges	1,604,000	1,233,000	371,000	30.1%
Rebates	544,000	201,000	343,000	170.6%
Other	910,000	511,000	399,000	78.1%
Total cost of revenues and other income	\$ 10,176,000	\$ 5,721,000	\$ 4,455,000	77.9%

Cost of Revenues associated with third party gift certificates and gift cards represent the costs associated with providing outside gift certificates to our fulfillment and scrip customers. We purchase our inventory of outside vendors' cards and certificates directly from the vendors at a discount and then we resell them to outside customers. We experienced an 86.3% increase in sales of third party gift cards and gift certificates. We incurred a corresponding 88.5% increase in costs associated with these sales. We are focused on increasing our margins on these products in future periods.

We incur costs in processing customer transactions, particularly credit/debit card transactions, through our merchant processor, Nova Information Systems, Inc. The shopping mall operator reimburses us for the credit/debit card processing costs. We recognize the reimbursement as revenue. We record the fees we pay to Nova Information Systems, Inc. to process the credit card as merchant fees.

In 2003 and for the first nine months of 2004, we used the services of First Data Corp. to process our mall gift card transactions. During the fourth quarter of 2004, we began processing mall gift card transactions through Solspark, a subsidiary of First Data Corp. Merchant Fees recorded during the fourth quarter decreased as a result of this vendor change, and as a result of a renegotiation of our credit/debit card processing agreement with Nova Information Systems.

We expect to see costs associated with processing customer transactions continue to decrease as we migrate all of our mall clients to Solspark and process more credit/debit transactions at the lower rates provided by Nova.

We offer volume rebates on mall gift cards sold (based on dollar amount sold) to mall owner/operators as an incentive to use our card programs. We accumulate these rebates and pay the rebates to the malls approximately one year following the completion of the card transaction year. Rebates also comprise a portion of the discounts we receive in exchange for re-selling traditional scrip to the various non-profit organizations such as the K-12 schools participating in our Children's Heroes program. We typically pay approximately 60% of the discount we receive to the non-profit organization selling traditional scrip products.

Other Costs include primarily postage and handling costs associated with providing gift cards and certificates to our mall clients. The largest change in these accounts from the prior year is due to the inventory costs associated with mall gift cards. We incur all of the up-front costs of the raw plastic, the embossing and encoding of the mall and multi-merchant CSC cards. As the number of gift cards issued increases annually, these inventory costs increase proportionately.

Gross Profit

Gross Profit for the related periods:

	Year Ended December 31,	Nine Months Ended December 31,	Dollar	Percentage
	2004	2003	Change	Change
Revenues	\$ 12,007,000	\$ 8,683,000	\$ 3,324,000	38.3%
Cost of Revenues	(10,176,000)	(5,721,000)	(4,455,000)	77.9%
Gross Profit	\$ 1,831,000	\$ 2,962,000	\$ (1,131,000)	-38.2%
Gross Profit %	15%	34%		

We experienced a decrease in gross profit (total revenues and other income less total cost of revenues and other income) due primarily to:

- the increased up-front costs associated with issuance of gift cards;
- the deferral of revenue from gift card sales until subsequent periods; and
- the decrease in gift certificate breakage realized during the respective periods.

Gross Profit decreased approximately \$1,100,000 in the year ended December 31, 2004, compared to the nine-month period ended December 31, 2003. The decrease in breakage revenue reflects approximately \$830,000 of this reduction. The remaining difference reflects the nature of the gift card industry, in which costs are incurred in the contract origination period and revenue streams mature approximately 7 months thereafter.

Selling, General and Administrative

	Year Ended December 31, 2004	Nine Months Ended December 31, 2003	Dollar Change	Percentage Change
Personnel	\$ 3,205,000	\$ 2,514,000	\$ 692,000	27.5%
Non-qualified stock options	-	1,250,000	(1,250,000)	-100.0%
Other Selling, General and Administrative Expenses	1,280,000	1,019,000	261,000	25.6%
Professional Fees	483,000	220,000	263,000	119.5%
	<u>\$ 4,968,000</u>	<u>\$ 5,003,000</u>	<u>\$ (34,000)</u>	<u>-0.7%</u>

For the year ended December 31, 2004, compared to the nine-month period ended December 31, 2003, we experienced a decrease in selling, general and administrative expenses due to a non-cash expense of \$1,250,000 for non-qualified stock options that were extended to one of our original employees who terminated employment in February 2003. Selling, general and administrative expenses for the nine-month period ended December 31, 2003, excluding this expense for non-qualified stock options, totaled approximately \$3,800,000. The corresponding increase in selling, general and administrative expense for the year ended December 31, 2004, excepting the \$1,250,000 non-cash expense from the nine-month period ended December 31, 2003, amounted to approximately \$1,200,000 or 31.6%.

Personnel expenses increased due to the hiring of several executives. However, the increases in executive salaries were offset by the reduction in the number of employees needed during our heavy holiday season, as shown in the full year comparative results displayed below. We have employed nearly half of our employees for more than five years. We anticipate that our experience will continue to benefit us in the marketplace. We expect personnel expenses to remain constant or to increase slightly based on normal attrition as new employees are hired to meet the growing demand for our products and services.

Other selling, general and administrative expenses include rent, travel, and depreciation expenses. We experienced a 0.7% reduction in selling, general and administrative expenses, while at the same time experiencing a 38.3% growth in revenue. Excluding the non-cash expense for the non-qualified stock options, selling, general and administrative expenses increased 31.6%. Revenue growth exceeded the growth in selling, general and administrative expenses. We are committed to controlling selling, general and administrative expenses by utilizing cost control measures and implementing process improvements.

Professional Fees include expenses for legal and accounting fees. We expect these expenses to increase as we enhance our disclosure controls and procedures and to strengthen our internal control over financial reporting. We will contract with independent consultants to assist us with our disclosure and financial controls. We cannot predict how federal and state regulatory activity may affect us, especially as state governments address the legal requirements associated with unclaimed property. We expect to incur additional expenses for professional fees for compliance. We also expect to incur additional legal fees in connection with litigation and other legal matters.

Net Income (Loss)

Net Income (Loss) for the related periods is as follows:

Year Ended December 31, 2004	Nine Months Ended December 31, 2003	Dollar Change	Percentage Change
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NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS

\$ (4,128,000) \$ (2,423,000) \$ 1,705,000 -70.4%

Our transaction volume decreased in the year ended December 31, 2004 from the nine-month period ended December 31, 2003, primarily due to the termination of our contract with The Rouse Company. However, revenues and other income increased in the comparable periods, as our gift card programs generated revenue more quickly than our gift certificate programs. Our gift card program costs are "front-loaded", meaning we bear the cost of providing the card services, but do not receive material revenues until several quarters later. Accordingly, we show a greater increase in cost of revenues than an increase in revenues. We anticipate this trend to continue until new product offerings and programs result in greater revenue throughout the year and decrease our upfront cost of cards prior to sale. We are introducing new products that pay us up-front, rather than relying upon deferred revenue products. As we become less dependent upon maintenance fees, expiration fees and breakage, revenues and costs will be recorded nearer in time. We have decreased selling, general and administrative expenses through attrition and cost cutting measures. However, our generation of cash flows from operating activities has not been sufficient to cover operations. Therefore, we have raised working capital through equity and debt offerings. The equity offerings dilute existing stockholders and the debt offerings increase our interest expense, which has negatively affected our net income (loss). We continually strive to increase sales of higher profit margin products and expect this to increase cash flows from operating activities in the future. We expect our need for raising capital from outside sources to fund operations will decrease.

Comparison of year ended December 31, 2004 with the year ended December 31, 2003

Revenues and Other Income

Revenues and other income from the various channels are recorded as follows:

	Year Ended December 31,		Dollar	Percentage
	2004	2003	Change	Change
Sale of third party gift certificates/cards	\$ 7,701,000	\$ 4,604,000	\$ 3,097,000	67.3%
Merchant fees earned from retailers	1,191,000	1,409,000	(218,000)	-15.5%
Fees earned from customers	914,000	567,000	347,000	61.2%
Miscellaneous Income	623,000	444,000	179,000	40.3%
Interest on restricted cash	50,000	35,000	15,000	42.9%
Gift certificate breakage	1,528,000	2,162,000	(634,000)	-29.3%
Total revenues and other income	\$ 12,007,000	\$ 9,221,000	\$ 2,786,000	30.2%

The main reason for the increase in revenue and other income in 2004 compared to 2003 is the significant increase in the sale of third party gift cards and gift certificates. Sales of gift cards and gift certificates increased approximately \$3,100,000, or 67.3%, mainly related to an increase in the Darden fulfillment operations. We also reflected an increase of approximately \$347,000, or 61.2%, from fees earned from customers. This increase represents the continuing trend of significant increases in the sale of mall gift cards, and the subsequent collection of maintenance fees and expiration fees. As noted in the transaction volume table above, we have seen a significant increase in the volume represented by the sale of mall gift cards. We have also been able to negotiate with malls to retain all or a portion of the point-of-sale fees assessed by malls upon the sale of gift cards. Our contracts in the past generally allowed malls to retain these point-of-sale fees.

Cost of Revenues

Cost of revenues for the various revenue channels are as follows:

	Year Ended December 31,		Dollar	Percentage
	2004	2003	Change	Change
Third party gift certificates/cards	\$ 7,118,000	\$ 4,251,000	\$ 2,867,000	67.4%
Merchant fees and charges	1,604,000	1,523,000	81,000	5.3%
Rebates	544,000	209,000	335,000	160.3%
Other	910,000	585,000	325,000	55.6%
Total cost of revenues and other income	\$ 10,176,000	\$ 6,568,000	\$ 3,608,000	54.9%

Cost of Revenues associated with third party gift certificates and cards represent the costs associated with providing outside gift certificates to our fulfillment and scrip customers. Our inventory of outside vendors' cards and certificates are purchased directly from the vendors at a discount and then resold to outside customers. As noted above, we experienced a 67% increase in sales associated with third party cards and certificates. We incurred a corresponding 67% increase in costs associated with these sales. We are focused on increasing our margins on these products in future periods.

We incur costs in processing customer transactions, particularly credit/debit card transactions, through our merchant processor, Nova Information Systems, Inc. The shopping mall owner/operator reimburses us for the credit/debit card processing costs. The reimbursement is recognized as revenue. The fees paid by us to Nova Information Systems, Inc. to process the credit card are recorded as Merchant Fees.

In 2003 and for the first nine months of 2004, we used the services of First Data Corp. to process our mall gift card transactions. During the fourth quarter of 2004, we began processing mall gift card transactions through Solspark, a subsidiary of First Data Corp. Merchant Fees recorded during the fourth quarter decreased as a result of this vendor

change, and as a result of a renegotiation of our credit/debit card processing agreement with Nova Information Systems. We expect to see costs associated with processing customer transactions continue to decrease as we migrate all of our mall clients to Solspark and process more credit/debit transactions at the lower rates provided by Nova.

We offer volume rebates on mall gift cards sold (based on dollar amount sold) to mall owner/operators as an incentive to use our card programs. We accumulate these rebates and pay the rebates to the malls approximately one year following the completion of the card transaction year. Rebates also comprise a portion of the discounts we receive in exchange for re-selling traditional scrip to the various non-profit organizations such as the K-12 schools participating in our Children's Heroes program. We typically pay approximately 60% of the discount we receive to the non-profit organization selling traditional scrip products.

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Other Costs is comprised primarily of postage and handling costs associated with providing gift cards and certificates to our mall clients. The largest change in these accounts from the prior year is due to the "hard costs" associated with providing our mall gift card products. We incur all of the up-front costs of the raw plastic, the embossing and encoding of the mall and multi-merchant CSC cards. As the number of gift cards issued increases annually, these hard costs increase proportionately.

Gross Profit

Gross Profit for the related periods is as follows:

	Year Ended December 31,		Dollar	Percentage
	2004	2003	Change	Change
Revenues	\$ 12,007,000	\$ 9,221,000	\$ 2,786,000	30.2%
Cost of Revenues	(10,176,000)	(6,567,000)	(3,609,000)	55.0%
Gross Profit	\$ 1,831,000	\$ 2,654,000	\$ (823,000)	-31.0%
Gross Profit %	15%	29%		

We experienced a decrease in gross profit (total revenues and other income less total cost of revenues and other income) due primarily to:

- the increased up-front costs associated with issuance of gift cards;
- the deferral of revenue from gift card sales until subsequent periods; and
- the decrease in gift certificate breakage realized during the respective periods due to decreased gift certificate sales.

Gross Profit decreased approximately \$823,000 from December 31, 2003 to December 31, 2004. The decrease in breakage revenue (discussed above) reflects approximately \$634,000 of this reduction. The remaining difference can be explained by the nature of the gift card industry. Costs are incurred in the contract origination period, while revenue streams mature approximately 7 months following, as described above. Therefore, as the gift card transaction volume grows, we continue to experience declining margins since the majority of the costs to generate the gift card volume are

recorded before or at the time the card is sold and the majority of the revenues related to such cards do not begin to be recorded until approximately 7 months later.

Selling, General and Administrative

	Year Ended December 31,		Dollar	Percentage
	2004	2003	Change	Change
Personnel	\$ 3,206,000	\$ 3,453,000	\$ (247,000)	-7.2%
Non-qualified stock options	-	1,250,000	(1,250,000)	-100.0%
Other Selling, General and Administrative Expenses	1,280,000	1,441,000	(161,000)	-11.2%
Professional Fees	483,000	308,000	175,000	56.8%
	<u>\$ 4,969,000</u>	<u>\$ 6,452,000</u>	<u>\$ (1,483,000)</u>	<u>-23.0%</u>

For the year ended December 31, 2004, we experienced a 23% decrease in selling, general and administrative expenses due to a non-cash expense of \$1,250,000 for non-qualified stock options that were extended and transitioned from a qualified plan to a non-qualified plan for one of the original employees of the Company that ceased employment in February 2003. Selling, General and Administrative expenses for the year ended December 31, 2003, without considering this expense for non-qualified stock options, totaled approximately \$5.2 million. The decrease in selling, general and administrative expenses, excluding the non-cash non-qualified stock option expense in the year ended December 31, 2004, compared to the year ended December 31, 2003, would have totaled approximately \$233,000, representing a year-over-year decrease of approximately 4.5%.

Personnel expenses decreased due to normal attrition, and process improvements in our fulfillment business that required less manpower during our peak holiday season. We have employed nearly half of our personnel for over five years. We anticipate our experience will continue to benefit us in the marketplace.

Other Selling, General and Administrative expenses are comprised of rent, travel, and depreciation expenses. We experienced an 11.2% reduction as a normal course of business in 2004.

We are committed to keeping selling, general and administrative expenses at a minimum by utilizing cost control measures and implementing process improvements.

Professional Fees consists of expenses for Legal and Accounting fees. These expenses are expected to continue to grow as we enhance our operating and controls environment. Internal controls are critical to achieve strong performance over time. We will contract, as appropriate, with independent consultants to further strengthen our internal control environment. We cannot predict how federal and state regulatory activity may affect us, especially as state governments address the legal requirements associated with unclaimed property. We expect additional expenditures to protect and further our interests in this area. We also expect additional expenditures to defend ourselves in the matters of litigation we are a party to.

Net Income (Loss)

Net Income (Loss) for the related periods is as follows:

	Year Ended December 31, 2004	Year Ended December 31, 2003	Dollar Change	Percentage Change
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (4,128,000)	\$ (4,487,000)	\$ (359,000)	8.0%

Transaction volume decreased 12.7% in the year ended December 31, 2004 from the comparable period ended December 31, 2003, primarily due to the shopping mall industry consolidation discussed above. However, Revenues and other income increased 30.2% in the comparable periods, as our gift card programs are more profitable than our gift certificate programs. As discussed above, our gift card program costs are "front-loaded", meaning we bear the cost of providing the card services, but do not receive material revenues until several quarters later. This has the effect of showing a greater increase in cost of revenues than the growth rate in revenues. We anticipate this trend to continue until new product offerings and programs result in more even revenue recognition throughout the year and minimize the upfront cost of cards to us prior to sale. We are introducing new products that pay us up-front, rather than relying upon deferred revenue products. As we become less dependent upon maintenance fees, expiration fees and breakage, revenues and costs will be recorded at approximately the same time. We have consistently decreased Selling, General and Administrative expenses through attrition and cost cutting measures. However, our generation of cash flows from operating activities has not been sufficient and therefore, we have raised working capital through equity and debt offerings. The equity offerings dilute existing stockholders and the debt offerings increase our interest expense, which has negatively impacted our net income (loss). We continually strive to increase sales of higher profit margin products and expect this to increase cash flows from operating activities in the future. This will minimize or eliminate the need for raising capital from outside sources. We are currently in discussions with several institutional level financial companies in order to obtain the working capital we need to market and distribute our new products and execute our business plan. We are also in discussions with investment bankers to assist us with the completion of a public offering of our common stock. The timing and success of these events is not certain.

Recent Accounting Pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123R, *Share-Based Payment*, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. A key provision of this statement is the requirement to measure the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award (i.e., the requisite service period or vesting period). This standard becomes effective on January 1, 2006 for small business issuers. The Company will adopt SFAS No. 123R beginning in the Company's first fiscal quarter of 2006. The Company is assessing the impact of this statement and believes the adoption of SFAS No. 123R may have a material effect on the Company's financial position and results of operations.

We do not believe that other recently issued, but not yet effective, accounting standards if applicable to us would have a material affect on our financial position, results of operations or liquidity.

Liquidity and Capital Resources

Our total costs and expenses are currently greater than revenues and other income. In addition, our operating activities have used cash rather than provided cash. We have had a history of losses and our accumulated deficit (since inception June 23, 1994) through December 31, 2004 was approximately \$34.3 million. During the year ended December 31, 2004, we utilized \$2,144,400 in cash from operating activities. At December 31, 2004 we had a deficit in working capital of \$4,546,863. Our ability to meet our obligations as they come due is dependent upon obtaining additional financing as may be required and ultimately attaining sustained profitability. Our net losses decreased by 8.0% or approximately \$0.4 million to \$4.1 million from \$4.5 million for the year ended December 31, 2004, when compared to the year ended December 31, 2003.

Subsequent to December 31, 2004, we entered into four financing agreements that provide us with an additional \$700,000 we can use at our discretion for operations. We also completed a \$2.285 million, or 571,250 common share private equity offering. The proceeds are for general operating purposes. We incurred offering costs in the form of commissions of \$50,600. In March 2005, we renegotiated the terms of certain financing agreements, extending their maturities past December 31, 2005.

We continue to attempt to raise capital through private equity or debt offerings, as well as institutional investors until our operations provide sufficient cash to meet our needs. We are taking steps to improve profitability by restructuring contracts to increase the amount of revenue generated by each contract, and to pass along certain costs to our customers that we previously absorbed; and increasing sales efforts to obtain contracts with mall developers and national retailers not currently under contract. We can give no assurance that we will be successful in executing our plans to improve operations or obtain additional debt and equity financing. If we are unable to improve operations or obtain additional debt and equity financing, we may be required to restructure operations during 2005. We believe that if we are not able to obtain additional financing for the development of our overall business, we could restructure our operations to be profitable at the current level of sales. However, we can give no assurance that we will be able to continue operating without additional financing.

Our ability to meet our debts as they come due is dependent on our obtaining additional financing as required, and ultimately on our ability to achieve our business plan and attain profitability. We currently operate without a line of credit and occasionally enter into short and long-term promissory notes with accredited investors, typically existing stockholders. These promissory notes often have conversion privileges into our common stock, easing debt service requirements. However, conversion privileges and warrants issued in conjunction with the notes could potentially dilute existing stockholders and increase our operating losses.

Beneficial Conversion Interest Expense

The beneficial conversion feature is the difference between the market value of the common stock and the conversion rate of the debt into common stock, limited to the amount of debt. The beneficial conversion feature is recognized as interest expense over the period from the date of the note to the date when the conversion of the debt into common stock may first take place.

Off Balance Sheet Arrangements

The Company does not have any interests in off-balance sheet variable interest entities nor does it have any interests in non-exchange traded commodity contracts.

Contractual Obligations

The following table summarizes the Company's outstanding borrowings and long-term contractual obligations at December 31, 2004, and the periods in which these obligations are scheduled to be paid in cash.

Contractual Obligations	Payments Due By Period				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Current debt	\$1,346,668	\$1,346,668			
Long-term debt	\$4,100,000		\$4,100,000		
Operating leases	\$398,433	\$335,303	\$58,491	\$2,111	\$2,528
Total	<u>\$5,845,101</u>	<u>\$1,681,971</u>	<u>\$4,158,491</u>	<u>\$2,111</u>	<u>\$2,528</u>
Inflation					

We do not believe that inflation has had a material adverse impact on our business or operating results during the periods presented nor is it expected to in the next year.

ITEM 7. FINANCIAL STATEMENTS

The Company's financial statements required by this item are included in Part III, Item 14 of this Report.

ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

The information required by Item 304 of Regulation S-B is incorporated by reference to Forms 8-K filed by us with the SEC on October 28, 2003 and November 11, 2003.

ITEM 8A. CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures designed to ensure that information required to be disclosed in our reports filed under the Securities Exchange Act of 1934, as amended (the Exchange Act), is recorded, processed, summarized, and reported within the required time periods, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow for timely decisions regarding disclosure.

As required by Rule 13a-15(b) under the Exchange Act, we conducted an evaluation, with the participation of our Chief Executive Officer and our Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of December 31, 2004. In connection with the completion of its audit of, and the issuance of its report on, our financial statements for the year ended December 31, 2004, our independent registered public accounting firm, Tanner LC, identified significant deficiencies that require improvements to be made in the design or operation of our internal control over financial reporting.

The reportable conditions in our internal control over financial reporting relate to the capture of all necessary information for complete disclosure in the footnotes to the financial statements for the required periods prior to the auditors' review. The deficiencies were detected in the audit process and the disclosures have been appropriately presented in this Form 10-KSB/A. We are in the process of improving our internal control over financial reporting in an effort to remediate these deficiencies through improved supervision and training of our accounting staff. These deficiencies have been disclosed to our Audit Committee.

We will make additional efforts to improve and strengthen our control processes and procedures. Our management and our audit committee will continue to work with our auditors and outside advisors to ensure that our controls and procedures are adequate and effective.

There has been no change in our internal control over financial reporting during the fourth quarter ended December 31, 2004 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting. Since the most recent evaluation date, there have been no significant changes in our internal control structure, policies, and procedures or in other areas that could significantly affect our internal control over financial reporting.

ITEM 8B. OTHER INFORMATION

None.

PART III

ITEM 9. DIRECTORS, EXECUTIVE OFFICERS, PROMOTERS AND CONTROL PERSONS; COMPLIANCE WITH SECTION 16(A) OF THE EXCHANGE ACT

The information required by this Item is included in "Proposal No. 1: Elections of Directors", "Management", and "Section 16(a) Beneficial Ownership Reporting Compliance" sections of our Proxy Statement to be filed in connection with our 2005 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 10. EXECUTIVE COMPENSATION

The information required by this Item is included in the "Executive Compensation and Related Information" section of our Proxy Statement to be filed in connection with our 2005 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Equity Compensation Plan Information

On January 22, 1997, we approved and adopted the 1997 Stock Option Plan, which is an exempt employee benefit plan under Rule 16b-3 promulgated under Section 16 of the Securities and Exchange Act of 1934, as amended. The 1997 Stock Option Plan is our only equity compensation plan. The following table provides information as of December 31, 2004 with respect to the shares of our common stock that may be issued under the 1997 Stock Option Plan.

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Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-average Exercise Price of Outstanding Options, Warrants and Rights ⁽¹⁾	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a))
	(a)	(b)	(c)
Equity Compensation Plans Approved by Stockholders ⁽¹⁾	7,879,896	\$2.260	3,950,624 ⁽²⁾
Equity Compensation Plans Not Approved by Stockholders	NA	NA	NA

(1) Consists of the 1997 Stock Option Plan.

(2) Consists of shares available for future issuance under the 1997 Stock Option Plan. As of December 31, 2004, an aggregate of 3,950,624 shares of our common stock were available for issuance under the 1997 Stock Option Plan.

The other information required by this Item is included in the "Security Ownership of Certain Beneficial Owners and Management" sections of our Proxy Statement to be filed in connection with our 2005 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTION

The information required by this Item is included in the "Certain Relationships and Related Transaction" section of our Proxy Statement to be filed in connection with our 2005 Annual Meeting of Stockholders and is incorporated herein by reference.

ITEM 13. EXHIBITS

Exhibit

Number	Description
3.1	Articles of Incorporation for a Stock Corporation in the State of Maryland (Filed as Exhibit 2(a) to the Registrant's Form 10-SBA filed on April 26, 2002, and incorporated herein by reference.)
3.2	Certificate of Ownership and Merger (Filed as Exhibit 2(b) to the Registrant's Form 10-SBA filed on April 26, 2002, and incorporated herein by reference.)
3.3	Bylaws of NBO Systems, Inc. (Filed as Exhibit 2(c) to the Registrant's Form 10-SBA filed on April 26, 2002, and incorporated herein by reference.)
3.4	Articles of Amendment of Articles of Incorporation (Filed herewith.)
4.1	See Exhibits 3.1, 3.2 and 3.3 for provisions of the Articles of Incorporation, as amended, and Bylaws for NBO Systems, Inc. defining the rights of holders of common stock of NBO Systems, Inc.
4.2	Amended 1997 Stock Option Plan (Filed herewith.)
4.3	Warrant Agreement. The form of warrant agreement is substantially the same for all outstanding warrants consisting of Class A Warrants - 1,010,672 Exercisable at \$2.40; Class B Incentive Warrants - 1,197 Exercisable at \$5.50; Other Warrants: 177,421 Exercisable at \$3.00; 969,997 Exercisable at \$4.00; 224,659 Exercisable at \$4.40; 186,835 Exercisable at \$5.50 (Filed as Exhibit 6(c) to the Registrant's Form 10-SB filed on August 2, 2001, and incorporated herein by reference.)
10.1	Internet Gift Card(s) Agreement by and between NBO, Inc. and GMRI, Inc., dated as of August 4, 2000 (50 (Filed as Exhibit 6(b) to the Registrant's Form 10-SB filed on August 2, 2001, and incorporated herein by reference.)
10.2	License And Services Agreement dated July 31, 2002, with Card Commerce International, Inc. (Filed herewith.)
10.3	Master Agreement dated October 10, 2002, with Metavante Corporation (Filed herewith.)
10.4	Cash Card Issuer Agreement with Discover Financial Services, Inc., dated October 11, 2002. (Filed herewith.)
10.5	Master Services Agreement Dated October 31, 2002, with IPS Card Solutions, Inc. (Filed Herewith.)
10.6	Stored Value Card Service Agreement Dated As Of April 1, 2003, With First Data Resources Inc.
10.7	Card Sponsorship Agreement between Registrant and BankFirst dated April 9, 2003 (Filed herewith.)

- 10.8 Addendum Dated August 8, 2003, To The Internet Gift Card(S) Agreement Dated April 1, 2001, With GMRI, Inc. (Filed herewith.)
- 10.9 Contract Services Agreement dated October 14, 2003, with Glimcher Properties Limited Partnership (Filed herewith.)
- 10.10 ACH Origination Agreement with Florida Bank, N.A., dated December 30, 2003 (Filed herewith.)
- 10.11 ODFI Originator Agreement dated as of March 19, 2004, with BANKFIRST (Filed herewith)
- 10.12 Amendment dated June 22, 2004, to Master Agreement dated October 10, 2002, with Metavante Corporation (Filed herewith.)
- 10.13 Letter of Intent with Meta Payment Systems dated August 30, 2004 (Filed herewith.)
- 10.14 Marketer Agreement dated September 2, 2004, with First Federal Savings Bank of the Midwest dba Meta Payment Systems (Filed herewith.)
- 10.15 Originating Depository Financial Institution Originator Agreement dated September 13, 2004, with First Federal Savings Bank of the Midwest dba Meta Payment Systems (Filed herewith.)
- 10.16 First Amendment to Contract Services Agreement with Glimcher Properties Limited Partnership dated September 9, 2004 (Filed herewith.)
- 10.17 Merchant Processing Agreement dated October 14, 2004, with NOVA Information Systems, Inc., and U.S. Bank, N.A. (Filed herewith.)
- 10.18 Merchant Participation Agreement dated October 25, 2004 (Filed herewith)
- 10.19 Letter of Intent dated November 9, 2004, with Great Lakes Scrip Center, L.L.C. (Filed herewith.)
- 10.20 Addendum August 8, 2004, to Internet Gift Cards Agreement dated April 1, 2001, with Darden GC Corp. (Filed herewith.)
- 10.21 Premises Lease Amendment #1 dated October 27, 2004, with 5B Bangerter L.L.C. (Filed herewith.)
- 10.22 Stored Value Product Agreement with Adaptive Marketing LLC, dated November 19, 2004 (Filed herewith.)
- 31.1 Section 302 Certification of Keith A. Guevara, Chairman, President and CEO
- 31.2 Section 302 Certification of Christopher Foley, Board Member and CFO
- 32 Certification pursuant to 18 U.S.C. Section 1350 of Keith A. Guevara and Christopher Foley

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by this Item is included in "Proposal No. 2: Ratification of Appointment of Independent Registered Public Accounting Firm" section of our Proxy Statement to be filed in connection with our 2005 Annual Meeting of Stockholders and is incorporated herein by reference.

NBO SYSTEMS, INC.

INDEX TO FINANCIAL STATEMENTS December 31, 2004 and 2003

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Report of Independent Registered Public Accounting Firm

To the Board of Directors and
Stockholders of NBO Systems, Inc.

We have audited the accompanying balance sheets of NBO Systems, Inc. as of December 31, 2004 and 2003, and the related statements of operations, stockholders' deficit, and cash flows for the year ended December 31, 2004 and the nine months ended December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of NBO Systems, Inc. as of December 31, 2004 and 2003, and the results of its operations and its cash flows for the year ended December 31, 2004 and the nine months ended December 31, 2003 in conformity with U.S. generally accepted accounting principles.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note B to the financial statements, the Company has suffered recurring losses, has a working capital deficit of \$4,546,863 and an accumulated deficit of \$34,301,717 as of December 31, 2004, and had negative cash flows from operating activities of \$2,144,400 for the year ended December 31, 2004. These conditions raise substantial doubt about the Company's ability to continue as a going concern. Management's plans regarding these matters also are described in Note B. The financial statements do not include any adjustments that might result from the outcome of this uncertainty.

/s/ Tanner LC
Salt Lake City, Utah
March 29, 2005

NBO Systems, Inc.

BALANCE SHEETS

ASSETS

	December 31, 2004	December 31, 2003
CURRENT ASSETS		
Cash	\$ 152,910	\$ 58,077
Restricted cash	16,798,638	25,410,674
Accounts receivable, net of allowance for uncollectible accounts of \$6,000 at December 31, 2004 and \$5,844 at December 31, 2003	598,604	857,200
Inventory	294,471	315,823
Prepaid expenses	136,206	27,018
Employee advances	5,159	3,078
Total current assets	17,985,988	26,671,870
PROPERTY AND EQUIPMENT, NET	548,026	875,182
OTHER ASSETS		
Deposits and reserves	333,478	727,965
Other assets	114,773	109,696
	448,251	837,661
	<u>\$ 18,982,265</u>	<u>\$ 28,384,713</u>

LIABILITIES AND STOCKHOLDERS' DEFICIT

CURRENT LIABILITIES		
Gift certificates and gift cards payable	\$ 16,884,501	\$ 29,108,106
Accounts payable	3,065,340	2,173,637
Accrued liabilities	1,236,342	1,362,270
Notes to stockholders	1,000,750	271,399
Notes to officer	345,918	-
Total current liabilities	<u>22,532,851</u>	<u>32,915,412</u>
LONG-TERM LIABILITIES		
Notes to stockholders	4,100,000	1,025,000
Notes to officer	-	368,000
Total long-term liabilities	<u>4,100,000</u>	<u>1,393,000</u>
Total liabilities	<u>26,632,851</u>	<u>34,308,412</u>

COMMITMENTS AND CONTINGENCIES (Notes B and M)

STOCKHOLDERS' DEFICIT

Convertible redeemable preferred stock, par value \$1.00; authorized 1,000,000 shares; 71,670 and 65,155 shares issued and outstanding at December 31, 2004 and 2003, respectively; redemption value \$2.20 per share.	71,670	65,155
Common stock, par value \$0.0005; authorized 50,000,000 shares; 17,058,670 and 16,317,661 shares issued and outstanding at December 31, 2004 and 2003, respectively.	8,529	8,159

Subscriptions receivable	(17,900)	(17,900)
Additional paid-in capital	26,588,832	24,194,647
Accumulated deficit	(34,301,717)	(30,173,760)
Total stockholders' deficit	(7,650,586)	(5,923,699)
	<u>\$ 18,982,265</u>	<u>\$ 28,384,713</u>

The accompanying notes are an integral part of these statements.

NBO Systems, Inc.

STATEMENTS OF OPERATIONS

	Year ended	Year ended	Nine months ended
	December 31,	December 31, 2003	December 31,
	2004	(unaudited)	2003
Revenues	\$ 10,479,503	\$ 7,059,608	\$ 6,325,047
Other Income	1,527,965	2,161,887	2,358,168
Total revenues and other income	12,007,468	9,221,495	8,683,215
Operating expenses			
Cost of revenues and other income	10,176,484	6,567,228	5,721,057
Selling, general and administrative expenses	4,968,044	6,451,487	5,002,854
Total operating expenses	15,144,528	13,018,715	10,723,911
Operating loss	(3,137,060)	(3,797,220)	(2,040,696)

Interest expense	(818,551)	(319,517)	(250,697)
Other expenses	(50,190)	(258,761)	(20,607)
Loss before income taxes	(4,005,801)	(4,375,498)	(2,312,000)
Income tax benefit	-	-	-
NET LOSS	\$ (4,005,801)	\$ (4,375,498)	\$ (2,312,000)
Dividends on preferred stock	(122,156)	(111,076)	(111,076)
NET LOSS ATTRIBUTABLE TO COMMON STOCKHOLDERS	\$ (4,127,957)	\$ (4,486,574)	\$ (2,423,076)
Net loss per common share -- basic and diluted	\$ (0.25)	\$ (0.27)	\$ (0.15)
Weighted-average number of common shares outstanding -- basic and diluted	16,555,000	16,401,000	16,336,000

The accompanying notes are an integral part of these statements.

NBO Systems, Inc.

STATEMENTS OF STOCKHOLDERS' DEFICIT

Year ended December 31, 2004, nine-months ended December 31, 2003, and three months ended March 31, 2003
(unaudited)

Convertible redeemable preferred stock		Common stock		Subscriptions receivable	Additional paid-in capital	Accumulated deficit	Total
Number of shares	Amount	Number of shares	Amount				

Balance at January 1, 2003 (unaudited)	59,231	\$59,231	16,586,960	\$8,293	\$(17,900)	\$22,721,117	\$(25,466,589)	\$(2,695,848)
Common stock issued for								
Payment of Interest (unaudited)	-	-	3,418	2	-	13,670	-	13,672
Cash (net of issuance costs of \$0) (unaudited)	-	-	31,001	16	-	123,989	-	124,005
Common stock warrants issued for interest (unaudited)	-	-	-	-	-	21,794	-	21,794
Net loss (unaudited)	-	-	-	-	-	-	(2,284,095)	(2,284,095)
Balance at March 31, 2003	59,231	59,231	16,621,379	8,311	(17,900)	22,880,570	(27,750,684)	(4,820,472)
Preferred stock dividends	5,924	5,924	-	-	-	105,152	(111,076)	-
Common stock issued for:								
Rescission of option exercise	-	-	(312,500)	(156)	-	(109,219)	-	(109,375)
Payment for services	-	-	2,400	1	-	9,599	-	9,600
Payment of interest	-	-	6,382	3	-	25,525	-	25,528
Common stock options and warrants issued for services and compensation	-	-	-	-	-	1,250,000	-	1,250,000
Common stock warrants issued for interest	-	-	-	-	-	33,020	-	33,020
Net loss	-	-	-	-	-	-	(2,312,000)	(2,312,000)
Balance at December 31, 2003	65,155	65,155	16,317,661	8,159	(17,900)	24,194,647	(30,173,760)	(5,923,699)
Preferred stock dividends	6,515	6,515	-	-	-	115,641	(122,156)	-
Common stock issued for:								
Rescission of warrant exercise	-	-	(4,023)	(2)		(16,090)	-	(16,092)
Repayment of note payable	-	-	17,782	7	-	48,890	-	48,897
Exchange of warrants	-	-	155,111	78	-	(78)	-	-
Payment of interest	-	-	889	1	-	3,557	-	3,558
Cash (net of issuance costs of \$67,638)	-	-	571,250	286	-	2,217,362	-	2,217,648
Common stock warrants issued for payment of interest	-	-	-	-	-	24,903	-	24,903
Net loss	-	-	-	-	-	-	(4,005,801)	(4,005,801)

Balance at December 31, 2004	71,670	71,670	17,058,670	8,529	(17,900)	26,588,832	(34,301,717)	(7,650,586)
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The accompanying notes are an integral part of this statement

NBO Systems, Inc.

STATEMENTS OF CASH FLOWS

	Year ended December 31, 2004	Year ended December 31, 2003 (unaudited)	Nine months ended December 31, 2003
Increase (decrease) in cash			
Cash flows from operating activities:			
Net loss	\$ (4,005,801)	\$ (4,375,498)	\$ (2,312,000)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities			
Depreciation and amortization	341,553	345,426	261,062
Loss on disposal of other assets and property and equipment	80,330	264,466	24,767
Common stock options and warrants issued for services and compensation	-	1,250,000	1,250,000
Common stock warrants issued for interest	24,903	54,814	33,020
Common stock issued for services	-	9,600	9,600
Common stock issued as payment of interest	3,558	39,200	25,528
Bad debt expense	12,327	6,648	-
Changes in assets and liabilities:			

Accounts receivable	246,269	(451,168)	(704,295)
Employee advances	(2,081)	(4,471)	1,165
Inventory	21,352	(252,570)	(247,394)
Prepaid expenses and other assets	223,809	97,215	5,971
Accounts payable	891,703	557,475	1,562,455
Accrued liabilities	17,678	613,819	566,038
Total adjustments	1,861,401	2,530,454	2,787,917
Net cash (used in) provided by operating activities	(2,144,400)	(1,845,044)	475,917
Cash flows from investing activities:			
Purchase of property and equipment	(58,120)	(165,676)	(78,264)
Proceeds from sale of property, equipment, and other assets	19,806	800	799
Net cash used in investing activities	(38,314)	(164,876)	(77,465)
Cash flows from financing activities:			
Decrease in checks written in excess of cash in bank	-	-	(16,671)
(Decrease) increase in advances on restricted cash	(3,611,569)	1,555,845	(844,604)
Proceeds from sale of common stock	2,201,556	124,005	-
Payments on notes to officer	(22,082)	(15,000)	(15,000)
Proceeds from notes to stockholders	3,731,392	1,025,000	750,000

Principal payments on notes to stockholders	(21,750)	(621,853)	(214,100)
Net cash provided by (used in) financing activities	2,277,547	2,067,997	(340,375)
Net increase in cash	94,833	58,077	58,077
Cash at beginning of period	58,077	-	-
Cash at end of period	\$ 152,910	\$ 58,077	\$ 58,077

The accompanying notes are an integral part of these statements.

NBO Systems, Inc.

STATEMENTS OF CASH FLOWS - CONTINUED

	Year ended	Year ended	Nine months ended
	December 31, 2004	December 31, 2003	December 31, 2003
	(unaudited)		
Supplemental disclosures of cash flow information			
Cash paid during the period for interest	\$ 807,643	\$ 72,306	\$ 27,188
Cash paid during the period for income taxes	2,990	1,581	1,682
Noncash Investing and Financing Activities			
Transfers of fixed assets to other assets	(30,815)	(312,370)	(16,012)
Transfers of other assets to fixed assets	41,677	138,606	64,560
Preferred stock dividends	122,156	111,076	5,924
Stock issued to repay notes payable to stockholders	48,897	-	-
Increase in notes to officer due to rescission of stock option exercise	-	(109,375)	(109,375)

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements follows:

1. Organization and business activity

NBO Systems, Inc. ("NBO" or the "Company") began operations in June 1994. From inception through March 31, 1999, NBO was considered a development stage company. Prior to that time, its activities had principally been related to market analysis, capital raising, research and development and other business planning activities. As such, the Company had no significant revenue from its planned principal operations. Prior to October 1998, the Company had generated limited revenue from the sale of kiosks and the licensing of software.

In October 1998, NBO entered into long-term exclusive agreements with certain mall property and retail owners in an effort to build a larger national presence in selling gift certificates. As a result of these contracts, the Company started significant gift certificate operations and was no longer considered a development stage company as of March 31, 1999. The Company has since entered into long-term exclusive agreements with certain mall property owners to provide stored-value gift card services. The Company also provides fulfillment services for third-party national retailer gift certificates and gift cards. The Company began providing services to the charitable fund raising sector through its Children's Heroes division in December 2002; however, operations related to this division are still under development. The Company has not generated significant revenues from this business channel to date.

In January 2002, the Company merged into its wholly owned subsidiary, NBO Systems, Inc., which was incorporated in the State of Maryland and thereafter filed a dba as The Gift Certificate Company. The effect of this transaction was to reincorporate the Company in the State of Maryland.

During 2003, the Company changed its fiscal year from March 31 to December 31.

2. Use of estimates

The preparation of the Company's financial statements, in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions, including those related to estimated breakage (see Note A - Item 11), that affect the reported assets and liabilities, and the disclosure of contingent assets and liabilities as of the dates of the financial statements, and the reported revenues and expenses for the periods of presentation. Actual results could differ from those estimates.

3. Concentrations of credit risk

Financial instruments that potentially subject the Company to concentration of credit risk consist primarily of accounts receivable. In the normal course of business, the Company provides credit terms to its customers. Accordingly, the

Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses which, when realized, have been within the range of management's expectations.

The Company maintains its cash and restricted cash in bank deposit accounts, which typically exceed federally insured limits. The Company has not experienced any losses in these accounts and believes it is not exposed to significant credit risk on cash and restricted cash account balances.

4.Cash equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. See Note C for a discussion regarding accounting policies for restricted cash.

5.Other assets and prepaid expenses

Other assets consist of deposits and reserves, gift certificate and gift card stock, operating supplies, computer equipment components, and trademarks, and are recorded at cost, less accumulated amortization when applicable. Amortization of other assets and prepaid expenses is provided principally on the straight-line method over the estimated useful life of the related asset.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

6.Accounts receivable and allowance for doubtful accounts

Accounts receivable are stated at the contractual amount, reduced by an allowance for doubtful accounts.

The allowance for doubtful accounts is established through a provision for losses charged to expense. Accounts receivable are charged against the allowance for doubtful accounts when management believes that collectibility is unlikely. The allowance for doubtful accounts is set at an amount management believes will be adequate to absorb possible losses on existing receivable balances deemed potentially uncollectible, based on evaluations of collectibility and prior loss experience. The evaluations take into consideration such factors as changes in the nature and volume of the accounts receivable portfolio, overall portfolio quality, review of specific problem receivables, and current economic conditions that may affect the customer's ability to pay.

A receivable is considered to be past due if any portion of the receivable balance has not been received by the contractual pay date. In some cases, where contractually permitted, interest is charged on receivables that are past due. Interest stops when the Company writes off an item as uncollectible. The Company writes off a receivable as uncollectible based upon the facts and circumstances of each receivable, with the primary factor being the likelihood of prevailing on the collection, and whether the expense for the collection efforts would exceed the amount owed.

7.Inventory

Inventory consists of gift certificates and gift cards purchased from third party retailers. Gift certificates and gift cards are recorded at cost (specific identification method).

8. Property and equipment

Property and equipment are recorded at cost, less accumulated depreciation and amortization. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

	<u>Years</u>
Furniture and fixtures	10
Kiosks	5
Support equipment	5-10
Office equipment and vehicles	4-5
Software	5
Leasehold improvements	5

Expenditures for maintenance and repairs are expensed when incurred and betterments are capitalized. Gains and losses on sales of property and equipment are reflected in operations.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

9. Income taxes

The Company utilizes the asset and liability method of accounting for income taxes. Under the asset and liability method, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities and are measured using enacted tax rates and laws. Deferred tax expense or benefit is the result of changes in deferred tax assets and liabilities. An allowance against deferred tax assets is recorded when it is more likely than not that those tax benefits will not be realized.

10. Net loss per common share

Basic earnings (loss) per share (EPS) is calculated using income (loss) available to common stockholders divided by the weighted-average number of common shares outstanding during the period. Diluted EPS is similar to Basic EPS except that the weighted-average number of common shares outstanding is increased using the treasury stock method to include the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. Such potentially dilutive common shares include stock options and warrants granted or sold, convertible preferred stock and convertible debt. Shares having an antidilutive effect on periods presented are not included in the computation of dilutive EPS.

The average number of shares of all stock options and warrants granted, all convertible notes to stockholders, and convertible preferred stock included in Notes H, K and L have been omitted from the computation of diluted net loss per common share because their inclusion would have been anti-dilutive for the years ended December 31, 2004 and 2003 and the nine months ended December 31, 2003.

For the years ended December 31, 2004 and 2003 and nine months ended December 31, 2003, respectively, the Company had 7,915,849; 6,956,536 and 6,956,536 potentially dilutive shares of common stock, respectively, not included in the computation of diluted net loss per common share because it would have decreased the net loss per common share. These options and warrants could be dilutive in the future.

11. Revenue recognition

The Company sells gift certificates and gift cards. Some sales are Company gift certificate or gift card stock, with the remainder being gift certificates or gift cards purchased through a third-party merchant that are issued on the third-party merchant's stock. The third-party merchant gift certificates or gift cards are purchased in bulk at a discount and re-sold at full face value. The full face value of the gift certificate or gift card sale is reported by the Company as revenue only when the Company has no responsibility or liability for the redemption of the gift certificates or gift cards sold.

Based on the preceding, for sales of third-party merchant gift certificates or gift cards, the Company records as revenue the amount received from the customer at the time of the sale. The amount that the Company pays the retailer is recorded as a cost of revenue. The Company recognizes point of sale convenience fee revenue earned from customers from the sale of gift certificates or gift cards upon occurrence of the event. Merchant fee revenue earned from retailers is recognized when gift certificates or gift cards are sold. With respect to gift certificate or gift card service contracts, reimbursable merchant fee revenue is recognized as costs are incurred, and includes applicable fees earned through the date services are provided. Interest income is recognized when earned.

During 2002, the Company began recognizing income on unredeemed/unredeemable gift certificates or gift cards in accordance with contractual agreements. Gift certificates or gift cards that are not redeemed by the holder due to destruction, loss, maintenance fees or service charges, expiration or the expiration of the legal statute of limitations, or other reasons are subject to claim by the Company as unredeemed/unredeemable property. Gift certificates or gift cards that are not redeemed are referred to as "breakage."

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Company recognizes income on gift certificate breakage at the end of the term of the period in which the Company is obligated to honor gift certificates, which ranges from one to seven years and is based on either the expiration date on the gift certificate or the applicable legal statute of limitation (applicable where state law prohibits expiration dates), which represents the extinguishment of the liability. Breakage income is recognized on paper gift certificates during the month following the expiration date. Breakage income is recognized on paper gift certificates with no expiration date based on the applicable legal statute of limitation. Revenue is recognized on gift cards in the period in which the Company receives the maintenance fee, service charge, or expiration fee applied to the consumer's gift card. In all cases, the Company records breakage revenue on gift cards not more than 20 months from the month of sale.

The Company records and compiles the total cumulative amount of breakage based on total historical sales and breakage experience since the Company began selling paper gift certificates in October 1998 and gift cards in October 2001. The Company monitors historical breakage experience and makes estimates of future breakage and trends based on that historical experience. The Company makes operating cash decisions and realizes advances on restricted cash based upon those historical sales and breakage estimates. The Company does not use restricted cash in excess of the estimated amount of breakage calculated on historical sales for working capital purposes.

12. Stock based compensation

In accordance with Statement of Financial Accounting Standards No. 123 (SFAS No. 123), "Accounting for Stock-Based Compensation", expense is recognized in connection with the grant of stock options when issued to nonemployees using the fair-value based method. The expense is equal to the fair value of the options, based on the Black-Scholes option-pricing model, at the grant dates and is expensed ratably over the vesting periods.

The Company accounts for its employee based compensation plans using the intrinsic value method, as prescribed by APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. Accordingly, the Company records deferred compensation costs related to its employee stock options when the current market price of the underlying stock exceeds the exercise price of each stock option on the measurement date (usually the date of grant). During the years ended December 31, 2004 and 2003, and the nine-months ended December 31, 2003, the Company did not grant any stock options to employees or members of the Company's Board of Directors with exercise prices below the market price on the measurement date. The Company granted stock options and warrants to non-employees for services and interest resulting in \$24,903, \$1,304,814, and \$1,283,020 of general and administrative expense during the years ended December 31, 2004 and 2003, and the nine months ended December 31, 2003, respectively.

An alternative method to the intrinsic value method of accounting for stock-based compensation is the fair value based method prescribed by Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," as amended by SFAS No. 148, "Accounting for Stock-Based Compensation - Transition and Disclosure." If the Company used the fair value based method, the Company would be required to record deferred compensation based on the fair value of the stock option at the date of grant as computed using the Black-Scholes option-pricing model. The deferred compensation calculated under the fair value based method would then be amortized over the vesting period of the stock option.

The following table illustrates the effect on net loss and net loss per common share as if the Company had elected to use the fair value based method to account for its employee stock-based compensation:

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

	Year ended December 31, 2004	Year ended December 31, 2003 (Unaudited)	Nine Months ended December 31, 2003
	\$ (4,127,957)	\$ (4,486,574)	\$ (2,423,076)
Add: Stock based employee compensation included in reported net income, net of related tax effects	-	-	-
	(4,127,957)	(4,486,574)	(2,423,076)
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(82,246)	(101,572)	(101,572)
Net loss attributable to common stockholders - pro forma:	\$ (4,210,203)	\$ (4,588,146)	\$ (2,524,648)

Net loss per common share - as reported	\$ (0.25)	\$ (0.27)	\$ (0.15)
Net loss per common share - pro forma	\$ (0.25)	\$ (0.28)	\$ (0.15)

The fair value of each option grant was estimated on the date of grant using the Black Scholes option-pricing model with the following assumptions:

	Year ended December 31, 2004	Year ended December 31, 2003
Expected dividend yield	-	-
Expected price volatility	29.44%	29.44%
Risk-free interest rate	4.62%	2.87%
Expected life of options in years	10	10

13. New accounting pronouncements

In December 2004, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 123R, *Share-Based Payment*, which establishes standards for the accounting for transactions in which an entity exchanges its equity instruments for goods or services. A key provision of this statement is the requirement to measure the cost of employee services received in exchange for an award of equity instruments (including stock options) based on the grant-date fair value of the award. That cost will be recognized over the period during which an employee is required to provide service in exchange for the award (i.e., the requisite service period or vesting period). This standard becomes effective on January 1, 2006 for small business issuers. The Company will adopt SFAS No. 123R beginning in the Company's first quarter of 2006. The Company is assessing the impact of adopting this statement and believes the adoption of SFAS No. 123R may have a material effect on the Company financial position and results of operations.

Management does not believe that any other recently issued, but not yet effective, accounting standards will have a material effect on the Company's financial position and results of operations.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

14. Advertising

Advertising costs are expensed as incurred. For the years ended December 31, 2004 and 2003, and the nine months ended December 31, 2003, the Company expensed \$2,701, \$31,697 and \$20,057, respectively.

NOTE B - GOING CONCERN

The Company has incurred net losses since inception and negative cash flows from operating activities. During the year ended December 31, 2004, the Company had negative cash flows of \$2,144,400 from operating activities. At December 31, 2004, the Company had a deficit in working capital of \$4,546,863 and an accumulated deficit of \$34,301,717. The Company's ability to meet its obligations as they come due is dependent upon its ability to obtain additional financing as required, and ultimately to achieve and sustain profitability. These conditions raise substantial doubt about the Company's ability to continue as a going concern.

Subsequent to December 31, 2004, the Company entered into four financing agreements that provided an additional \$700,000 for operations. The Company also completed a \$2.285 million private equity offering through which it sold 571,250 common shares. The proceeds will be used for general operating purposes. The Company incurred offering costs of \$50,600. In March 2005, the Company renegotiated the terms of certain financing agreements with principal balances totaling \$2.1 million, extending their maturities beyond December 31, 2005.

The Company will continue to raise capital through private equity or debt offerings, as well as institutional investors until internally generated profitability is achieved. The Company is taking steps to improve profitability by restructuring contracts to increase the amount of revenue generated by each contract, minimizing costs on existing contracts, and increasing sales efforts to obtain contracts with mall developers and national retailers not currently under contract. There can be no assurance that the Company will be successful in executing its plans to improve operations or obtain additional debt and equity financing. If the Company is unable to improve operations or obtain additional debt and equity financing, it may be required to restructure operations during 2005. Management believes that if the Company were not able to obtain additional financing for the development of its overall business, that operations could be restructured in order for the Company to be profitable at the current level of sales. However, there can be no assurance that the Company will be able to achieve its plan or to continue operating without additional financing.

NOTE C - RESTRICTED CASH

Restricted cash consists of funds held for the payment of issued and outstanding gift certificates and gift cards to customers. These funds are maintained at several financial institutions in depository bank accounts and associated sweep accounts held by NBO. The Federal Deposit Insurance Corporation insures balances amounting to \$100,000 cumulatively, per institution. Uninsured balances aggregate to approximately \$7,142,000 at December 31, 2004 and \$19,594,000 at December 31, 2003. Withdrawals of the funds are restricted to the redemption payment of issued and outstanding gift certificates and gift cards and may not be transferred into operating accounts until such time that the unredeemed gift certificates and gift cards are considered breakage or estimated breakage. Breakage is determined based on (1) expiration, (2) legal statute of limitation, or (3) the accumulation of sufficient historical breakage data upon which to make reliable estimates. Breakage by expiration or legal statute of limitation is recorded as income, and a corresponding amount is removed from gift certificates and gift cards payable. The same amount is removed from restricted cash and recorded as unrestricted cash. Estimated unredeemed gift certificates and gift cards ("estimated breakage") is based on Company historical breakage data and is not recorded as income until the expiration date or the legal statute of limitation passes. However, the Company may transfer all or a portion of estimated breakage from restricted cash to unrestricted cash upon issuance of the gift certificate or gift card. Any estimated breakage amount transferred to unrestricted cash decreases the restricted cash balance but remains in gift certificates payable, until such estimated breakage is recognized as income. At such time, gift certificates and gift cards payable is reduced by a corresponding amount.

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment, at cost, are as follows:

	December 31, 2004	December 31, 2003
Furniture and fixtures	\$276,010	\$274,648
Kiosks and counter top units	58,003	287,724
Support equipment	332,236	316,831
Office equipment and vehicles	754,957	737,346
Software	287,970	273,845
Leasehold improvements	152,237	152,236
	<u>1,861,413</u>	<u>2,042,630</u>
Less accumulated depreciation and amortization	<u>(1,313,387)</u>	<u>(1,167,448)</u>
	<u><u>\$548,026</u></u>	<u><u>\$875,182</u></u>

NOTE E - DEPOSITS AND RESERVES

As of December 31, 2004 and 2003, deposits and reserves totaled \$333,478 and \$727,965, respectively, consisting of:

	December 31, 2004	December 31, 2003
Gift card reserves	\$260,074	\$348,630
Merchant processor reserve	0	255,562
Office space letter of credit	50,369	100,738
General Deposits	23,035	23,035
	<u><u>\$333,478</u></u>	<u><u>\$727,965</u></u>

NOTE F - ACCRUED LIABILITIES

Accrued liabilities consist of the following:

	December 31, 2004	December 31, 2003
Payroll and paid time off	\$628,745	\$521,690
Interest	395,480	409,475
Credit card merchant fees	192,707	412,321
Other	19,410	18,784
	<u><u>\$1,236,342</u></u>	<u><u>\$1,362,270</u></u>

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NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE G - NOTES TO OFFICER

At December 31, 2004 and 2003, the Company had a note payable of \$250,000 to its chief executive officer and chairman of the Board of Directors. The note is unsecured and bears interest at 10%. Additionally, the Company has various unsecured and non-interest bearing notes payable to its chief executive officer and chairman of the Board of

Directors totaling \$95,918 and \$118,000 at December 31, 2004 and 2003, respectively. These notes payable are due on demand.

NOTE H - NOTES TO STOCKHOLDERS

Notes due to Stockholders consist of the following:

	Year ended December 31, 2004	Year ended December 31, 2003
20% unsecured notes to stockholders, in default, due on demand on the earlier of June 30, 1996 or upon the Company obtaining \$3,000,000 of debt or equity financing. Because the notes are in default, the notes provided for the stockholders to receive an additional 5,208 shares of common stock for each \$25,000 note payable at September 30, 1996.	\$ 190,750	\$ 212,499
17% unsecured note to stockholder, due April 6, 2005. Holder to receive 1,545 warrants to purchase common stock at \$5.50 per share at repayment of the note.	100,000	-
17% (effective annual interest rate of 26%) unsecured note to stockholder, due April 13, 2005. Holder to receive interest payment and 28,121 warrants to purchase common stock of the Company at \$5.50 per share, issued at note inception.	100,000	-
22% unsecured note to stockholder due January 15, 2005. Full principal amount was paid in January 2005.	100,000	-
22% unsecured notes, due August 19, 2005. Holder to receive interest payments and 5,000 warrants to purchase common stock of the Company, at \$5.50 per share, on a quarterly basis.	500,000	-
Non interest-bearing unsecured note to a stockholder, in default, due on demand.	10,000	10,000
Unsecured convertible note to a stockholder, with an effective interest rate of 40%, due on March 15, 2001.	-	48,900

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE I - LONG-TERM NOTES TO STOCKHOLDERS

	Year ended	Year ended
	December 31,	December 31,
	2004	2003
19% unsecured note to stockholder, consolidated into a new stockholder note on January 16, 2004, bearing interest at 22%, due March 10, 2006.	\$ -	\$ 275,000
30% unsecured note to stockholder, consolidated into a new stockholder note on January 16, 2004, bearing interest at 22%, due March 10, 2006.	-	500,000
40% unsecured note to stockholder, consolidated into a new stockholder note on January 16, 2004, bearing interest at 22%, due March 10, 2006.	-	250,000
22% (effective annual interest rate of 23%) unsecured note to stockholder, due April 6, 2006. Holder received 28,121 warrants to purchase common stock at an exercise price of \$5.50 per share upon issuance of the note. In addition, the Holder shall receive 5,000 warrants every 90 days in conjunction with interest payments.	500,000	-
22% unsecured note to stockholder, due March 10, 2006. Holder shall receive 7,500 warrants to purchase common stock at an exercise price of \$4.00 per share per quarter as additional interest expense.	2,100,000	-
22% unsecured notes to stockholders, due January 24, 2006. Holders received 15,000 warrants to purchase Common Stock at an exercise price of \$5.50 per share. In addition, the Holders shall receive 5,000 warrants every 90 days in conjunction with interest payments.	1,500,000	-
	\$ 4,100,000	\$ 1,025,000

NOTE J - INCOME TAXES

The actual provision for (benefit from) income taxes is different than the amount computed by applying the statutory federal income tax rate to the loss before income taxes as follows:

	Year ended December 31, 2004	Year ended December 31, 2003 (Unaudited)	Nine months ended December 31, 2003
Benefit at statutory rates	\$ (1,362,000)	\$ (1,487,000)	\$ (786,000)
Increase in valuation allowance	1,480,000	1,602,000	871,000
Other	(18,000)	-	23,000
State income tax benefit	(132,000)	(145,000)	(116,000)
Permanent nondeductible items	32,000	30,000	8,000
Total	\$ -	\$ -	\$ -

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NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

In accordance with SFAS No. 109, the deferred tax assets and liabilities as of December 31, 2004 and December 31, 2003, are comprised of the estimated future tax benefit (provision) due to different financial reporting and income tax bases related to:

	December 31, 2004	December 31, 2003
Deferred tax assets		
Net operating loss carryforward	\$10,910,000	\$9,437,000
Research and development credit carryforwards	132,000	132,000
Asset reserves and accrued liabilities	89,000	89,000
Depreciation	24,000	17,000
Total deferred tax assets	11,155,000	9,675,000
Valuation allowance	(11,155,000)	(9,675,000)
Net deferred tax asset	\$-	\$-

The Company has concluded it is more likely than not that it will not be able to recognize the benefit of its operating loss and research and development credit carryforwards. Therefore, a full valuation allowance has been provided. At December 31, 2004, the Company had net operating loss carryforwards of approximately \$29,000,000 and research and development credit carryforwards of approximately \$132,000. The net operating loss and the research and development credit carryforwards expire from 2010 to 2023.

NOTE K - EQUITY

Subscriptions receivable

The Company has received promissory notes from three stockholders. These promissory notes bear interest at 10% and are collateralized by shares of common stock of the Company that are being purchased. Upon a public offering, these shares of common stock may be sold and the proceeds used to pay the notes to the Company. These subscriptions receivable are presented as deductions to equity in the accompanying balance sheets.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE K - EQUITY - CONTINUED

common stock

Year ended December 31, 2004

In January 2004, the Company issued 17,782 shares of common stock at \$2.75 per share to retire a \$48,897 outstanding note payable. The note holder is also a stockholder of the Company and an accredited investor.

In January 2004, the Company issued 889 shares of common stock for interest payable in the amount of \$3,558. The note holder is also a stockholder of the Company and an accredited investor.

In April 2004, the Company issued 155,111 shares of common stock upon the exercise of 456,205 Class B warrants with an exercise price of \$2.64 in a cashless exercise of those warrants.

On April 5, 2004, after approval by the Board of Directors, the Company submitted amendments to the Articles of Incorporation of the Company to the State of Maryland to increase the total number of shares of common stock that the Company is authorized to issue to 50,000,000 with a \$0.0005 par value per share. This increase is expressly authorized by Section 2-105(a)(12) of the Maryland General Corporation Law without action by the stockholders.

In November 2004, the Company retired 4,023 shares of common stock due to the rescission of a warrant exercise.

During November and December 2004, the Company issued 571,250 shares of common stock at \$4.00 cash per share in connection with a private placement generating total proceeds of \$2,285,000. The Company incurred issuance costs of \$67,638 to facilitate the sale.

Nine months ended December 31, 2003

In April 2003, the Company extended the term of 375,000 non-qualified stock options to a long-term employee of the Company who ceased employment in February 2003. As a result of the extension of the term a new measurement date was created and the Company recorded a non-cash expense of \$1,250,000.

During June and September 2003, the Company issued 6,382 shares of common stock at \$4.00 per share for interest payable in the amount of \$25,528. The note holders are also stockholders of the Company and accredited investors.

In September 2003, the Company issued 2,400 shares of common stock at \$4.00 per share for services to a consultant totaling \$9,600.

Between April and December 2003, the Company issued 73,591 common stock warrants with exercise prices of \$4.40 per share to stockholders for interest payable in the amount of \$33,020. The note holders are also stockholders of the Company and accredited investors.

Three months ended March 31, 2003 (unaudited)

During January through March 2003, the Company issued 36,250 common stock warrants with exercise prices of \$4.40 per share to stockholders for interest payable in the amount of \$21,794. The note holders are also stockholders of the Company and accredited investors.

During January through March 2003, the Company issued 31,001 shares of common stock upon the exercise of 31,001 Class B warrants with an exercise price of \$4.00. The Company received \$124,004 as a result of the exercise of those warrants.

In March 2003, the Company issued 3,418 shares of common stock as payment for default interest due on a note payable in the amount of \$13,672. The note holders are also stockholders of the Company and accredited investors.

Preferred stock

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

Each outstanding share of preferred stock is convertible at any time into shares of common stock at a rate of 4.6875 shares of common stock for each share of preferred stock. The shares automatically convert into common stock upon the closing of an initial public offering of the Company's common stock.

The Company may, at its sole option, redeem all of the then outstanding shares of preferred stock at any time after August 21, 1997, upon 30 days notice, at a price of \$2.20 per share, plus accrued stock dividends, if any. If the Company is successful in completing an initial public offering, the Company will register the shares of common stock the holders will receive upon the exercise of their conversion rights. The holders of shares of preferred stock are entitled to receive preferred stock dividends at an annual rate of 10% per share on or before August 31st of each year, commencing August 31, 1997. In the event of any liquidation, dissolution or winding-up of the Company, the holders of shares of preferred stock are entitled to receive, prior and in preference to, any distribution of any of the assets or surplus funds of the Company to the holders of shares of common stock or any other stock of the Company ranking on liquidation junior or subordinate to the preferred stock, an amount equal to \$1.00 per share, plus accrued stock dividends, if any. Holders of shares of preferred stock have no voting rights.

The Company declared 10% stock dividends on the Company's preferred stock, which was paid to stockholders of record on August 31, 2004 and 2003. The dividends increased the accumulated deficit in the amount of \$122,156 in 2004 and \$111,076 in 2003.

NOTE L - STOCK OPTIONS AND WARRANTS

Common stock options

The Company has in place the 1997 Stock Option Plan (the "Plan") and in April 2004, the Board of Directors voted to amend the Plan to increase the number of shares of common stock reserved for issuance to an aggregate of 10,000,000 shares. The stockholders approved the revised Plan at the annual stockholders meeting in May 2004. As of December 31, 2004, the Company has 5,868,785 common stock options outstanding with exercise prices ranging from \$.32 to \$5.50 per share.

The term of each stock option may not be more than 10 years (5 years in the case of stock options granted to holders of 10% or more of the voting power of the Company's stock). The exercise price of the options shall not be less than the fair market value per share of common stock on the date of grant (110 percent of the fair market value in the case of stock options granted to holders of 10% or more of the voting power of the Company's stock).

The options issued prior to 2004 vest periodically through September 2007, based upon employee hire date. Shares issued in October 2004 vest over a 5-year vesting schedule from the date of the option grant.

Common stock warrants

The Company has the following common stock warrants outstanding as of December 31, 2004:

Class A Warrants

Beginning in November 1995 and concluding in March 1996, the Company offered for sale 66 Units at a price of \$25,000 per Unit, in a private placement for bridge financing. Each Unit consisted of a \$25,000 promissory note, 5,208 shares of the Company's common stock and Class A Warrants to purchase 5,208 shares of the Company's common stock at \$2.40 per share.

Each Class A Warrant entitles the registered holder thereof to purchase one share of the Company's common stock at an exercise price of \$2.40 per share during the period between the end of the 12th month and before the end of the 24th month after the completion date of an initial public offering of the Company's common stock. Unless extended by the Company at its discretion, all Class A Warrants will expire at the end of the 24th month after the completion of an initial public offering. The Class A Warrants are callable by the Company at any time the common shares have been trading at a price equal to or above \$2.40 for a period of 30 consecutive trading days on an established exchange. Holders of these warrants have no rights, privileges or liabilities as a stockholder of the Company prior to exercise. The Company has 1,710,111 of Class A Warrants outstanding as of December 31, 2004.

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE L - STOCK OPTIONS AND WARRANTS - CONTINUED

Class B Warrants

The Class B warrants were issued in connection with a private placement started in December 1997. Each Class B Warrant entitled the registered holder thereof to purchase one share of the Company's common stock at an exercise price

of \$4.00 per share. The warrants expired in March 2003. The Class B Warrants were callable by the Company at any time the common shares had been trading at a price equal to or above \$4.00 for a period of 30 consecutive trading days on an established exchange ending within 15 days of the date of redemption. Holders of these warrants had no rights, privileges or liabilities as a stockholder of the Company prior to exercise. Of the total 734,075 Class B Warrants, 31,001 were exercised prior to their expiration in March 2003. The remaining 703,074 Class B Warrants expired without being exercised.

In January 2003, as a result of an incentive offering to exercise the Class B Warrants prior to the March 2003 expiration date, 1,197 Class B Incentive Warrants were issued at an exercise price of \$5.50 per warrant with an expiration date of January 17, 2008. No issuance costs were incurred. The incentive offering was made to accredited investors only.

Other warrants

Common stock warrants were issued to a stockholder and recorded as additional interest expense of \$33,020 during the nine months ended December 31, 2003 in connection with two outstanding notes payable. Each warrant entitles the holder to purchase one share of common stock at \$4.40 per share. The Company has 577,341 of these warrants outstanding at December 31, 2004. Of these warrants, 354,841 are exercisable until July 6, 2005 and 222,500 of these warrants are exercisable until July 30, 2006.

The Company issued 118,742 warrants to purchase shares of common stock at \$5.50 per share in payment for interest payable on certain notes payable. The note holders are also stockholders and accredited investors. The warrants expire 24 months after an initial public offering of the Company's common stock.

Common stock warrants were issued in satisfaction of commissions payable for a private placement offering of the Company's common stock in November 2000. The Company issued 2,159 warrants to purchase common stock at an exercise price of \$4.40 per share, exercisable during the period between the end of the 12th month and before the end of the 24th month after the completion date of an initial public offering of the Company's common stock. The Company has 2,159 of these warrants outstanding as of December 31, 2004.

Changes in the Company's stock options and warrants are as follows:

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE L - STOCK OPTIONS AND WARRANTS - CONTINUED

	Warrants			Stock options		
	Number of shares	Exercise price	Weighted avg. exercise price	Number of shares	Exercise price	Weighted avg. exercise price
Outstanding at January 1, 2003 (unaudited)	2,272,709	\$2.40-5.50	\$2.90	4,054,165	\$0.32-5.50	\$1.32
Granted (unaudited)	103,316	4.40 - 5.50	4.42	312,500	0.32	0.32

Exercised (unaudited)	-	-	-	-	-	-
Canceled or expired (unaudited)	(39,063)	4.00	4.00	(52,505)	2.40-5.50	4.72
Outstanding at December 31, 2003	2,336,962	2.40-5.50	2.98	4,314,160	0.32-5.50	1.20
Granted	118,742	5.50	5.50	1,700,625	4.00-4.40	4.06
Exercised	(456,205)	2.64	2.64	0	-	-
Canceled or expired	(289,308)	2.64	2.64	(145,000)	2.40-5.50	3.98
Outstanding at						
December 31, 2004	1,710,111	2.40-5.50	3.29	5,869,785	0.32-5.50	1.96
Exercisable at						
December 31, 2004	578,538	2.40-5.50	4.40	4,142,160	0.32-5.50	1.08
Exercisable at						
December 31, 2003	1,326,290	2.40-5.50	3.41	4,159,910	0.32-5.50	1.08

A summary of the common stock options outstanding as of December 31, 2004, is presented below:

Outstanding			Exercisable		
Range of exercise prices	Number of options outstanding	Weighted- average remaining contractual life (years)	Weighted average exercise price	Number of options outstanding	Weighted average exercise price
\$.32-0.35	767,597	2.57	\$ 0.33	767,597	\$ 0.33
.80-0.88	2,921,875	2.56	0.88	2,921,875	0.88
2.40-2.80	231,250	3.67	2.62	227,500	2.62
4.00-4.40	1,864,063	9.37	4.09	173,188	4.27

\$ 5.50	85,000	7.39	5.50	52,000	5.50
	5,869,785	4.80	\$ 1.96	4,142,160	\$ 1.08

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NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE L - STOCK OPTIONS AND WARRANTS - CONTINUED

A summary of the common stock warrants outstanding as of December 31, 2004 is presented below:

Range of exercise prices	Outstanding			Exercisable	
	Number of warrants outstanding	Weighted- average remaining contractual life (years)	Weighted average exercise price	Number of warrants outstanding	Weighted average exercise price
\$ 2.40	1,010,672	*	\$ 2.40	-	\$ 2.40
4.40	579,500	0.92	4.40	577,341	4.40
5.50	119,939	0.03	5.50	1,197	5.50
	1,710,111		3.29	578,538	4.40

* The weighted average remaining contractual life in years cannot be calculated at this time. The associated terms provide for the warrants to be exercised no sooner than six months, but no later than twenty-four months after an initial public offering of the Company's common stock, which date is currently undetermined.

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NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE M - COMMITMENTS AND CONTINGENCIES

1. Employment agreement

The Company entered into an employment agreement with a key employee in 2004. The agreement provides for a term of three years and a total monthly salary of \$16,667. Employment with the Company is at-will and may be terminated by the employee or the Company at any time, however, if the Company terminates the employee prior to the initial term without cause, the employee will receive severance pay equivalent to three months salary at termination, and any pro-rated bonus payable monthly for three months. Yearly salaries payable under the agreement are as follows:

Year ending December 31,	Amount
2005	\$150,000
2006	200,000
2007	66,668
	<u>\$416,668</u>

2. Litigation

a. Ripperda, et al v. NBO, Inc., et al, Circuit Court Twentieth Judicial Circuit of Illinois, St. Clair County, Case No. 04L91

On February 13, 2004, Thomas Ripperda, et al, filed an action in Illinois State Court in St. Clair County, Illinois, against the Company in connection with gift cards sold at the St. Clair Square Mall in St. Clair County, Illinois. The plaintiff's complaint seeks to establish a class action. However, as of this date, the plaintiff has not moved to certify a class. The complaint alleged that the term "valid thru" appearing on the face of the gift card next to the expiration date of the gift card is misleading in violation of the Illinois unfair business practices laws. The plaintiff seeks a return of all administrative fees charged against his gift card prior to the "valid thru" date. If a class were certified, then the plaintiff would seek to recover similar fees with respect to all gift cards that the Company has sold.

Under the terms and conditions of the gift cards and the gift card program, the Company disclosed that the Company may charge an administrative fee against a gift card if the gift card is not used within 90 days from the date of purchase. The "valid thru" date is typically between 12 months and 18 months after the date the gift card is purchased. In some cases, the administrative fee reduces the amount of the gift card prior to the "valid thru" date on the card. The Company disclosed the charge of an administrative fee on the backside of the gift card and again in the written terms and conditions that are distributed to customers when they purchase the gift cards. The Company also disclosed that a gift card may be renewed after the "valid thru" date with the payment of a renewal fee.

The lawsuit is currently pending in state court in St. Clair County, Illinois. The Company has filed a motion to dismiss, but the plaintiff has not yet filed an opposition. Both the plaintiff and the Company are continuing to conduct discovery.

b. WildCard Systems, Inc., Claim for Indemnification

WildCard Systems, Inc. ("WildCard") is a credit card transaction processor. The Company entered into an agreement with WildCard for the right to use the MasterCard-branded gift cards sold at the St. Clair Square Mall and for card transaction processing in connection with these gift cards. WildCard in turn contracted with Bank of America and Bank of America issued the gift cards that were sold at St. Clair Square Mall. The term "valid thru" appearing on the face of the card are words required by Bank of America on the face of the card.

Thomas Ripperda, the plaintiff described above, named Bank of America as a defendant together with the Company when he filed his complaint against the Company in connection with the gift cards sold at St. Clair Square Mall. Bank of America has been defending the lawsuit parallel to the Company's defense of the lawsuit. WildCard has not been named as a defendant in the lawsuit.

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003
(including notes related to the unaudited year ended December 31, 2003)

NOTE M - COMMITMENTS AND CONTINGENCIES - CONTINUED

WildCard has informed the Company that Bank of America has asserted a claim for indemnification against WildCard in connection with Bank of America's expenses and possible liability arising from the lawsuit filed by Thomas Ripperda against Bank of America. WildCard has in turn asserted a claim to indemnification against the Company with respect to Bank of America's claim against WildCard.

Section 9.2 of the Company's agreement with WildCard sets forth the indemnification provisions in clause (a) and (b). The obligation to indemnify only arises out of or relating to the following: "(a) any act or omission by [NBO Systems, Inc.] or its representatives in the performance of [NBO Systems, Inc.'s] obligations under the Agreement, (b) any material breach in a representation, covenant or obligation of [NBO Systems, Inc.] contained in this Agreement". The Company's agreement with WildCard provides a similar reciprocal indemnification requirement by WildCard in the Company's favor.

WildCard asserts that the Company has the responsibility to assure that all aspects of the gift card program at St. Clair Square Mall complied with all laws, and since the plaintiff alleges a breach of the Illinois unfair business practices laws in connection with the sale of the gift cards, the Company should be responsible for indemnifying WildCard for its expenses and liabilities incurred in connection with the gift cards. The Company has denied liability based on several grounds. First, WildCard is not a party to the litigation and the Company claims that it should not be liable for expenses and liabilities incurred by WildCard under a completely independent agreement with Bank of America. Second, WildCard has not identified any specific act or omission by the Company or any breach by it of a specific covenant or obligation. Third, the complaint focuses specifically on the phrase "valid thru" on the front of the card, a phrase required by Bank of America and therefore, the Company claims, indirectly required by WildCard.

The Company has also asserted a right to indemnification from WildCard for its costs and liabilities, if any, incurred the litigation with Thomas Ripperda. WildCard has rejected the Company's claim for indemnification.

Since the agreement with WildCard contains an arbitration clause, WildCard has invoked the right to arbitrate the dispute. At this point in time, both WildCard and the Company are in the process of appointing arbitrators. No lawsuit has been filed and no discovery or other proceedings have been initiated in the arbitration proceeding.

Except as described above, the Company is not a party to any material threatened or pending legal proceedings, which if adversely determined, would have an adverse material effect on the Company's financial condition or results of operations. From time to time, however, the Company may become subject to legal proceedings, claims, and litigation arising in the ordinary course of business, including, but not limited to, employee, customer and vendor disputes.

3. Operating Lease

Effective March 2000, the Company entered into a five-year operating lease, expiring February 2005, for the Company's headquarters at a monthly base rent which includes all taxes on the property. This lease was summarily renewed for a period through February 2006. The rental expense under all operating leases was \$332,210, \$326,558, and \$244,124 for the years ended December 31, 2004 and 2003, and the nine months ended December 31, 2003, respectively.

Future minimum payments for all operating leases as of December 31, 2004 are as follows:

Year ending December 31,	Amount
2005	335,303
2006	58,491
2007	2,111
2008	2,528
	<u>\$398,433</u>

NOTES TO FINANCIAL STATEMENTS

December 31, 2004 and 2003

(including notes related to the unaudited year ended December 31, 2003)

NOTE M - COMMITMENTS AND CONTINGENCIES - CONTINUED

4. Gift certificate contracts

The Company has entered into contracts with various entities relative to its gift certificate and gift card business that call for the Company to indemnify the customer against certain claims or charges that may arise from governmental agencies and due to other contingent circumstances. Management has determined that it is not possible to estimate the potential liability, if any, associated with these contracts and no liability is provided for in the accompanying financial statements. State legal statutes and other provisions of the law may change or be subject to other interpretations and could result in significant liability to the Company.

NOTE N - SIGNIFICANT CUSTOMERS

The Company is unable to compute exact revenues from customers since gift cards and gift certificates are generally sold to individuals; however, one mall customer, Glimcher Properties, accounted for approximately 28% of the total gift card transaction volume in 2004. In the year ended December 31, 2003, The Rouse Company and JP Realty, Inc., accounted for 55% and 14%, respectively, of the Company's transaction volume. No other customers accounted for more than 10% of the Company's total transaction volume in 2004 or 2003.

NOTE O - SUBSEQUENT EVENTS

In February 2005, the Company completed the sale of 571,250 common shares in a private equity offering at \$4.00 per share totaling \$2.285 million. The proceeds will be used for general operating purposes. The Company incurred offering costs totaling \$50,600.

On March 10, 2005, the Company entered into new promissory notes with existing, accredited stockholders totaling \$700,000, to fund the Company's operations. Upon execution of the notes, the Company granted 231,331 warrants to purchase common stock at an exercise price of \$4.00 per share. The debt instruments bear interest at 30% and are due July 10, 2005.

On March 10, 2005, the Company entered into a promissory note with an existing, accredited stockholder totaling \$2.1 million to consolidate existing notes payable to the same stockholder. The new promissory note consolidated a \$1 million note payable due March 25, 2005 and a \$1.1 million promissory note due January 12, 2006. The new promissory note is due March 9, 2006 and bears interest at an annual rate of 22%. Upon execution of the note, the Company granted 700,000 warrants to purchase common stock at an exercise price of \$4.00 per share.

SIGNATURES

In accordance with Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant caused this Form 10-KSB/A to be signed on its behalf by the undersigned, thereunto duly authorized.

NBO Systems, Inc.

By: /s/ Keith A. Guevara

Keith A. Guevara
Chairman/President/CEO

Dated: April 29, 2005

In accordance with the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signatures	Title	Date
/s/ Keith A. Guevara Keith A. Guevara *Principal Executive Officer	President, Chief Executive Officer and Chairman of the Board of Directors	April 29, 2005
/s/ D. Kent Jasperson D. Kent Jasperson * Principal Accounting Officer	Chief Accounting Officer, Secretary and Treasurer	April 29, 2005
/s/ Christopher Foley Christopher Foley	Chief Financial Officer and Director	April 29, 2005
/s/ Andrew Boyd-Jones Andrew Boyd-Jones	Director	April 29, 2005

EXHIBIT INDEX

Exhibit

Number	Description
3.1	Articles of Incorporation for a Stock Corporation in the State of Maryland (Filed as Exhibit 2(a) to the Registrant's Form 10-SBA filed on April 26, 2002, and incorporated herein by reference.)
3.2	Certificate of Ownership and Merger (Filed as Exhibit 2(b) to the Registrant's Form 10-SBA filed on April 26, 2002, and incorporated herein by reference.)

- 3.3 Bylaws of NBO Systems, Inc. (Filed as Exhibit 2(c) to the Registrant's Form 10-SBA filed on April 26, 2002, and incorporated herein by reference.)
- 3.4 Articles of Amendment of Articles of Incorporation (Filed herewith.)
- 4.1 See Exhibits 3.1, 3.2 and 3.3 for provisions of the Articles of Incorporation, as amended, and Bylaws for NBO Systems, Inc. defining the rights of holders of common stock of NBO Systems, Inc.
- 4.2 Amended 1997 Stock Option Plan (Filed herewith.)
- 4.3 Warrant Agreement. The form of warrant agreement is substantially the same for all outstanding warrants consisting of Class A Warrants - 1,010,672 Exercisable at \$2.40; Class B Incentive Warrants - 1,197 Exercisable at \$5.50; Other Warrants: 177,421 Exercisable at \$3.00; 969,997 Exercisable at \$4.00; 224,659 Exercisable at \$4.40; 186,835 Exercisable at \$5.50 (Filed as Exhibit 6(c) to the Registrant's Form 10-SB filed on August 2, 2001, and incorporated herein by reference.)
- 10.1 Internet Gift Card(s) Agreement by and between NBO, Inc. and GMRI, Inc., dated as of August 4, 2000 (50 (Filed as Exhibit 6(b) to the Registrant's Form 10-SB filed on August 2, 2001, and incorporated herein by reference.)
- 10.2 License And Services Agreement dated July 31, 2002, with Card Commerce International, Inc. (Filed herewith.)
- 10.3 Master Agreement dated October 10, 2002, with Metavante Corporation (Filed herewith.)
- 10.4 Cash Card Issuer Agreement with Discover Financial Services, Inc., dated October 11, 2002. (Filed herewith.)
- 10.5 Master Services Agreement Dated October 31, 2002, with IPS Card Solutions, Inc. (Filed Herewith.)
- 10.6 Stored Value Card Service Agreement Dated As Of April 1, 2003, With First Data Resources Inc.
- 10.7 Card Sponsorship Agreement between Registrant and BankFirst dated April 9, 2003 (Filed herewith.)
- 10.8 Addendum Dated August 8, 2003, To The Internet Gift Card(S) Agreement Dated April 1, 2001, With GMRI, Inc. (Filed herewith.)
- 10.9 Contract Services Agreement dated October 14, 2003, with Glimcher Properties Limited Partnership (Filed herewith.)
- 10.10 ACH Origination Agreement with Florida Bank, N.A., dated December 30, 2003 (Filed herewith.)
- 10.11 ODFI Originator Agreement dated as of March 19, 2004, with BANKFIRST (Filed herewith)
- 10.12 Amendment dated June 22, 2004, to Master Agreement dated October 10, 2002, with Metavante Corporation (Filed herewith.)
- 10.13 Letter of Intent with Meta Payment Systems dated August 30, 2004 (Filed herewith.)
- 10.14 Marketer Agreement dated September 2, 2004, with First Federal Savings Bank of the Midwest dba Meta Payment Systems (Filed herewith.)
- 10.15 Originating Depository Financial Institution Originator Agreement dated September 13, 2004, with First Federal Savings Bank of the Midwest dba Meta Payment Systems (Filed herewith.)
- 10.16 First Amendment to Contract Services Agreement with Glimcher Properties Limited Partnership dated September 9, 2004 (Filed herewith.)
- 10.17 Merchant Processing Agreement dated October 14, 2004, with NOVA Information Systems, Inc., and U.S. Bank, N.A. (Filed herewith.)
- 10.18 Merchant Participation Agreement dated October 25, 2004 (Filed herewith)
- 10.19 Letter of Intent dated November 9, 2004, with Great Lakes Scrip Center, L.L.C. (Filed herewith.)
- 10.20 Addendum August 8, 2004, to Internet Gift Cards Agreement dated April 1, 2001, with Darden GC Corp. (Filed herewith.)
- 10.21 Premises Lease Amendment #1 dated October 27, 2004, with 5B Bangerter L.L.C. (Filed herewith.)
- 10.22 Stored Value Product Agreement with Adaptive Marketing LLC, dated November 19, 2004 (Filed herewith.)
- 31.1 Section 302 Certification of Keith A. Guevara, Chairman, President and CEO
- 31.2 Section 302 Certification of Christopher Foley, Board Member and CFO
- 32 Certification pursuant to 18 U.S.C. Section 1350 of Keith A. Guevara and Christopher Foley

**ARTICLES OF AMENDMENT
OF
ARTICLES OF INCORPORATION
OF
NBO SYSTEMS, INC.
a Maryland corporation**

NBO Systems, Inc., a Maryland corporation (the "Corporation"), hereby certifies to the State Department of Assessments and Taxation of Maryland that:

1. The Articles of Incorporation of the Corporation is hereby amended as follows:

The Sixth Article of the Articles of Incorporation is hereby amended in its entirety to read as follows:

SIXTH:

The Corporation has authority to issue two classes of shares to be designated "Common Stock" and "Preferred Stock," respectively. The total number of shares of Common Stock that the Corporation is authorized to issue is fifty million (50,000,000), \$.0005 par value per share. The total number of shares of Preferred Stock authorized is one million (1,000,000), \$1.00 par value per share. The total number of shares that the Corporation is authorized to issue is 51,000,000. The total par value of the authorized stock is \$1,025,000.

The preferences, limitation and relative rights of each class of shares (to the extent established hereby) and the express grant of authority to the Board of Directors to amend this Articles of Incorporation to divide the authorized shares of Preferred Stock into series, to establish and modify preferences, limitations and relative rights of each share of Preferred Stock and to otherwise impact the capitalization of the Corporation as permitted by the Act are as follows:

A. Common Stock

1. Voting Rights. Except as otherwise expressly provided by law or in this Sixth Article, each issued and outstanding share of Common Stock shall be entitled to one vote on each matter to be voted on by the shareholders of the Corporation.

2. Liquidation Rights. Subject to any prior or superior rights of liquidation as may be conferred upon any shares of Preferred Stock, and after payment or provision for payment of the debts and other liabilities of the Corporation, upon any voluntary or involuntary liquidation, dissolution or winding up of the affairs of the Corporation, the holders of shares of Common Stock then-outstanding shall be entitled to receive all of the assets of the Corporation remaining and available for distribution. Such assets shall be divided among and paid to the holders of shares of Common Stock, on a pro-rata basis, according to the number of shares of Common Stock held by them.

3. Dividends. Dividends may be paid on the issued and outstanding shares of Common Stock as and when declared by the Board of Directors, out of funds legally available therefore; provided, however, that no dividends shall be made with respect to the Common Stock until any preferential dividends required to be paid or set apart for any issued and outstanding shares of the Corporation's Preferred Stock have been paid or set apart.

4. Residual Rights. All rights accruing to the issued and outstanding shares of the Corporation not expressly provided for to the contrary herein, in the Corporation's Bylaws or in any resolution or document regarding the preferences, limitations and/or relative rights of any shares of Preferred Stock or in any amendment hereto or thereto, shall be vested in the Common Stock.

B. Preferred Stock

The Board of Directors, without shareholder action, may amend this Articles of Incorporation, pursuant to the authority granted to the Board of Directors by the Act, to do any of the following:

(i) designate and determine, in whole or in part, the preferences, limitations and relative rights, within the limits set forth in the Act, of the Preferred Stock before the issuance of any shares of Preferred Stock;

(ii) create one or more series of Preferred Stock, fix the number of shares of each such series (within the total number of authorized shares of Preferred Stock available for designation as a part of such series) and designate and determine, in whole or in part, the preferences, limitation and relative rights of each series of Preferred Stock, within the limits set forth in the act, all before the issuance of any shares of such series;

(iii) alter or revoke the preferences, limitations and/or relative rights granted to or imposed upon the Preferred Stock before the issuance of any shares of Preferred Stock, or upon any wholly-unissued series of Preferred Stock; or

(iv) increase or decrease the number of shares constituting any series of Preferred Stock, the number of shares of which was originally fixed by the Board of Directors, either before or after the issuance of shares of the series; provided, however, that the number may not be decreased below the number of shares of such series then-outstanding or increased above the total number of authorized shares of Preferred Stock available for designation apart of such series.

The Board of Directors, with the approval of a majority of the entire board, and without action by the stockholders, may amend this charter to increase or decrease the aggregate number of shares of stock of the Corporation or the number of shares of stock of any class that the Corporation has authority to issue.

2. Immediately prior to the effectiveness of this Amendment, the Corporation was authorized to issue a total of twenty million (20,000,000) shares of Common Stock, \$0.0005 par value per share, and one million (1,000,000) shares of Preferred Stock, \$1.00 par value per share. The total number of shares of Common Stock and Preferred Stock that the Corporation was authorized to issue was 21,000,000 shares, with a total par value of \$1,010,000.

3. This Amendment of the Articles of Incorporation of the Corporation (i) has been approved by a majority of the entire Board of Directors of the Company; and (ii) is limited to a change expressly authorized by Section 2-105(a)(12) of the Maryland General Corporation Law to be made without action by the stockholders.

We the undersigned President and Secretary swear under penalties of perjury that the foregoing is a corporate act.

Dated: April 4, 2004

/s/ D. Kent Jasperson
D. Kent Jasperson
Secretary Chairman,

/s/ Keith A. Guevara
Keith A. Guevara
President & CEO

Return address of filing party:
NBO Systems, Inc.
3676 W. California Ave., Bldg. D
Salt Lake City, UT 84104
801-887-7000 (T)
801-973-4951 (F)

NBO SYSTEMS, INC. (FORMERLY NEIGHBORHOOD BOX OFFICE, INC.)**AMENDED 1997 STOCK OPTION PLAN****1. PURPOSE.**

This 1997 Stock Option Plan (the "Plan") is intended to provide incentives: (a) to the officers and other employees of NBO Systems, Inc. (formerly Neighborhood Box Office, Inc.), a Maryland (formerly Utah) corporation (the "Company"), and any present or future subsidiaries of the Company (collectively, "Related Corporations") by providing them with opportunities to purchase stock in the Company pursuant to options granted hereunder which qualify as "incentive stock options" under Section 422A(b) of the Internal Revenue Code of 1986 (the "Code") ("ISO" or "ISOs"); (b) to directors, officers, employees and consultants of the Company and Related Corporations by providing them with opportunities to purchase stock in the Company pursuant to options granted hereunder which do not qualify as ISOs ("Non-Qualified Option" or "Non-Qualified Options"); (c) to directors, officers, employees and consultants of the Company and Related Corporations by providing them with awards of stock in the Company ("Awards"); and (d) to directors, officers, employees and consultants of the Company and Related Corporations by providing them with opportunities to make direct purchases of stock in the Company ("Purchases"). Both ISOs and Non-Qualified Options are referred to hereafter individually as an "Option" and collectively as "Options". Options, Awards and authorizations to make Purchases are referred to hereafter collectively as "Stock Rights". As used herein, the terms "parent" and "subsidiary" mean "parent corporation" and "subsidiary corporation", respectively, as those terms are defined in Section 425 of the Code.

2. ADMINISTRATION OF THE PLAN.

(a) Board or Committee Administration. The Plan shall be administered solely by the Board of Directors of the Company (the "Board") or a Compensation Committee (the "Committee") of not less than two (2) members of the Board of Directors, provided the members of the Board of Directors or such Committee members have not within one year prior to such Committee service received, or during such service receive a grant or award of Stock Rights under this Plan or any other plan of the Company. Hereinafter, all references in this Plan to the "Committee" shall mean the Board if no Committee has been appointed. Subject to ratification of the grant or authorization of each Stock Right by the Board (if so required by applicable state law), and subject to the terms of the Plan, the Committee shall have the authority to (i) determine the employees of the Company and Related Corporations (from among the class of employees eligible under Paragraph 3 hereof to receive ISOs) to whom ISOs may be granted, and to determine (from among the class of individuals and entities eligible under Paragraph 3 to receive Non-Qualified Options and Awards and to make Purchases) to whom Non-Qualified Options, Awards and authorizations to make Purchases may be granted; (ii) determine the time or times at which Options or Awards may be granted or Purchases made; (iii) determine the option price of shares subject to each Option, which price shall not be less than the minimum price specified in Paragraph 6 hereof, and the purchase price of shares subject to each Purchase; (iv) determine whether each Option granted shall be an ISO or a Non-Qualified Option; (v) determine (subject to Paragraph 7 hereof) the time or times when each Option shall become exercisable and the duration of the exercise period; (vi) determine whether restrictions such as repurchase options are to be imposed on shares subject to Options, Awards and Purchases and the nature of such restrictions, if any, and (vii) interpret the Plan and prescribe and rescind rules and regulations relating to it. If the Committee determines to issue a Non-Qualified Option, it shall take whatever actions it deems necessary under Section 422A of the Code and the regulations promulgated thereunder, to ensure that such Option is not treated as an ISO. The interpretation and construction by the Committee of any provisions of the Plan or of any Stock Right granted under it shall be final unless otherwise determined by the Board. The Committee may from time to time adopt such rules and regulations for carrying

out the Plan as it may deem appropriate. No member of the Board or the Committee shall be liable for any action or determination made in good faith with respect to the Plan or any Stock Right granted under it.

(b) Committee Actions. The Committee may select one of its members as its chairman, and shall hold meetings at such times and places as it may determine. Acts by a majority of the Committee, or acts reduced to or approved in writing by a majority of the members of the Committee, shall be the valid acts of the Committee. From time to time the Board may increase the size of the Committee and appoint additional members thereof, remove members (with or without cause) and appoint new members in substitution therefor, fill vacancies however caused, or remove all members of the Committee and thereafter directly administer the Plan.

(c) Grant of Stock Rights to Board Members. Stock Rights may be granted to members of the Board, but any such grant shall be made and approved in accordance with Paragraph 2(d) hereof, if applicable. All grants of Stock Rights to members of the Board shall in all other respects be made in accordance with the provisions of this Plan applicable to other eligible persons. Members of the Board who are either (i) eligible for Stock Rights pursuant to the Plan or (ii) have been granted Stock Rights may vote on any matters affecting the administration of the Plan or the grant of any Stock Rights pursuant to the Plan, except that no such member shall act upon the granting to himself of Stock Rights, but any such member may be counted in determining the existence of a quorum at any meeting of the Board during which action is taken with respect to the granting to him of Stock Rights.

(d) Compliance with Federal Securities Laws. Various restrictions apply to officers and directors and others who may be deemed insiders. Holders of Stock Rights should consult with legal and tax advisors regarding the securities law, tax law and other effects of transactions under this Plan. These restrictions relate to holding periods, alternative minimum tax calculations and other matters and should be clearly understood by the Stock Rights holder.

(e) Intent of Plan. This Plan is intended to be an "employee benefit plan" under Rule 16b-3 promulgated under Section 16(b) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). This Plan is also intended to be a "compensatory benefit plan" under Rule 701 promulgated under the Securities Act of 1933, as amended. Transactions under the Plan are intended to comply with these rules. To the extent any provisions of the Plan or any action by the Committee or of the Board fails to so comply, it shall be deemed null and void, to the extent permitted by law and deemed advisable by the Commission or the Board.

(f) Shareholder Approval. Grants of incentive stock options hereunder shall be subject to shareholder approval of this Plan within twelve (12) months following the date this Plan is approved by the Board.

3. ELIGIBLE EMPLOYEES AND OTHERS.

ISOs may be granted to any employee of the Company or any Related Corporation. Those officers and directors of the Company who are not employees may not be granted ISOs under the Plan. Non-Qualified Options, Awards and authorizations to make Purchases may be granted to any employee, officer or director (whether or not also an employee) or consultant of the Company or any Related Corporation. The Committee may take into consideration a recipient's individual circumstances in determining whether to grant an ISO, a Non-Qualified Option, an Award or an authorization to make a Purchase. Granting of any Stock Right to any individual or entity shall neither entitle that individual or entity to, nor disqualify him from, participation in any other grant of Stock Rights.

4. STOCK.

The stock subject to Options, Awards and Purchases shall be authorized but unissued shares of Common Stock of the Company, no par value per share (the "Common Stock"), or shares of Common Stock reacquired by the Company in any manner. The aggregate number of shares which may be issued pursuant to the Plan is 10,000,000, subject to adjustment

as provided in Paragraph 13 hereof. Any such shares may be issued as ISOs, Non-Qualified Options or Awards, or to persons or entities making Purchases, so long as the number of shares so issued does not exceed such number, as adjusted. If any Option granted under the Plan shall expire or terminate for any reason without having been exercised in full or shall cease for any reason to be exercisable in whole or in part, or if the Company shall reacquire any unvested shares issued pursuant to Awards or Purchases, the unpurchased shares subject to such Options and any unvested shares so reacquired by the Company shall again be available for grants of Stock Rights under the Plan.

5. GRANTING OF STOCK RIGHTS.

Stock Rights may be granted under the Plan at any time until ten years after the date of the adoption of the Plan. The date of grant of a Stock Right under the Plan will be the date specified by the Committee at the time it grants the Stock Right; provided, however, that such date shall not be prior to the date on which the Committee acts to approve the grant. The Committee shall have the right, with the consent of the optionee, to convert an ISO granted under the Plan to a Non-Qualified Option pursuant to Paragraph 16 hereof.

6. MINIMUM OPTION PRICE; ISO LIMITATIONS.

(a) Price for Non-Qualified Options. The exercise price per share specified in the agreement relating to each Non-Qualified Option granted under the Plan shall in no event be less than the lesser of (i) the book value per share of Common Stock as of the end of the fiscal year of the Company immediately preceding the date of such grant or (ii) fifty percent (50%) of the fair market value per share of the Common Stock on the date of such grant. Subject to the foregoing sentence, the exercise price and nature of consideration for Non-Qualified Options granted hereunder shall be determined by the Committee, in its sole discretion, taking into account factors it deems relevant.

(b) Price for ISOs. The exercise price per share specified in the agreement relating to each ISO granted under the Plan shall not be less than the fair market value per share of Common Stock on the date of such grant. In the case of an ISO to be granted to an employee owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Related Corporation, the price per share specified in the agreement relating to such ISO shall not be less than one hundred ten percent (110%) of the fair market value per share of Common Stock on the date of grant.

(c) \$100,000 Annual Limitation on ISOs. Each eligible employee may be granted ISOs only to the extent that, in the aggregate under this Plan and all incentive stock option plans of the Company and any Related Corporation, such ISOs do not become exercisable for the first time by such employee during any calendar year in a manner which would entitle the employee to purchase more than \$100,000 in fair market value (determined at the time the ISOs were granted) of Common Stock in that year. Any options granted to an employee in excess of such amount will be granted as Non-Qualified Options.

(d) Awards and Purchases. Awards and Purchases under this Plan shall be made at prices equal to the fair market value of the Company's Common Stock on the date of such Award or Purchase. Fair market value shall be determined by the Committee in its sole discretion in accordance with Paragraph 6(e) hereof. Shares of Common Stock may be issued in Award and Purchase transactions for any lawful consideration determined by the Committee, in its sole discretion.

(e) Determination of Fair Market Value. If, at the time an Option is granted under the Plan, the Company's Common Stock is publicly traded, "fair market value" shall be determined as of the last business day for which the prices or quotes discussed in this sentence are available prior to the date such Option is granted and shall mean (i) the average (on that date) of the high and low prices of the Common Stock on the principal national securities exchange on which the Common Stock is traded, if the Common Stock is then traded on a national securities exchange; or (ii) the last reported sale price (on that date) of the Common Stock on the Nasdaq National Market List, if the Common Stock is not then traded on a national securities exchange; or (iii) the closing bid price (or average of bid prices) last quoted (on that date)

by an established quotation service for over-the-counter securities, if the Common Stock is not reported on the Nasdaq National Market List. However, if the Common Stock is not publicly traded at the time an Option is granted under the Plan, fair market value shall be deemed to be the fair value of the Common Stock as determined by the Committee after taking into consideration all factors which it deems appropriate, including, without limitation, recent sale and offer prices of the Common Stock in private transactions negotiated at arm's length.

7. OPTION DURATION.

Subject to earlier termination as provided in Paragraphs 9 and 10 hereof, each Option shall expire on the date specified by the Committee, but not more than (i) ten (10) years and one day from the date of grant in the case of Non-Qualified Options, (ii) ten (10) years from the date of grant in the case of ISOs generally and (iii) five (5) years from the date of grant in the case of ISOs granted to an employee owning stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Related Corporation. Subject to earlier termination as provided in Paragraphs 9 and 10, the term of each ISO shall be the term set forth in the original instrument granting such ISO, except with respect to any part of such ISO that is converted into a Non-Qualified Option pursuant to Paragraph 16 hereof.

8. EXERCISE OF OPTIONS.

Subject to the provisions of Paragraphs 9 through 12 hereof, each Option granted under the Plan shall be exercisable as follows:

(a) Vesting. The Option shall either be fully exercisable on the date of grant or shall become exercisable thereafter in such installments as the Committee may specify.

(b) Full Vesting of Installments. Once an installment becomes exercisable it shall remain exercisable until expiration or termination of the Option, unless otherwise specified by the Committee.

(c) Partial Exercise. Each Option or installment may be exercised at any time or from time to time, in whole or in part, for up to the total number of shares with respect to which it is then exercisable.

(d) Acceleration of Vesting. The Committee shall have the right to accelerate the date of exercise of any installment of any Option; provided that the Committee shall not, without the consent of the optionee, accelerate the exercise date of any installment of any Option granted to any employee as an ISO (and not previously converted into a Non-Qualified Option pursuant to Paragraph 16 below) if such acceleration would violate the annual vesting limitation contained in Section 422A(d) of the Code, as described in Paragraph 6(c) hereof.

9. TERMINATION OF EMPLOYMENT.

If an ISO optionee ceases to be employed by the Company and all Related Corporations other than by reason of death or disability as defined in Paragraph 10 hereof, no further installments of such optionee's ISOs shall become exercisable, and such optionee's ISOs shall terminate after the passage of ninety (90) days from the date of termination of such optionee's employment, but in no event later than on their specified expiration dates, except to the extent that such ISOs (or unexercised installments thereof) have been converted into Non-Qualified Options pursuant to Paragraph 16 hereof. Employment shall be considered as continuing uninterrupted during any bona fide leave of absence (such as those attributable to illness, military obligations or governmental service) provided that the period of such leave does not exceed ninety (90) days or, if longer, any period during which such optionee's right to reemployment is guaranteed by statute. A bona fide leave of absence with the written approval of the Committee shall not be considered an interruption of employment under the Plan, provided that such written approval contractually obligates the Company or any Related Corporation to continue the employment of the optionee after the approved period of absence. ISOs granted under the Plan shall not be affected by any change of employment within or among the Company and Related Corporations, so long as the optionee continues to be an employee of the Company or any Related Corporation. Nothing in the Plan

shall be deemed to give any grantee of any Stock Right the right to be retained in employment or other service by the Company or any Related Corporation for any period of time.

10. DEATH; DISABILITY.

(a) Death. If an ISO optionee ceases to be employed by the Company and all Related Corporations by reason of such optionee's death, any ISO of such optionee may be exercised, to the extent of the number of shares with respect to which the optionee could have exercised on the date of the optionee's death, by the optionee's estate, personal representative or beneficiary who has acquired the ISO by will or by the laws of descent and distribution, at any time prior to the earlier of the specified expiration date of the ISO or one year from the date of the optionee's death.

(b) Disability. If an ISO optionee ceases to be employed by the Company and all Related Corporations by reason of disability, such optionee (or such optionee's custodian) shall have the right to exercise any ISO held by such optionee on the date of termination of employment, to the extent of the number of shares with respect to which the optionee could have exercised on that date, at any time prior to the earlier of the specified expiration date of the ISO or one year from the date of the termination of the optionee's employment. For the purposes of the Plan, the term "disability" shall mean "permanent and total disability" as defined in Section 22(e)(3) of the Code or any successor statute.

11. TRANSFERABILITY OF OPTION.

To the extent permitted by tax, securities or other applicable laws to which the Company, the Plan, and the recipients or eligible persons are subject, a recipient of a Non-Qualified Stock Option may transfer such Option to (i) the recipient's spouse, child, grandchild or parent, (ii) a trust for the benefit of the recipient's spouse, child, grandchild or parent, or (iii) a partnership whose partners consist solely of the recipient's spouse, child, grandchild or parent, unless provided otherwise by the Board or the Committee in establishing the terms of such Option as the date of grant.

12. TERMS AND CONDITIONS OF OPTIONS.

Options shall be evidenced by instruments (which need not be identical) in such form as the Committee may from time to time approve. Such instruments shall conform to the terms and conditions set forth in Paragraphs 6 through 11 hereof and may contain such other provisions as the Committee deems advisable, which are not inconsistent with the Plan, including restrictions applicable to shares of the Common Stock issuable upon exercise of Options. In granting any Non-Qualified Options, the Committee may specify that such Non-Qualified Option shall be subject to the restrictions set forth herein with respect to ISOs, or to such other termination and cancellation provisions as the Committee may determine. The Committee may from time to time confer authority and responsibility on one or more of its own members and/or one or more officers of the Company to execute and deliver such instruments. The proper officers of the Company are authorized and directed to take any and all action necessary or advisable from time to time to carry out the terms of such instruments.

13. ADJUSTMENTS.

Upon the occurrence of any of the following events, an optionee's rights with respect to Options granted to the optionee hereunder shall be adjusted as hereinafter provided, unless otherwise specifically provided in the written agreement between the optionee and the Company relating to such Option:

(a) Stock Dividends and Stock Splits. If the shares of Common Stock shall be subdivided or combined into a greater or smaller number of shares or if the Company shall issue any shares of Common Stock as a stock dividend on its outstanding Common Stock, the number of shares of Common Stock deliverable upon the exercise of Options shall be appropriately increased or decreased proportionately, and appropriate adjustments shall be made in the purchase price per share to reflect such subdivision, combination or stock dividend.

(b) Assumption of Options by Successors. In the event of a dissolution or liquidation of the Company, a merger in which the Company is not the surviving corporation, or the sale of substantially all of the assets of the Company, the Committee may in its sole discretion accelerate the exercisability of any or all outstanding Options so that such Options would be exercisable in full prior to the consummation of such dissolution, liquidation, merger or sale of assets at such times and on such conditions as the Committee shall determine, unless the successor corporation, if any, assumes the outstanding Options or substitutes substantially equivalent options.

(c) Recapitalization or Reorganization. In the event of a recapitalization or reorganization of the Company (other than a transaction described in Paragraph 13(b) hereof) pursuant to which securities of the Company or of another corporation are issued with respect to the outstanding shares of Common Stock, an optionee, upon exercising an Option shall be entitled to receive for the purchase price paid upon such exercise the securities the optionee would have received if the optionee had exercised the Option prior to such recapitalization or reorganization.

(d) Modification of ISOs. Notwithstanding the foregoing, any adjustments made pursuant to Paragraphs 13(a), (b) or (c) hereof with respect to ISOs shall be made only after the Committee, after consulting with counsel for the Company, determines whether such adjustments would constitute a "modification" of such ISOs (as that term is defined in Section 425 of the Code) or would cause any adverse tax consequences for the holders of such ISOs. If the Committee determines that such adjustments made with respect to ISOs would constitute a modification of such ISOs, it may refrain from making such adjustments.

(e) Dissolution or Liquidation. In the event of the proposed dissolution or liquidation of the Company, each Option will terminate immediately prior to the consummation of such proposed action or at such other time and subject to such other conditions as shall be determined by the Committee.

(f) Issuances of Securities. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or of securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number of price of shares subject to Options. No adjustments shall be made for dividends paid in cash or in property other than securities of the Company.

(g) Fractional Shares. No fractional shares shall be issued under the Plan and the optionee shall receive from the Company cash in lieu of such fractional shares.

(h) Adjustments. Upon the happening of any of the foregoing events described in Paragraphs 13(a), (b) or (c) hereof, the class and aggregate number of shares set forth in Paragraph 4 above that are subject to Stock Rights which previously have been or subsequently may be granted under the Plan shall also be appropriately adjusted to reflect the events described in such paragraphs. The Committee or the Successor Board shall determine the specific adjustments to be made under this Paragraph 13 and, subject to Paragraph 2 hereof, its determination shall be conclusive.

If any person or entity owning restricted Common Stock obtained by exercise of a Stock Right made hereunder receives shares or securities or cash in connection with a corporate transaction described in Paragraphs 13(a), (b) or (c) hereof as a result of owning such restricted Common Stock, such shares or securities or cash shall be subject to all of the conditions and restrictions applicable to the restricted Common Stock with respect to which such shares or securities or cash were issued, unless otherwise determined by the Committee or the Successor Board.

14. MEANS OF EXERCISING STOCK RIGHTS.

A Stock Right (or any part or installment thereof) shall be exercised by giving written notice to the Company at its principal office address. Such notice shall identify the Stock Right being exercised and specify the number of shares as to which such Stock Right is being exercised, accompanied by full payment of the purchase price therefor either (a) in United States dollars in cash or by check, or (b) at the discretion of the Committee, through delivery of shares of Common Stock having a fair market value equal as of the date of the exercise to the cash exercise price of the Stock

Right, or (c) at the discretion of the Committee, by delivery of the grantee's personal recourse note bearing interest payable not less than annually at no less than 100% of the lowest applicable Federal rate, as defined in Section 1274(d) of the Code, or (d) at the discretion of the Committee, through the use of some of the shares or the rights to purchase some of the shares for which the Option is being exercised, or (e) at the discretion of the Committee, by any combination of (a), (b), (c) and (d). If the Committee exercises its discretion to permit payment of the exercise price of an ISO by means of the methods set forth in clauses (b), (c), (d) or (e) of the preceding sentence, such discretion shall be exercised in writing at the time of the grant of the ISO in question. The holder of a Stock Right shall not have the rights of a shareholder with respect to the shares covered by his Stock Right until the date of issuance of a stock certificate to him for such shares. Except as expressly provided above in Paragraph 13 hereof with respect to changes in capitalization and stock dividends, no adjustment shall be made for dividends or similar rights for which the record date is before the date such stock certificate is issued.

15. TERM AND AMENDMENT OF PLAN.

This Plan was adopted by the Board on January 22, 1997, subject (with respect to the validation of ISOs granted under the Plan) to approval of the Plan by the stockholders of the Company. If the approval of stockholders is not obtained by January 22, 1998, any grants of ISOs under the Plan made prior to that date will be rescinded. The Plan shall expire on January 22, 2007 (except as to Options outstanding on that date). Subject to the provisions of Paragraph 5 hereof, Stock Rights may be granted under the Plan prior to the date of stockholder approval of the Plan. The Board may terminate or amend the Plan in any respect at any time, except that, without the approval of the stockholders obtained within twelve (12) months before or after the Board adopts a resolution authorizing any of the following actions: (a) the total number of shares that may be issued under the Plan may not be increased (except by adjustment pursuant to Paragraph 13 hereof); (b) the provisions of Paragraph 3 hereof regarding eligibility for grants of ISOs may not be modified; (c) the provisions of Paragraph 6(b) hereof regarding the exercise price at which shares may be offered pursuant to ISOs may not be modified (except by adjustment pursuant to Paragraph 13 hereof); and (d) the expiration date of the Plan may not be extended. Except as otherwise provided in this Paragraph 15, in no event may action of the Board or the stockholders alter or impair the rights of a grantee, without such grantee's consent, under any Stock Right previously granted to such grantee. The Committee may amend the terms of any Stock Right granted if such amendment is agreed to by the recipient of such Stock Right.

16. CONVERSION OF ISOS INTO NON-QUALIFIED OPTIONS; TERMINATION OF ISOS.

The Committee, at the written request of any optionee, may in its discretion take such actions as may be necessary to convert such optionee's ISOs (or any installments or portions of installments thereof) that have not been exercised on the date of conversion into Non-Qualified Options at any time prior to the expiration of such ISOs, regardless of whether the optionee is an employee of the Company or a Related Corporation at the time of such conversion. Such actions may include, but shall not be limited to, extending the exercise period or reducing the exercise price of the appropriate installments of such Options. At the time of such conversion, the Committee (with the consent of the Optionee) may impose such conditions on the exercise of the resulting Non-Qualified Options as the Committee in its discretion may determine, provided that such conditions shall not be inconsistent with this Plan. Nothing in this Plan shall be deemed to give any optionee the right to have such optionee's ISOs converted into Non-Qualified Options, and no such conversion shall occur until and unless the Committee takes appropriate action. The Committee, with the consent of the optionee, may also terminate any portion of any ISO that has not been exercised at the time of such termination.

17. APPLICATION OF FUNDS.

The proceeds received by the Company from the sale of shares pursuant to Options granted and Purchases authorized under the Plan shall be used for general corporate purposes.

18. GOVERNMENTAL REGULATION.

The Company's obligation to sell and deliver shares of Common Stock under this Plan is subject to the approval of any governmental authority required in connection with the authorization, issuance or sale of such shares.

19. WITHHOLDING OF ADDITIONAL INCOME TAXES.

Upon the exercise of a Non-Qualified Option, the grant of an Award, the making of a Purchase of Common Stock for less than its fair market value, the making of a Disqualifying Disposition (as defined in Paragraph 20 hereof) or the vesting of restricted Common Stock acquired upon the exercise of a Stock Right hereunder, the Company, in accordance with Section 3402(a) of the Code, may require the optionee, Award recipient or purchaser to pay additional withholding taxes in respect of the amount that is considered compensation includable in such person's gross income. The Committee in its discretion may condition (i) the exercise of an Option, (ii) the grant of an Award, (iii) the making of a Purchase of Common Stock for less than its fair market value, or (iv) the vesting of restricted Common Stock acquired by exercising a Stock Right, on the grantee's payment of such additional withholding taxes.

20. NOTICE TO COMPANY OF DISQUALIFYING DISPOSITION.

Each employee who receives an ISO must agree to notify the Company in writing immediately after the employee makes a Disqualifying Disposition of any Common Stock acquired pursuant to the exercise of an ISO. A Disqualifying Disposition is any disposition (including any sale) of such Common Stock before the later of (a) two (2) years after the date the employee was granted the ISO or (b) one (1) year after the date the employee acquired the Common Stock by exercising the ISO. If the employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter.

21. GOVERNING LAW; CONSTRUCTION.

The validity and construction of the Plan and the instruments evidencing Stock Rights shall be governed by the laws of the State of Utah. In construing this Plan, the singular shall include the plural and the masculine gender shall include the feminine and neuter, unless the context otherwise requires.

22. FINANCIAL ASSISTANCE.

The Company is vested with authority under this Plan to assist any employee to whom an Option is granted hereunder (including any director or officer of the Company or any of its Related Corporations who is also an employee) in the payment of the purchase price payable on exercise of that Option, by lending the amount of such purchase price to such employee on such terms and at such rates of interest and upon such security (or unsecured) as shall have been authorized by or under authority of the Committee.

NBO SYSTEMS, INC.

INCENTIVE STOCK OPTION AGREEMENT

NBO Systems, Inc., a Maryland corporation (the "Company"), hereby grants effective as of October 1, 2004 to **EMPLOYEE NAME** (the "Employee"), an option to purchase a maximum of **XXX,XXX** shares of its Common Stock, \$.0005 par value per share, at the price of **\$XX.XX** per share, on the following terms and conditions:

1. **Grant Under 1997 Stock Option Plan.** This option is granted pursuant to and is governed by the Company's 1997 Stock Option Plan (the "Plan") and, unless the context otherwise requires, terms used herein shall have the same

meaning as in the Plan. Determinations made in connection with this option pursuant to the Plan shall be governed by the Plan as it exists on this date.

2. **Grant as Incentive Stock Option; Other Options.** This option is intended to qualify as an incentive stock option under Section 422A of the Internal Revenue Code of 1986, as amended (the "Code"). This option is in addition to any other options heretofore or hereafter granted to the Employee by the Company. A duplicate original of this instrument shall not effect the grant of another option.

3. **Extent of Option if Employment Continues.** If the Employee has continued to be employed by the Company on the following dates, the Employee may exercise this option on the following dates for the number of shares set opposite the applicable dates:

One year from _____, 200__ (the "Beginning Grant Date")	- _____ shares
Two years from the Beginning Grant Date	- an additional _____ shares
Three years from the Beginning Grant Date	- an additional _____ shares
Four years from the Beginning Grant Date	- an additional _____ shares
Five years or more from the Beginning Grant Date	- an additional _____ shares

The foregoing rights are cumulative, and while the Employee continues to be employed by the Company, may be exercised up to and including the date which is ten years from the date this option is granted. All of the foregoing rights are subject to Sections 4 and 5, as appropriate, if the Employee ceases to be employed by the Company or dies or becomes disabled while in the employ of the Company.

4. **Termination of Employment.** Except as provided in Section 20 hereof, if the Employee ceases to be employed by the Company, other than by reason of death or disability as defined in Section 5, no further installments of this option shall become exercisable and this option shall terminate after the passage of ninety (90) days from the date employment ceases, but in no event later than the scheduled expiration date. In such a case, the Employee's only rights hereunder shall be those that are properly exercised before the termination of this option.

5. **Death; Disability.** If the Employee dies while in the employ of the Company, this option may be exercised, to the extent of the number of shares with respect to which the Employee could have exercised on the date of the Employee's death, by the Employee's estate, personal representative or beneficiary to whom this option has been assigned pursuant to Section 10, at any time within one (1) year after the date of death, but not later than the scheduled expiration date. If the Employee ceases to be employed by the Company by reason of the Employee's disability (as defined in the Plan), this option may be exercised, to the extent of the number of shares with respect to which the Employee could have exercised it on the date of the termination of the Employee's employment, at any time within one (1) year after such termination, but not later than the scheduled expiration date. At the expiration of such one-year period or the scheduled expiration date, whichever is the earlier, this option shall terminate and the only rights hereunder shall be those as to which the option was properly exercised before such termination.

6. **Partial Exercise.** Exercise of this option up to the extent above stated may be made in part at any time and from time to time within the above limits, except that this option may not be exercised for a fraction of a share unless such exercise is with respect to the final installment of stock subject to this option and a fractional share (or cash in lieu thereof) must be issued to permit the Employee to exercise completely such final installment. Any fractional share with respect to which an installment of this option cannot be exercised because of the limitation contained in the preceding sentence shall remain subject to this option and shall be available for later purchase by the Employee in accordance with the terms hereof.

7. **Payment of Price.** The option price is payable as follows:

(a) in cash or by check, or any combination of the foregoing, equal in amount to the option price.

(Employee Initials)

(b) in cash, by check, by delivery of shares of the Company's Common Stock having a fair market value (as determined by the Board of Directors or Committee, as appropriate) equal as of the date of exercise to the option price, or by any combination of the foregoing, equal in amount to the option price.

(Employee Initials)

As provided above, payment of such purchase price or any portion thereof may be made with shares of stock of the same class as the shares then subject to this option, if shares of that class are then publicly traded (as defined below), such shares to be credited toward such purchase price on the valuation basis set forth below, in which event the stock certificates evidencing the shares so to be used shall accompany the notice of exercise and shall be duly endorsed or accompanied by a duly executed stock powers to transfer the same to the Company; provided, however, that such payment in stock instead of cash shall not be effective and shall be rejected by the Company if (i) the Company is then prohibited from purchasing or acquiring shares of the class of its stock thus tendered to it, or (ii) the right or power of the person exercising the option to deliver such shares in payment of said purchase price is subject to the prior interests of any other person (excepting the Company as indicated by legends upon the certificate(s) or as known to the Company). For purposes of this paragraph (a) "publicly traded" shares are those which are listed or admitted to unlisted trading privileges on a national securities exchange or as to which sales or bid and offer quotations are reported in the automated quotation system ("Nasdaq"), operated by the National Association of Securities Dealers Inc. ("NASD"); and (b) for credit toward the purchase price, shares so surrendered shall be valued as of the day immediately preceding the delivery to the Company of the certificate(s) evidencing such shares (or, if such day is not a trading day in the U.S. securities markets, on the nearest preceding trading day), on the basis of the closing price of stock of that class as reported with respect to the market (or the composite of the markets, if more than one) in which such shares are then traded, or if no such closing prices are reported, the lowest independent offer quotation reported, therefor in Level 2 of Nasdaq, or if no such quotations are reported on the basis of the most nearly comparable valuation method acceptable to the Company. If the Company rejects the payment in stock, the tendered notice of exercise shall not be effective hereunder unless promptly after being notified of such rejection the person exercising the option pays the purchase price in acceptable form. If and while payment of the purchase price with stock is permitted in accordance with the foregoing provisions, the person then entitled to exercise this option may, in lieu of using previously outstanding shares therefor, use some of the shares as to which this option is then being exercised, in which case the notice of exercise need not be accompanied by any stock certificates but shall include a statement directing the Company to withhold so many of the shares that would otherwise have been delivered upon that exercise of this option as equals the number of shares that would have been transferred to the Company if the purchase price had been paid with previously issued stock.

No person shall be entitled to the privileges of stock ownership in respect of any shares issuable upon exercise of this option, unless and until such shares have been issued to such person as fully paid shares.

No certificate or certificates for shares of stock purchased upon exercise of this option shall be issued and delivered prior to the admission of such shares to listing on any stock exchange on which shares of that class are then listed, nor unless and until, in the opinion of counsel for the Company, such securities may be issued and delivered without causing the Company to be in violation of or incur any liability under any federal, state or other securities law, any requirement of any securities exchange listing agreement to which the Company may be a party, or any other requirement of law or of any regulatory body having jurisdiction over the Company.

Notwithstanding the foregoing, the Employee may not pay any part of the exercise price hereof by transferring Common Stock to the Company if such Common Stock is both subject to a substantial risk of forfeiture and not transferable within the meaning of Section 83 of the Code.

8. **Agreement to Purchase for Investment.** By acceptance of this option, the Employee agrees that a purchase of shares under this option will not be made with a view to their distribution, as that term is used in the Securities Act of 1933, as amended, unless in the opinion of counsel to the Company such distribution is in compliance with or exempt from the registration and prospectus requirements of that Act, and the Employee agrees to sign a certificate to such effect at the time of exercising this option and agrees that the certificate for the shares so purchased may be inscribed with a legend to ensure compliance with the requirements with the Securities Act of 1933. Employee has had access to all information required by Employee to make an investment decision and Employee has had an opportunity to ask questions of and receive answers from the Company pertaining to the Company, its business, this option and the underlying Common Stock.

9. **Method of Exercising Option.** Subject to the terms and conditions of this Agreement, this option may be exercised by written notice to the Company, at the principal executive office of the Company, or to such transfer agent as the Company shall designate. Such notice shall state the election to exercise this option and the number of shares in respect of which it is being exercised and shall be signed by the person or persons to exercising this option. Such notice shall be accompanied by payment of the full purchase price of such shares, and the Company shall deliver a certificate representing such shares as soon as practicable after the notice shall be received. The certificate for the shares as to which this option shall have been so exercised shall be registered in the name of the person or persons so exercising this option (or, if this option shall be exercised by the Employee and if the Employee shall so request in the notice of exercising this option, shall be registered in the name of the Employee and another person jointly, with right of survivorship) and shall be delivered as provided above to or upon the written order of the person or persons exercising this option. In the event this option shall be exercised, pursuant to Section 5 hereof, by any person or persons other than the Employee, such notice shall be accompanied by appropriate proof of the right of such person or persons to exercise this option. All shares that shall be purchased upon the exercise of this option as provided herein shall be fully paid and non-assessable.

10. **Option Not Transferable.** This option is not transferable or assignable except by will or by the law of descent and distribution or except as permitted by Rule 16b-3 under the Securities Exchange Act of 1934. During the Employee's lifetime only the Employee can exercise this option.

11. **No Obligation to Exercise Option.** The grant and acceptance of this option imposes no obligation on the Employee to exercise it.

12. **No Obligation to Continue Employment.** The Company and any Related Corporation (as defined in the Plan) are not by the Plan or this option obligated to continue the Employee in employment.

13. **No Rights as Stockholder until Exercised.** The Employee shall have no rights as a stockholder with respect to shares subject to this Agreement until a stock certificate therefor has been issued to the Employee and is fully paid for. Except as is expressly provided in the Plan with respect to certain changes in the capitalization of the Company, no adjustment shall be made for dividends or similar rights for which the record date is prior to the date such stock certificate is issued.

14. **Capital Changes and Business Successions.** Subject to Section 20 hereof, the Plan contains provisions covering the treatment of options in a number of contingencies such as stock splits and mergers. Provisions in the Plan for adjustment with respect to stock subject to options and the related provisions with respect to successors to the business of the Company are hereby made applicable hereunder and are incorporated herein by reference. In particular, without affecting the generality of the foregoing, it is understood that for the purposes of Sections 3 through 5 hereof, both inclusive, employment by the Company includes employment by a Related Corporation as defined in the Plan.

15. **Early Disposition.** The Employee agrees to notify the Company in writing immediately after the Employee makes a Disqualifying Disposition of any Common Stock received pursuant to the exercise of this option. A Disqualifying Disposition is any disposition (including any sale) of such Common Stock before the later of (a) two (2) years after the date the Employee was granted this option or (b) one (1) year after the date the Employee acquired Common Stock by exercising this option. If the Employee has died before such stock is sold, these holding period requirements do not apply and no Disqualifying Disposition can occur thereafter. The Employee also agrees to provide the Company with any information which it shall request concerning any such disposition. The Employee acknowledges that he or she will forfeit the favorable income tax treatment otherwise available with respect to the exercise of this incentive stock option if he or she makes a Disqualifying Disposition of the stock received on exercise of this option.

16. **Withholding Taxes.** If the Company in its discretion determines that it is obligated to withhold tax with respect to a Disqualifying Disposition (as defined in Section 15) of Common Stock received by the Employee on exercise of this option, the Employee hereby agrees that the Company may withhold from the Employee's wages the appropriate amount of federal, state and local withholding taxes attributable to such Disqualifying Disposition. If any portion of this option is treated as a Non-Qualified Option, the Employee hereby agrees that the Company may withhold from the Employee's wages the appropriate amount of federal, state and local withholding taxes attributable to the Employee's exercise of such Non-Qualified Option. At the Company's discretion, the amount required to be withheld may be withheld in cash from such wages, or (with respect to compensation income attributable to the exercise of this option) in kind from the Common Stock otherwise deliverable to the Employee on exercise of this Option. The Employee further agrees that, if the Company does not withhold an amount from the Employee's wages sufficient to satisfy the Company's withholding obligation, the Employee will reimburse the Company on demand, in cash, for the amount under withheld.

17. **Company's Right of First Refusal.**

(a) **Exercise of Right:** If the Employee desires to sell all or any part of the shares acquired under this option (including any securities received in respect thereof pursuant to any stock dividend, stock split, reclassification, reorganization, recapitalization and the like), and an offeror (the "Offeror") has made an offer therefor, which offer the Employee desires to accept, the Employee shall: (i) obtain in writing an irrevocable and unconditional bona fide offer (the "Bona Fide Offer") for the purchase thereof from the Offeror and (ii) give written notice (the "Option Notice") to the Company setting forth his desire to sell such shares, which Option Notice shall be accompanied by a photocopy of the original executed Bona Fide Offer and shall set forth at least the name and address of the Offeror and the price and terms of the Bona Fide Offer. Upon receipt of the Option Notice, the Company shall have an assignable option to purchase any or all of such shares (the "Option Shares") specified in the Option Notice, such option to be exercisable by giving, within thirty (30) days after receipt of the Option Notice, a written counter-notice to the Employee. If the Company elects to purchase any or all of such Option Shares, it shall be obligated to purchase, and the Employee shall be obligated to sell to the Company, such Option Shares at the price and terms indicated in the Bona Fide Offer within sixty (60) days from the date of receipt by the Company of the Option Notice.

(b) Sale of Option Shares to Offeror: The Employee may sell, pursuant to the terms of the Bona Fide Offer, any or all of such Option Shares not purchased or agreed to be purchased by the Company for sixty (60) days after the expiration of the thirty (30) day period during which the Company may give the aforesaid counter-notice; provided, however, that the Employee shall not sell such Option Shares to the Offeror if the Offeror is a competitor of the Company and the Company gives written notice to the Employee, within thirty (30) days of its receipt of the Option Notice, stating that the Employee shall not sell his Option Shares to the Offeror; and provided, further, that prior to the sale of such Option Shares to the Offeror, the Offeror shall execute an agreement with the Company pursuant to which the Offeror agrees to be subject to the restrictions set forth in this Section 17. If any or all of such Option Shares are not sold pursuant to a Bona Fide Offer within the time permitted above, the unsold Option Shares shall remain subject to the terms of this Section 17.

(c) Adjustments for Changes in Capital Structure: If there shall be any change in the Common Stock of the Company through merger, consolidation, reorganization, recapitalization, stock dividend, split-up, combination or exchange of shares or the like, the restrictions contained in this Section 17 shall apply with equal force to additional and/or substitute securities, if any, received by the Employee in exchange for, or by virtue of his ownership of, Option Shares.

(d) Failure to Deliver Option Shares. In the event the Employee fails or refuses to deliver on a timely basis duly endorsed certificates representing Option Shares to be sold to the Company pursuant to this Section 17, the Company shall have the right to deposit the purchase price for the Option Shares in a special account with any bank or trust company in the State of Utah, giving notice of such deposit to the Employee, whereupon such Option Shares shall be deemed to have been purchased by the Company. All such monies shall be held by the bank or trust company for the benefit of the Employee. All monies deposited with the bank or trust company but remaining unclaimed for two (2) years after the date of deposit shall be repaid by the bank or trust company to the Company on demand, and the Employee shall thereafter look only to the Company for payment. The Company may place a legend on any stock certificate delivered to the Employee reflecting the restrictions on transfer set forth provided in this Section 17.

18. No Exercise of Option if Employment Terminated for Misconduct. If the employment of the Employee is terminated for "Misconduct," this option shall terminate on the date of such termination of employment and all unvested or unexercised options shall thereupon not be exercisable to any extent whatsoever. "Misconduct" is conduct, as determined by the Board of Directors, involving one or more of the following: (i) the substantial and continuing failure of the Employee to render services to the Company in accordance with his assigned duties; (ii) a determination by two-thirds of the members of the Board of Directors that the Employee has inadequately performed the duties of his employment; (iii) disloyalty, gross negligence, dishonesty or breach of a fiduciary duty to the Company; (iv) the commission of an act of embezzlement, fraud, disloyalty, dishonesty or deliberate disregard of the rules or policies of the Company which results in loss, damage or injury to the Company, whether directly or indirectly; (v) the unauthorized disclosure of any trade secret or confidential information of the Company; or (vi) the commission of an act which constitutes unfair competition with the Company or which induces any customer of the Company to break a contract with the Company. In making such determination, the Board of Directors shall act fairly and in utmost good faith and shall give the Employee an opportunity to appear and be heard at a hearing before the Board of Directors or any Committee and present evidence on his behalf. For purposes of this Section 18, termination of employment shall be deemed to occur when the Employee receives notice that his employment is terminated.

19. Company's Right of Repurchase.

(a) Rights of Repurchase. If any of the events specified in Section 19(b) below occur, then:

(i) with respect to shares acquired upon exercise of this option prior to the occurrence of such event, within sixty (60) days after the Company receives actual knowledge of the event, and

(ii) with respect to shares acquired upon exercise of this option after the occurrence of such event, within sixty (60) days following the later of the date of such exercise or the date the Company receives actual knowledge of such event,

(in either case, the "Repurchase Period"), the Company shall have the option, but not the obligation, to repurchase all, but not a portion of, the shares from the Employee, or his legal representatives, as the case may be (the "Repurchase Option"). The Repurchase Option shall be exercised by the Company by giving the Employee, or his legal representative, written notice of its intention to exercise the Repurchase Option on or before the last day of the Repurchase Period, and, together with such notice, tendering to the Employee, or his legal representative, an amount equal to the higher of the option price or the fair market value of the shares. The Company may, in exercising the Repurchase Option, designate one or more nominees to purchase the shares either within or without the Company. Upon timely exercise of the Repurchase Option, designate one or more nominees to purchase the shares either within or without the Company. Upon timely exercise of the Repurchase Option in the manner provided in this Section 19(a), Employee, or his legal representative shall deliver to the Company the stock certificate or certificates representing the shares being repurchased, duly endorsed and free and clear of any and all liens, charges and encumbrances.

If shares are not purchased under the Repurchase Option, the Employee and his successor in interest, if any, will hold any such shares in his possession subject to all of the provisions of this Agreement.

(b) Company's Right to Exercise Repurchase Option: The Company shall have the Repurchase Option in the event that any of the following events shall occur:

(i) The termination of the Employee's employment with the Company or any Related Corporation (as defined in the Plan), voluntarily or involuntarily, for any reason whatsoever, including death or permanent disability, prior to the time this option shall be fully vested as provided in Section 3 hereof;

(ii) The receivership, bankruptcy or other creditor's proceeding regarding the Employee or the taking of any of Employee's shares acquired upon exercise of this option by legal process, such as a levy of execution;

(iii) Distribution of shares held by the Employee to his spouse as such spouse's joint or community interest pursuant to a decree of dissolution, operation of law, divorce, property settlement agreement or for any other reason, except as may be otherwise permitted by the Company; or

(iv) The termination of the Employee's employment by the Company for Misconduct (as defined in Section 18 hereof).

(c) Determination of Fair Market Value: The fair market value of the shares subject to this option shall be, for purposes of this Section 19, an amount per share determined on the basis of the price at which shares of the Common Stock could reasonably be expected to be sold in an arms-length transaction, for cash, other than on an installment basis, to a person not employed by, controlled by, in control of or under common control with the Company. Fair market value shall be determined by the Board of Directors, giving due consideration to recent grants of incentive stock options for shares of Common Stock, recent transactions involving shares of the Common Stock, if any, earnings of the Company to the date of such determination, projected earnings of the Company, the effect of the transfer restrictions to which the shares are subject under law and this Agreement, the existence or absence of a public market for the Common Stock and such other matters as the Board of Directors deems pertinent. The determination by the Board of Directors of the fair market value shall be conclusive and binding. The fair market value of the shares shall be determined as of the day on which the event occurs.

20. Changes in Control. Notwithstanding any other provision hereof, this option shall accelerate so that the Employee shall have the right, at all times, until the expiration or earlier termination of the option, to exercise the unexercised portions of this option, including the portions thereof which would, but for this Section entitled "Changes in Control," not yet be exercisable, from and after any Involuntary Termination within thirty six (36) months after a Change in Control that occurs while the Employee is an employee of the Company or any of its Related Corporations; provided

that (a) for employees whose employment with the Company is less than one full year at the time of the Change in Control, this option shall accelerate as to 60% of the shares subject to this option; (b) for employees whose employment with the Company is less than two full years but greater than one full year, this option shall accelerate as to 80% of the shares subject to this option ; (c) for employees whose employment with the Company is greater than two full years, this option shall accelerate as to 100% of the shares subject to this option. For purposes of this Section 20: (a) an "Involuntary Termination" is any termination of the Employee's employment with the Company or with any of its Related Corporation for reasons other than (i) the Employee's death, (ii) the Employee's total disability as defined in the Plan, (iii) the Employee's retirement under circumstances that entitle the Employee to full benefits under one or another of his employer's retirement or pension plans or programs generally applicable to salaried employees, or (iv) termination for misconduct as defined in Section 18 hereof; and (b) a "Change in Control" means any of the following events if they occur after the date of grant of this option: the direct or indirect beneficial ownership (within the meaning of Section 13(d) of the Securities Exchange Act of 1934 (the "Exchange Act") and Regulations 13D - G thereunder) of thirty percent (30%) or more of the class of securities then subject to this option is acquired or becomes held by any person or group of persons (within the meaning of Section 13(d)(3) of the Exchange Act), or the sale, mortgage, lease or other transfer in one or more transactions not in the ordinary course of the Company's business of assets or earning power constituting more than fifty percent (50%) of the assets or earning power of the Company and its Related Corporations (taken as a whole) to any such person or group of persons.

21. **Provision of Documentation to Employee**. By signing this Agreement, the Employee acknowledges receipt of a copy of this Agreement and a copy of the Company's 1997 Stock Option Plan.

22. **Governing Law**. This Agreement shall be governed by and interpreted in accordance with the internal laws of the State of Utah.

23. **Holding Period**. The Employee acknowledges that if the shares acquired upon exercise of this option are not held for at least six (6) months following the date of grant, the grant of this option will be deemed a purchase that may be matched against any sale of the Company's securities occurring within six (6) months of the grant and may create liability for the Employee pursuant to Section 16(b) of the Securities Exchange Act of 1934, as amended. Certain holding periods are also required under the Internal Revenue Code of 1986, as amended, in order for this option to qualify as an incentive stock option.

IN WITNESS WHEREOF the Company and the Employee have caused this instrument to be executed, and the Employee whose signature appears below acknowledges receipt of a copy of the Plan and acceptance of an original copy of this Agreement.

THE EMPLOYEE:

Signature

Print Name

Address

City

State

Zip Code

COMPANY:

NBO Systems, Inc.

By:_____

Its:_____

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

LICENSE AND SERVICES AGREEMENT
(FULL SERVICE LOYALTY/BENEFITS APPLICATION)
BETWEEN
CARD COMMERCE INTERNATIONAL, INC.
AND
NBO SYSTEMS, INC.

LICENSE AND SERVICES AGREEMENT

THIS LICENSE AND SERVICES AGREEMENT ("Agreement")

is made and entered into as of the 31st day of July 2002, by and between **Card Commerce International, Inc.**, a Delaware corporation ("CCI"), and the party whose signature appears on the signature page hereto ("**Customer**"), with reference to the following facts:

RECITALS

- A. CCI has developed proprietary Applications (as defined below), for analyzing and reporting data generated in electronic financial transactions. Among other uses, these Applications are used in risk management and fraud detection; data analysis, mining, reporting and warehousing; and generation of reports and data related to the foregoing. The Applications are used to assist in providing secure financial transactions in consumer-to-business and business-to-business transactions, loyalty and benefits programs, and other purposes.
- B. Customer desires to engage CCI to provide certain Services (as defined below) and to use, develop and adapt certain Systems and Applications (each as defined below). Customer further desires to obtain and assure CCI's continuing expertise and assistance.
- C. Customer desires to engage CCI to provide the Services, and CCI desires to provide the Services, on and subject to the terms and conditions of this Agreement.

Therefore, the parties agree as follows:

1. CERTAIN DEFINITIONS

For purposes of this Agreement, the following terms shall have the meanings ascribed to them below.

1.1 "Acquirer"

means a company that purchases sales drafts from merchants that have accepted a credit card (including bank cards and cards issued by commercial issuers), charge card or debit card as a form of payment for products or services.

1.2 "Applications"

means any and all rights, domestic and international, of CCI in and to the Software, systems, know how, formulae, processes, designs, trade secrets, copyrights, licenses, approvals and consents, and contract rights of CCI in any way concerning the foregoing, for data analysis, processing and reporting in connection with electronic financial transactions, credit, charge and debit transactions, including without limitation

(a)

data acquisition and input;

(b)

data mapping and normalization into a Transaction Database;

(c)

Transaction Data manipulation; and

(d)

Report Generation.

1.3 "Business Rules"

means the rules, specifications, formulae, processes, qualification standards and requirements of Customer's business and/or the Customer Program that are used by, implemented by or embodied in the Software for Report Generation in accordance therewith.

1.4 "CCI Marks"

mean any and all rights, domestic and international, in and to the designs, trade dress, commercial symbols, trademarks, service marks, trademark and copyright registrations or applications therefore (if any), and contract rights of CCI related to the foregoing.

1.5 "Consumer Participant"

means a person who has registered a credit card, charge card, debit card or other account with Customer, agreed to participate in the Program and become a registered Program cardholder.

1.6 "Consumer Participant Support"

is defined in Schedule B.

1.7 "Designated Applications"

means the Application(s) described in Schedule A hereto and the Enhancements thereto.

1.8 "Enhancements"

means any and all enhancements, adaptations or variations to each of the Applications, including without limitation the Software.

1.9 "Enhancements Support"

is defined in Schedule B.

1.10 "Initial Record"

means any Transaction Data record from a Merchant Participant.

1.11 "Customer Privacy Policy"

means the privacy policy that Customer provides to Consumer Participants, as the same may be amended from time to time.

1.12 "Customer Program"

means the loyalty/benefits program operated by Customer, if any, in each case where the Designated Applications include the Loyalty/Benefits Application.

1.13 "Customer Rights"

means any and all rights of Customer in and to any intellectual property and proprietary rights of Customer, including without limitation domestic and international rights in and to (i) trademarks, commercial symbols, service marks and trademark registrations or applications therefore (collectively, "*Customer Marks*"); (ii) Consumer Participant lists and data (collectively, "*Customer Data*"); (iii) trade secrets, trade dress, copyrights, copyright registrations or applications therefore, licenses, approvals and consents; and (iv) any contract rights related to any of the foregoing.

1.14 "Merchant Participant"

means a merchant that has agreed to participate in the Program, directed the Acquirer of its Consumer Participant card transactions (if any) to report its Transaction Data to CCI and the clearing and settlement agents within the VISA/ MasterCard bank card and/or commercial issuer interchange network(s), as applicable, and report Participant Transaction Data to CCI through a telecommunications link with or to CCI.

1.15 "New Merchant Support"

is defined in Schedule B.

1.16 "Participant"

means either a Consumer Participant or a Merchant Participant. The term "Participants" refers collectively to Consumer Participants and Merchant Participants.

1.17 "Program Support"

is defined in Schedule B.

1.18 "Qualified Record"

means an Initial Record containing Transaction Data that has been received and reviewed by CCI and determined to contain Transaction Data for a Consumer Participant.

1.19 "Requirements Document"

is defined in Section 2.2 below.

1.20 "Services"

means the Services described in Schedule B hereto.

1.21 "Setup Phase"

means the period beginning as of the effective date of this Agreement and ending upon (a) CCI's certification of the training of personnel on use of the Designated Applications and (b) establishment of one or more telecommunications links to one or more Transaction Data processors or other providers and successful Transaction Data mapping and normalization from such source(s) in accordance with the Designated Applications' standard features and functionality and/or any standards set forth in the Requirements Document.

1.22 "Software"

means any set or series of computer instructions or computer program routines, computer program source code, computer program object codes, computer program flow charts, mathematical and scientific models and algorithms, including without limitation system software and application software, for use or exploitation of CCI's business.

1.23 "Systems"

means the Applications and Enhancements.

1.24 "Systems Support"

is defined in Schedule B.

1.25 "Technology"

means any and all rights, domestic and international, in and to (i) the Systems; (ii) the architecture and/or design of the Software, including without limitation any protocols and interfaces for interacting with other programs, future flexibility and expandability; (iii) any information systems; (iv) any and all developments, know how, software, designs, trade secrets, trade dress, commercial symbols, marketing data and plans, customer lists, trademarks, service marks, copyrights, patent, patent applications or other governmental grants, licenses, approvals and consents,

trademark and copyright registrations or applications therefore, permits, contract rights, licenses, whether previously or hereafter acquired by CCI, in any way concerning the Systems or the business of CCI; and (v) any and all creations which are or may become legally protectable or legally recognized as forms of property before or after the date hereof and that are derived from, similar to, relate to, concern, affect or may be competitive with the Systems, including with limitation all copyrights, inventions, know-how, designs; improvements, trade secrets, documentation, descriptions, contract rights and any other subject matter which is or may become legally protectable or legally recognized, whether by law or by contract, as a form of property; *provided, however*, that the Technology shall not include the Customer Rights.

1.26 "Transaction Data"

means the data received from Merchant Participants, including Initial Records. Transaction Data may be obtained directly from Merchant, through an acquirer, or from other agents.

1.27 "Transaction Database"

means the electronic database of Transaction Data records containing Participant data that is to be built and maintained by CCI pursuant to this Agreement, including Initial Records and Qualified Records.

1.28 "User Interface"

means that portion of the Designated Application(s) consisting of the front-end Software or application that enables Customer and/or users to access and/or view the Transaction Data or reports containing Transaction Data, including terminal emulation software

that is provided to Customer by CCI, but excluding any software used or obtained by Customer from a third party.

2. LICENSE AND SERVICES

2.1 Services.

Subject to CCI's timely receipt of the fees and compensation as provided in Section 3 below, CCI shall:

(a)

use, operate, develop and adapt the Designated Applications as provided in this Agreement; and

(b)

provide to Customer the Services as described on Schedule B hereto.

2.2 Applications Specifications and Functionality.

At or before conclusion of the Setup Phase, the Applications shall meet or exceed the Designated Applications' standard features and functionality, the Applications Specifications and Functionality Standards set forth on Schedule A hereto and any specific business requirements, operating procedures and specifications as may be mutually agreed by Customer and CCI during the term hereof. If requested by Customer, the parties agree to use their reasonable best efforts to work cooperatively and diligently to prepare and agree on any specific Business Rules, business

requirements, operating procedures and specifications for the Applications as may be set forth in writing (the "Requirements Document") to fulfill the intent and purposes of this Agreement.

2.3 User Interface License.

CCI grants to Customer:

(i) A non-exclusive license to use the User interface during the term of this Agreement;

(ii) Subject to CCI's reasonable consent, a non-exclusive right to sublicense the User Interface during the term of this Agreement to end users who are Participants or customers of Customer.

2.4 Use of Customer Rights and CCI Marks.

CCI grants to Customer a non-exclusive license to use any CCI Marks to market the Designated Applications, alone or in conjunction with any Customer trademarks or service marks during the term of this Agreement; *provided, however*, that CCI shall have the right to approve or disapprove the format, size, placement or use thereof. Customer grants to CCI a limited, non-exclusive and worldwide license and right to use any Customer Rights, including without limitation trademarks and service marks, that CCI incorporates into the Designated Applications at Customer's request or with Customer's written permission, solely for such purpose and solely to the extent so incorporated. Customer further grants to CCI a non-exclusive, worldwide license to use, review, analyze, extract, and generate reports from the data provided to CCI directly or indirectly by Customer in connection with this Agreement or any other agreement between Customer and CCI for purposes reasonably related to carrying out the intent and purposes of this Agreement or any other agreement between Customer and CCI, including without limitation purposes related to providing the Services or operations and functions of the Designated Applications. CCI may not use said data for any purpose not directly applicable to Customer.

2.5 Customer Privacy Policy.

Subject to the provisions of Section 7.1 below, CCI shall review and comply with the Customer Privacy Policy as in effect from time to time, *provided* that Customer shall provide a written copy of the Customer Privacy Policy to CCI at or prior to the parties' execution of this Agreement and any updates, modifications or changes to the Customer Privacy Policy as Customer may adopt from time prior to their adoption. CCI and

Customer shall use their reasonable best efforts to discuss and agree in good faith on potential modifications to the Customer Privacy Policy, the Services and/or CCI's practices to make such modifications thereto as may be reasonably appropriate to conform the Services to the then current Customer Privacy Policy.

2.6 Reservation of Rights

. Neither party shall acquire any intellectual property or other rights in or to the intellectual property rights of the other party, except as specifically provided in this Agreement. Without limiting the generality of the foregoing, CCI shall acquire no rights in or to the Customer Rights, and Customer shall acquire no rights in or to the Technology, except as provided in this Agreement.

3. COMPENSATION

3.1 Compensation.

Customer shall pay to CCI the fees and other compensation as provided on Schedule C hereto in accordance with Section 3.2 below during the term of this Agreement.

3.2 Payments.

If and when requested by CCI, Customer shall establish and maintain a DDA for ACH payment as follows. On the tenth (10th) day following CCI's delivery to Customer of its monthly invoices for compensation due and payable to CCI by Customer hereunder, CCI shall have the right to cause to be withdrawn through the ACH or Automated Clearing House funds from a DDA or Demand Deposit Account designated by Customer an amount equal to the amount invoiced. For purposes of this subsection 3.2, the term *ACH* refers to an electronic network that provides for the transfer of funds among banks, government agencies and private companies. For purposes of this subsection 3.2, the term *DDA* refers to a bank account, such as a checking account, that allows the holder to withdraw funds or use funds for payment upon demand. Customer shall maintain sufficient funds in such DDA account as may be reasonably necessary to meet the amount of such invoices and shall execute and deliver such instruments, agreements and other documents as may reasonably be appropriate or necessary to effectuate the foregoing.

4. TERM AND TERMINATION

4.1 Term.

The term of this Agreement shall be five (5) years from the effective date set forth in the preamble with successive one (1) year renewal unless notified by either party within ninety (90) days of its intent not to renew the ongoing five year term, or unless earlier terminated in accordance with Section 4.2 below. The period beginning on such effective date and ending on the effective date of such termination is sometimes referred to herein as the "term" of this Agreement.

4.2 Termination for Cause

(a) This Agreement may be terminated for cause by Customer if:

(1) CCI is in material breach of its obligations hereunder;

(2) the Designated Applications experience or cause chronic failures after the Setup Phase, including irretrievable data loss repeated or continuing for thirty (30) days or more, chronic and repeated generation of materially inaccurate, garbled or unusable Qualified Records (other than defects arising from inaccurate or defective Transaction Data received by CCI from third parties resulting from transmission or other failures not within CCI's control);

(3) CCI materially, repeatedly and chronically fails to provide the Services as provided in this Agreement; or

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(4) Any representation or warranty made by CCI under Section 5.1 below is materially false.

(b) This Agreement may be terminated for cause by CCI if:

(1) Customer is in material breach of its obligations hereunder, including without limitation the timely payment of any compensation due and payable under Section 3 above; or

(2) any representation or warranty made by Customer under Section 5.2 below is materially false.

(c) The party seeking to terminate this Agreement for cause may do so by giving thirty (30) days' prior written notice to CCI or Customer, as the case may be, in accordance with the provisions of Section 8.8 below; *provided*,

however, that the party to which such notice is delivered shall have sixty (60) days to cure such default (other than a default under Section 4.2(a)(2), (3) or (4) above); and *provided, further*, that if such default is not susceptible to cure or has not been cured within such sixty-day period, then the party having delivered notice of termination for cause pursuant to this Section 4 may thereupon deliver written notice to the other party of its determination to terminate this Agreement for such party's failure to cure such default, whereupon this Agreement shall be deemed terminated effective ten (10) days after delivery of such notice in accordance with the provisions of Section 8.8 below.

4.3 Reservation of Rights

. Nothing in this Section 4 shall be deemed to limit any other rights or remedies that either party may have under this Agreement, including without limitation the rights of either party provided in Section 5.2(c).

5. REPRESENTATIONS AND WARRANTIES

5.1 CCI hereby represents and warrants to Customer as follows:

(a)

This Agreement has been duly authorized by all necessary corporate action on the part of CCI, has been duly executed and delivered by CCI and is a valid and binding obligation of CCI, enforceable against CCI in accordance with its terms.

(b)

All of CCI's rights to and interest in the Designated Applications are enforceable and valid and will not cease to be enforceable and valid and in full force and effect by reason of the execution and delivery of this Agreement or the performance of CCI's obligations under this Agreement.

(c) CCI will not use Customer provided data for other Clients or purposes outside of the intent of this Agreement without written consent from Customer.

5.2 Customer hereby represents and warrants to CCI as follows:

(a)

This Agreement has been duly authorized by all necessary corporate action on the part of Customer, has been duly executed and delivered by Customer and is a valid and binding obligation of Customer, enforceable against it in accordance with its terms.

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(b)

All of Customer's rights to and interest in the Customer Rights are enforceable and valid and will not cease to be enforceable and valid and in full force and effect by reason of the execution and delivery of this Agreement or the performance of Customer's obligations under this Agreement.

(c)

Customer has and will have all legal right to use the Transaction Data pertaining to those Merchants Participants for which Customer has submitted the signed authorization forms, that is to be contained in the Transaction Database,

including without limitation all Initial Records and Qualified Records, and to authorize CCI to use all such data as provided in this Agreement.

6. CONFIDENTIALITY AND NON-CIRCUMVENTION

6.1 Obligations of CCI.

CCI agrees:

(a)

CCI shall treat any information concerning the Customer Rights, including without limitation Customer Data, system functionality and capability, concepts, ideas, strategic plans, product development plans, research and development, information about Customer's operations and maintenance, business activities, finances, reports, interpretations, forecasts and records, Customer's parent corporations, affiliated corporations and subsidiary corporations) and any analyses, compilations, studies or other documents, whether prepared by Customer or others, that contain or reflect such information (collectively, the "**Customer Confidential Information**") in accordance with the provisions of this Agreement. The term "Customer Confidential Information" does not include information which (a) was or becomes generally available to the public other than as a result of a disclosure by CCI or CCI's directors, officers, employees, agents, or advisors, (ii) was or becomes available to CCI on a non-confidential basis from a source other than Customer or their advisors provided that such source is not bound by a confidentiality agreement with Customer, (iii) was within CCI's possession prior to its being furnished to CCI by or on behalf of Customer, provided that the source of such information was not bound by a confidentiality agreement with Customer in respect thereof.

(b)

CCI agrees that the Customer Confidential Information will be used solely for the purpose described in this Agreement and will not be used by CCI in any way detrimental to Customer. CCI also agrees that the Customer Confidential Information will be kept confidential by CCI, CCI's agents and employees; *provided, however*, that (i) any such information may be disclosed to CCI's directors, officers and employees who need to know such information for the purpose of the contemplated transaction that is the subject of this Agreement (it being understood that such directors, officers and employees shall be informed by CCI of the confidential nature of such information and shall be directed by CCI to treat such information confidentially and shall assume the same obligations as CCI under this Agreement) and (b) any disclosure of such information may be made to which Customer consents in writing. CCI shall be responsible for any breach of this Agreement by CCI's agents or employees.

(c)

CCI shall not grant any rights to any other party in or to the Customer Confidential Information except as provided in this Agreement.

(d)

CCI shall not solicit or hire any Customer employee that works with the Systems for a period of six (6) months following the earlier of (i) such employee's resignation or termination from Customer or (ii) termination of this Agreement.

(e)

CCI shall not, without Customer's prior written consent, use the name, trade names, service marks, business styles or trademarks or Customer.

6.2 Obligations of Customer. Customer agrees:

(a)

Customer shall treat any information concerning the Technology (including without limitation all data, customer lists and relationships, specifications, designs, processes, methods, system functionality and capability, concepts, ideas, strategic plans, product development plans, research and development, information about CCI's operations and maintenance, business activities, finances, reports, interpretations, forecasts and records, CCI's parent corporations, affiliated corporations and subsidiary corporations, if any) and any analyses, compilations, studies or other documents, whether prepared by CCI or others, that contain or reflect such information (collectively, the "**CM Confidential Information**") in accordance with the provisions of this Agreement. The term "CCI Confidential Information" does not include information which (a) was or becomes generally available to the public other than as a result of a disclosure by Customer or Customer's directors, officers, employees, agents, or advisors, (b) Customer can demonstrate was or becomes available to Customer on a non-confidential basis from a source other than CCI or its advisors provided that such source is not bound by a confidentiality agreement with CCI, (b) was within Customer's possession prior to its being furnished to Customer by or on behalf of CCI, provided that the source of such information was not bound by a confidentiality agreement with CCI in respect thereof.

(b)

Customer agrees that the CCI Confidential Information will be used solely for the purpose described in this Agreement and will not be used by Customer in any way detrimental to CCI. Customer also agrees that the CCI Confidential Information will be kept confidential by Customer, Customer's agents and employees; *provided, however*, that (a) any such information may be disclosed to Customer's directors, officers and employees who need to know such information for the purpose of the contemplated transaction that is the subject of this Agreement (it being understood that such directors, officers and employees shall be informed by Customer of the confidential nature of such information and shall be directed by Customer to treat such information confidentially and shall assume the same obligations as Customer under this Agreement) and (b) any disclosure of such information may be made to which CCI consents in writing. Customer shall be responsible for any breach of this Agreement by Customer's agents or employees.

(c)

Customer shall not grant any rights to any other party in or to the Designated Applications except as provided in this Agreement. Customer shall not copy, reproduce, disassemble or decompile the Software nor reverse engineer the design, function or processes of all or any part of the Systems.

(d)

Customer shall not solicit or hire any CCI employee that works with the Systems for a period of six (6) months following the earlier of (i) such employee's resignation or termination from CCI or (ii) termination of this Agreement.

(e)

Customer shall not, without CCI's prior written consent, use the name, trade names, service marks, business styles or trademarks or CCI.

7. CERTAIN COVENANTS AND CONDITIONS

7.1 Participant Consents.

(a)

Under the terms and conditions of the Customer Program, Customer shall have been provided by each Consumer Participant with its consent and authorization to:

(1)

use such Consumer Participant's Transaction Data as contemplated and as actually used in the Customer Program;

(2)

cause such Consumer Participant's Transaction Data to be provided to CCI for use as contemplated in this Agreement; and

(3)

use such Consumer Participant's Transaction Data and to license or permit CCI to use such Consumer Participant's Transaction Data as contemplated in this Agreement.

(b)

Customer shall obtain and cause each Merchant Participant to sign a written authorization and instruction that provides as follows:

(1)

Each Merchant Participant shall instruct and direct the Acquirer of its Consumer Participant card transactions (if any) to report its Transaction Data to CCI, and to cause the clearing and settlement agents within the VISA/MasterCard bank card and/or commercial issuer interchange network(s), as applicable, to report Participant Transaction Data to CCI, through a telecommunications link with or to CCI;

(2)

Each Merchant Participant shall authorize Customer to use such Merchant Participant's Transaction Data as contemplated and as actually used in the Customer Program; and

(3)

Each Merchant Participant shall authorize Customer to use such Merchant Participant's Transaction Data and to license or permit CCI to use such Merchant Participant's Transaction Data as contemplated in this Agreement.

(c)

Customer shall have obtained each of the consents, authorization and instructions as provided in Sections 7.1(a) and (b) above prior to causing such Participant Transaction Data to be provided to CCI, allowing Qualified Record or other reports to be made by CCI to Customer concerning such Transaction Data, or otherwise used as contemplated in this Agreement. Customer further covenants that during the term of this Agreement:

(1)

it will have all legal right to use the Transaction Data that is to be contained in the Transaction Database, including without limitation all Initial Records and Qualified Records, and to authorize CCI to use all such Transaction Data as provided in this Agreement; and

(2)

such use will not violate, conflict with or result in a material breach of any agreement, order or consent by which Customer may be bound.

7.2 Further Authorization.

Customer shall use its reasonable best efforts to secure from each Merchant Participant its authorization, consent and proxy substantially in the form attached hereto in Schedule D, to authorize and direct CCI to act for and on such Merchant Participant's

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behalf to cause the Participant Transaction Data to be provided to CCI through telecommunications links as contemplated herein.

7.3 Transaction Data Transmission; Data Integrity.

(a) Transaction Data Transmission.

Customer shall use its reasonable best efforts to authorize the Transaction Data to be sent to CCI as contemplated hereunder by Customer, its agents and/or processors in such format as they may reasonably request and/or as may be agreed by CCI and Customer. CCI shall use its reasonable best efforts to coordinate and cooperate with Customer, Customer's agents and Customer's processor(s) to enable CCI to acquire, map and normalize the Transaction Data in the format required by CCI for use as contemplated here in.

(b) Data Integrity.

Other than as provided in Schedule B hereto, CCI assumes no liability for the content and integrity of Transaction Data provided to CCI hereunder. Other than as set forth on Schedule B hereto, and subject to the provisions of Section 5 above, CCI assumes no responsibility for defects or errors in Report Generation caused by materially inaccurate, garbled, defective or unusable Transaction Data received by CCI from Customer or third parties, including defects resulting from transmission or other failures not within CCI's control, excluding defects resulting from data format irregularities or other failures of the Designated Applications.

7.4 Telecommunications Links and Transaction Data Use.

CCI shall use its reasonable best efforts to keep and maintain its existing and future telecommunications links to clearing and settlement agents within the VISA/MasterCard bank card and/or commercial issuer interchange networks), as applicable, to permit the reporting of Participant Transaction Data to CCI as contemplated under this Agreement. Subject to the provisions of Section 7.1 above, such use will not violate, conflict with or result in a material breach of any agreement, order or consent by which CCI may be bound.

7.5 increases in Telecommunications and Transactional Costs.

Customer and CCI agree to share the following increases in CCI's costs, on some equitable basis to be determined by the parties in good faith:

(a)

Increases in CCI's costs of telecommunications links or transmissions resulting from the imposition of taxes, tariffs or other increases by the action of regulatory agencies, legislative acts or other governmental bodies which are not directed specifically to CCI, including price increases resulting from the pass through of such cost increases to CCI, but excluding other price increases to CCI by its telecommunications vendors;

(b)

Transactional, processing or other industry-wide fees or costs imposed on transactions within the VISA/MasterCard bank card and/or commercial issuer interchange network(s) which are not directed specifically to CCI, including fees imposed by Acquirers, their independent sales agents or clearing and settlement agents within the network(s); and

(c)

The costs of establishing and maintaining an interface or telecommunications link to major potential Merchant Participants that do not have existing links or interfaces to CCI either directly or from the VISA/MasterCard bank card and/or commercial issuer interchange network(s).

7.6 Indemnification.

(a)

Indemnification by Customer. Customer shall indemnify, defend and hold harmless CCI, its officers, directors, agents and employees from and against any and all claims, losses, damages, liabilities and expenses (including penalties and attorneys' fees) which are incurred or suffered by or imposed upon CCI arising out of or relating to (i) any failure or breach by Customer to perform its covenants, agreements or obligations under Sections 6.2, 7.1 and 7.2 of this Agreement or (ii) any material inaccuracy or incompleteness of any of the representations and warranties of Customer contained in this Agreement or in any Schedule, certificate or document delivered in connection with this Agreement.

(b)

Indemnification by CCI. CCI shall indemnify, defend and hold harmless Customer, its officers, directors, agents and employees from and against any and all claims, losses, damages, liabilities and expenses (including penalties and attorneys' fees) which are incurred or suffered by or imposed upon Customer arising out of or relating to (i) any failure or breach by CCI to perform any of its covenants, agreements or obligations under Section 6.1 of this Agreement or (ii) any material inaccuracy or incompleteness of any of the representations and warranties of CCI contained in this Agreement or in any Schedule, certificate or document delivered in connection with this Agreement.

7.7 Exclusivity.

(a)

CCI would not contract with any Mall Developer, any gift certificate distribution company or any gift card company promoting its products or services to a Mall Developer, National Scrip Center, Great Lakes Scrip, Scrip Advantage, Catalina Marketing, ClipACoupon, or Schoolpop during the first eighteen (18) months of this Agreement.

(b)

If CCI billings to Customer are at a minimum of \$25,000.00 per month at the end of twelve (12) months or at a minimum of \$50,000.00 per month by the end of eighteen (18) months, the non-compete would extend for a year and continue for one year for every \$25,000.00 additional in monthly billings from CCI to Customer. Time in this section is measured from the completion of the Setup Phase and signatures on the Requirements Document.

(c)

CCI would provide Customer with first right of notice for any other competitor that might potentially compete with NBO and give NBO an opportunity to negotiate a non-compete incentive to prevent the competition.

8. MISCELLANEOUS

8.1 Injunctive Relief.

The parties hereto acknowledge that it will be impossible to measure in money the damages that would be suffered if either party fails to comply with the obligations imposed on them hereunder, including without limitation their respective obligations under Sections 6 and 7 above, that such failure will cause irreparable harm and that monetary damages and other remedies at law will be insufficient to compensate the other party for such harm. The aggrieved party shall be entitled to injunctive relief, including specific performance, to enforce such obligations, and if any action shall be brought in equity to enforce any of the provisions of this Agreement, none of the parties hereto shall raise the defense that there is an adequate remedy at law.

8.2 Force Majeure.

CCI reserves the right, at its election, to suspend the operation of this Agreement and its obligations hereunder in the event of, and if CCI elects to suspend for the duration of, any of the following contingencies, if by reason of any such contingency, it is hampered in the performances of its rights or obligations under this Agreement or its normal business operations are delayed or become impossible or commercially impracticable: Act of God, fire, flood, catastrophe, earthquake, epidemic, accident, explosion, casualty, labor controversy, civil disturbance, act of a public enemy, terrorist act, embargo, war, acts of government, its agencies or officers, any order, regulation, ruling or action of any labor union or association of employees affecting CCI or the industry in which it is engaged, delays in the delivery of telecommunications services, or any reason of a similar or dissimilar nature beyond CCI's control. In the event that any suspension under this subsection 8.2 exists longer than six (6) consecutive months, then in addition to any other rights Customer may have hereunder Customer shall be entitled to terminate this Agreement upon notice to CCI effective upon CCI's receipt of such notice, provided that Customer shall have made payment to CCI of all compensation due and payable to CCI hereunder, up to the time that CCI failed to perform.

(b) Limitation of Liability

. EXCEPT WITH RESPECT TO SECTION 6.1 (CONFIDENTIALITY) OR SECTION 7.6(b) (INDEMNIFICATION) HEREOF, THE LIABILITY, IF ANY, OF CCI FOR DIRECT DAMAGES, WHETHER ARISING FROM CCI'S BREACH OF THIS AGREEMENT, BREACH OF WARRANTY, NEGLIGENCE, STRICT LIABILITY OR OTHERWISE WITH RESPECT TO ANY GOODS OR SERVICES TO BE PROVIDED HEREUNDER, INCLUDING MAINTAINING DATA INTEGRITY, IS LIMITED TO AN AMOUNT NOT TO EXCEED THE PRICE PAID OR PAYABLE FOR THE PARTICULAR GOODS OR SERVICES GIVING RISE TO THE LIABILITY. IN NO EVENT SHALL CCI BE LIABLE TO CUSTOMER FOR ANY INCIDENTAL,

CONSEQUENTIAL, INDIRECT OR SPECIAL DAMAGES, INCLUDING, WITHOUT LIMITATION, LOST REVENUES OR PROFITS, EVEN IF IT IS ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

8.3 No Third Party Beneficiaries

. No third party may rely upon this Agreement for any purpose and no such party shall be a beneficiary of, or by or through the terms hereof develop rights or entitlements on account of, this Agreement or any of the terms set forth herein.

8.4 Assignability

. Both parties acknowledge the value of this agreement. In the event of a change of majority ownership in either party, this agreement shall continue in full force in favor of the new owners.

8.5 Severability

. If any covenant or provision of this Agreement or the application thereof to any person or circumstance shall be held to be invalid or unenforceable, then, in each such event, the remainder of this Agreement or the application of such covenant or agreement to any other person or any other circumstance shall not be thereby affected. In such event, the parties shall negotiate in good faith to replace the invalid or unenforceable provision with another reflecting the same relative distribution of economic benefits and burdens.

8.6 Governing Law.

This Agreement shall be interpreted in accordance with California law in all respects.

8.7 Attorneys' Fees.

In the event of any dispute among the parties concerning this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and the costs of collection, in addition to any other relief available at law or in equity.

8.8 Notices

. All notices which may or are required to be given or made by either party hereto to the other party shall be in writing. Any notices sent by facsimile shall be deemed

given when sent to the other party in accordance with this Section 8.8, provided that the sender receives confirmation of successful transmission from the remote facsimile machine. All such notices by either party to the other party under this Agreement shall be sent by facsimile transmission and confirmed by letter, addressed as follows:

If to CCI: Card Commerce International, Inc.
11500 W. Olympic Boulevard
Suite 627
Los Angeles, CA 90064
Attention: Todd Linden, President & COO
Fax No. (310) 235-2507

If _____ to At the address and/or fax number set forth on the signature page to this Agreement, to the attention of the Customer: person, if any, identified there

or to such other address as either party may from time to time designate by written notice to the other party.

8.9 Survival

. The rights and obligations provided pursuant to Sections 5, 6, 7.6 above and this Article 8 shall survive termination of this Agreement.

8.10 Complete Agreement.

This Agreement contains the complete and total agreement of the Parties with respect to the matters set forth herein. This Agreement supersedes any and all prior and contemporaneous contracts, agreements, correspondence, letters of intent, understandings, and/or negotiations, whether oral or written with respect to the matters set forth herein. This Agreement may not be modified except in writing executed by the parties hereto.

8.11 Relationship of Parties.

In no event shall this Agreement be construed as creating a partner, joint venturer or employer/employee relationship between Customer and CCI or any other person and entity.

8.12 Publicity. Neither CCI nor Customer shall use the other's name, logo, trademarks or service marks in any advertising, press releases, press kits, client listing or any other materials without the other party's prior written approval.

IN WITNESS WHEREOF,

this Agreement has been executed by the parties as of the date first written above.

CARD COMMERCE INTERNATIONAL, INC.

By: /s/ Todd Linden

Name: Todd Linden

Title: President

CUSTOMER

/s/ NBO Systems, Inc.

Name of Customer

By: /s/ Keith A. Guevara

Name: Keith A. Guevara

Title: President - CEO

Address: 3676 W. California Ave.

Bldg. D.
SLC Utah 84104
Attention: K. Guevara
Fax No. (801) 887-5040
A (*check one*):

☐ Partnership ☒ corporation
☐ limited liability company ☐ other
State of incorporation/formation: _____

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SCHEDULE A DESIGNATED APPLICATIONS

Designated Applications

Loyalty/Benefits Application, to include all services included in the "Services to be performed (Full Service)" section of Schedule E.

Applications Specifications and Functionality Standards

1.

Build and maintain Transaction Database:

(a) Review and analyze Initial Record data in accordance with the Designated Applications' standard features and functionality and the Requirements Document, to (i) eliminate Initial Records from merchants that do not contain Transaction Data for a Consumer Participant and (ii) determine whether an Initial Record qualifies as a Qualified Record;

(b) Capture and storage of Transaction Data for Qualified Records for not less than one (1) year onsite and five (5) years offsite and maintenance of account records for each Consumer Participant in accordance with the Designated Applications' standard features and functionality and/or the Requirements Document, if any;

(c) Reporting of Qualified Records to Customer in accordance with the Designated Applications' "Full Service" features and functionality and/or the Requirements Document, if any, including end-of-business-day reports of aggregate spending data matched to Consumer Participants' credit and loyalty cards; and

Other specific features and functions as provided in the Requirements Document to be completed and approved by both parties during the Setup Phase .

2.

Maintain customer support interface:

(a) Standard Transaction Database queries and/or as specified in Designated Applications' standard features and functionality and/or the Requirements Document, if any, including queries by Consumer Participant or Merchant Participant during specified time intervals.

(b) Lists or summaries by Consumer Participant, Merchant Participant or Consumer Participants matched to specific Merchant Participants.

(c) Maintain Virtual Private Network (VPN) telecommunications link from Customer for customer support.

Additional Features and Functionality Standards for Front-end Application

1.

Build and maintain administrative tools for set-up and maintenance of consumers, merchants and benefit organizations/providers :

(a) Allow the NBO designated Loyalty Program administrator to generate a variety of reports from the Transaction Database.

Schedule A

Page 1

(b) Allow the NBO designated Loyalty Program administrator to enter Consumer Participant contact information and register at least three cards to the Consumer Participant. Card types that may be registered should include Visa, MasterCard, Discover, American Express, Private Label Credit Cards and Loyalty Cards.

(c) Allow the NBO designated Loyalty Program administrator to change or delete records in the registered cardholder table.

(d) Allow the NBO designated Loyalty Program administrator to add, change or delete records in the participating merchant table and the benefit organization/provider table.

2.

Other:

(e) The front-end will exchange data with the data warehouse through an online database gateway or through import/export capability.

(f) The front end Interface will allow for additional information (such as salesperson or sales team that signed the merchant) for internal sales and marketing analysis.

Front-end Interface Architecture Summary

- Front-end administration software
- Front-end enrollment and reporting
- Front-end reporting tool used for customer support and internal reporting
- Internet-based reporting tool to allow participants to pull summary-level activity reports.

Schedule A

Page 2

SCHEDULE B SERVICES

1.

Systems Support: The systems support ("*Systems Support*") includes technical support and maintenance of the Designated Applications reasonably necessary or appropriate to meet the *Applications Specifications and Functionality Standards* set forth in Schedule A, the Designated Applications' standard features and functionality and/or the Requirements Document, if any.

2.

Consumer Participant and Program Support Consumer participant and program support ("*Consumer Participant Support*" and "*Program Support*" respectively) include routine queries and questions regarding Participant data reporting and feeds concerning Qualified Records, including queries regarding data integrity, Applications functionality, and other customer support issues.

3.

New Merchant Support: New merchant support ("*New Merchant Support*") includes research and Applications support pertaining to New Merchant Participants that Customer desires to have, or has, enrolled and/or registered in the Customer Program.

4.

Enhancements Support: "*Enhancements Support*" includes technical and other information requested by Customer regarding actual or potential Enhancements, including new releases to the Designated Applications, expansion of the features and functionality of the Designated Applications or the Requirements Document, if any, pursuant to this Agreement.

5.

Dedicated Software Engineering: If and as requested by Customer, software engineering dedicated to this project during the Setup Phase.

6.

Account Executive. A senior level account support person assigned to oversee the day-to-day issues arising in Systems Support, Consumer Participant Support, Program Support, New Merchant Support and Enhancements Support, who will be the principal liaison with Customer, and who will be expected to visit personally Customer's facilities on a regular basis and confirm that CCI is meeting service level commitments.

7.

Interface to outside merchants: CCI's reasonable best efforts to establish an interface or link to major Merchant Participants, Acquirers or Agents that do not have existing links or interfaces to the CCI network. As long as CCI utilizes such interface or link only for Merchant Participants pursuant to this Agreement, the parties will share and allocate the telecommunications costs and responsibilities associated with such interface on such reasonable basis as may be then acceptable to both parties.

8.

Merchant Participant Setup:

(a)

(b)

Transaction Data acquisition and/or mapping for Merchant Participant from processors or data providers to which CCI has existing telecommunications links and data.

Schedule B

Page 1

(c)

Transaction Data acquisition and/or mapping for Merchant Participant from processors or data providers to which CCI has or may have existing telecommunications links but which are not currently recognized within existing CCI databases.

Schedule B

Page 2

SCHEDULE C
FEES AND COMPENSATION

1. Setup fees:

(a) See Schedule E

(b) *Setup Phase Allowance*. Programming and customization hours expended by CCI technical personnel during the Setup Phase to adapt, modify and/or configure the Designated Applications in excess of an aggregate of 1,000 hours, with prior notification to Customer, shall be invoiced to and paid by Customer to CCI as Custom Support Services in accordance with paragraph 6 below; notwithstanding the provisions of paragraph 5 below, CCI shall not invoice Customer for programming and customization hours of less than 1,000 hours in the aggregate during the Setup Phase to adapt, modify and/or configure the Designated Applications to meet the Designated Applications' standard features and functionality, the Applications Specifications and Functionality Standards set forth on Schedule A hereto or the service level standards set forth in Schedule B of this Agreement, including without limitation any Custom Support Services or excess service fees.

2. Monthly minimum fees:

Commencing upon the execution of this Agreement, monthly minimum fees, as follows:

(a) See Schedule E

Amounts paid by Customer to CCI for Initial Records and Qualified Records shall be offset against these monthly minimum fees. The monthly minimum fees do not include setup fees provided under this Agreement.

Schedule C

Page 1

3. Initial Records:

Fees for review of Initial Records, in addition to any other fees payable under this Agreement, as follows:

Number of Initial Records

Fee (\$) per Initial Record

See Schedule E

See Schedule E

4. Qualified Records:

Fees for each review of Qualified Records by CCI, in addition to any other fees payable under this Agreement, as follows:

Number of Qualified Records

Fee (\$) per Qualified Record

See Schedule E

See Schedule E

If Customer requests that CCI review Initial Records or Qualified Records, as the case may be, to sort or generate reports of PQRs and/or SQRs (each as defined below), in addition to any other fees payable by Customer to CCI hereunder, Customer shall pay to CCI a fee for each such PQR and/or SQR at the rates set forth in this paragraph 4 for review of a Qualified Record. For purposes of this Schedule C, "PQR" means a *Partially Qualified Record* (or "semi-match"). A PQR is an Initial Record that contains Transaction Data for a Consumer Participant from a transaction with a Merchant Participant that does not meet all of the criteria specified by the Business Rules for the Customer Program for a Qualified Record or that otherwise only partially qualifies as a Qualified Record under the Business Rules for the Customer Program. "SQR" means a Specially Qualified Record. An SQR is a Qualified Record that either meets multiple criteria specified by the Customer Program or otherwise qualifies for specialized Report Generation or treatment under the Business Rules.

CCI will provide a data file of the Qualified Records, in XML format, to Customer at no cost. Customer will be responsible for retrieving that file from a CCI web or FTP site.

5. Customer and Systems Support:

Fees for Customer and Systems Support, in addition to any other fees payable under this Agreement, as follows:

(a)

Charges for the Customer Support, Program Support and Custom Support as described in paragraphs (i) and *(ii) below :

(i) *Monthly Customer and Systems Support Allowance*. Up to three hundred (300) hours per month, recorded by CCI technical and other support personnel and expended on Customer's behalf, for Application Support, Program Support, Enhancements Support and research or other services related to the foregoing, but excluding time for: (i) New Merchant Support and (ii) any Application Support and Program Support, Enhancements Support and research or other services that are determined to arise from and be necessary to resolve, address, repair or fix an Applications defect or failure, but including any data integrity or reporting failure arising from a failure of the Designated Application to meet the Applications Specifications and Functionality Standards set forth on Schedule A to this

Agreement, which items (i) and (ii) shall be provided by CCI without reference to the foregoing hourly limitations and without cost to Customer, except as otherwise provided herein.

(ii) Custom Support Services. All other support services in excess of the limitations described in subparagraphs 5(a)(i) immediately preceding or that relate to discrete Applications Support, or Program Support, Enhancements Support, research or other service projects ("Custom Support Services") that are done or performed at Customer's request and with Customer's prior approval shall be billed and compensated in accordance with paragraph 6 immediately following. Without limiting the generality of the foregoing, Custom Support Services specifically includes programming modifications, additions or Enhancements to the Designated Applications, and discrete time and materials projects that are beyond the scope of the Applications Specifications and Functionality Standards set forth on Schedule A to this Agreement or the customer or technical support services described in subparagraph (i) immediately preceding. The parties reserve the right to negotiate separate arrangements for discrete projects.

6. Excess service fees:

Excess service fees, in addition to any other fees payable under this Agreement, as follows:

(a) [* * *] for Custom Service Support, or custom queries requested by Customer involving Custom Service Support other than Applications programming modifications, subject to annual adjustment to the rate customarily billed by CCI to its customers.

(b) [* * *] for administrative or research costs.

7. Telecommunications connections:

Fees for telecommunications connections, in addition to any other fees payable under this Agreement, as follows:

(a) Customer shall provide and/or pay or reimburse CCI for the costs of installation and operation of any telecommunications lines or links and associated hardware and software to connect Customer and/or the end user to CCI.

(b) CCI shall bear the costs of its existing telecommunications links to clearing and settlement agents within the VISA/MasterCard bank card and/or commercial issuer interchange networks), as applicable, to permit the transmission of Transaction Data to CCI.

8. Credits processing pricing:

Fees for credits processing, if and as elected by Customer, in addition to any other fees payable under this Agreement, as follows

(a) *Credit through gateway*: As quoted from time to time, currently estimated to [* * *].

9. Software Escrow:

Once per year, or upon completion of mission critical or otherwise significant enhancements as mutually agreed upon by CCI and Customer, CCI shall deposit a functional copy of the Designated Application Software with an escrow agent. If CCI ceases to conduct business or as a result of CCI's insolvency, dissolution or appointment of a receiver or trustee CCI is no longer able to perform its obligations hereunder, and the obligations of CCI hereunder have not been assumed by a successor or assignor in accordance with the provisions hereof, CCI shall cause such escrow agent to deliver to Customer such functional copy of the Designated Application Software and Customer shall have the right to use and operate the Designated Application to the extent reasonably necessary to fulfill the intent and purposes of Paragraph 2.1 of this Agreement, in all other respects subject to the rights of CCI as provided in this Agreement. Customer shall bear the cost of all related fees imposed by the escrow agent.

Schedule C

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SCHEDULE D

AUTHORIZATION RE ELECTRONIC TRANSACTIONS

AUTHORIZATION RE ELECTRONIC TRANSACTIONS

The undersigned makes this authorization in connection with the undersigned's enrollment and registration as a participating merchant partner in the _____ loyalty program (referred to below as the "Program"). _____ (referred to below as "[Customer Name]") has engaged Card Commerce International to perform certain services for [Customer Name] in connection with the Program, including the initial processing of any data received from [Customer Name]'s participating merchant partners through the VISA/MasterCard bank card and/or commercial issuer interchange network(s). To facilitate the establishment of these data and/or telecommunications links, the undersigned, by its signature below, authorizes Card Commerce international, Inc., its employees and agents (referred to below collectively as "Agent") and/or [Customer Name] as follows:

1. The undersigned authorizes and directs Agent to represent and act for the undersigned before its settlement bank, settlement processor, authorization network processor, information technology department and others within the VISA/MasterCard bank card and/or commercial issuer interchange network(s) for the limited purpose of obtaining electronic authorization and capture/settlement credit and debit card transaction data of [Customer Name] as contemplated under the Program, subject to the limitations of the Program and as set forth below.

2. The undersigned authorizes and directs the acquirer of its credit, charge and/or debit card transactions to report and deliver its transaction data to the Agent and to cause and/or direct the clearing and settlement agents within the VISA/MasterCard bank card and/or commercial issuer interchange network(s), as applicable, to report transaction data to the Agent, through a telecommunications link with or to the Agent; provided that Agent shall discard and make no use of the undersigned's transaction data for consumer transaction data for consumers who are not consumers enrolled or participating in the Program except at the undersigned's separate, specific and written authorization or request to Agent.

3. The undersigned authorizes [Customer Name] to use the undersigned's transaction data as contemplated by and in furtherance of the objectives of the Program, subject to any limitations contained in Program and [Customer Name]'s privacy policy, as the same may be amended from time to time at [Customer Name]'s discretion and in accordance with applicable law. The undersigned further authorizes Agent to process and use the data in accordance with the foregoing purposes and subject to the foregoing limitations, including qualification of transactions for consumer participants and participating merchant members in the Program.

4. The undersigned acknowledges that it will remain responsible for any fees imposed by its settlement bank, settlement processor, authorization network processor, or information technology department in connection with the transmission of data to Agent.

5. Agent confirms and agrees that it will only use transaction data provided to it in connection with the Program for purposes of fulfilling its obligations to [Customer Name] in connection with the Program and shall be consistent with [Customer Name]'s privacy policy.

6. This authorization may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

ACKNOWLEDGED AND AGREED TO

as of _____, 2001

(Corporate name of participating merchant partner)

By: _____

Name: _____

Title: _____

CARD COMMERCE INTERNATIONAL, INC.

(Corporate name of Agent)

By: _____

Name: _____

Title: _____

SCHEDULE E FULL PRICING SCHEDULE

Full Pricing Schedule

Enrollment System Set-Up

:

[* * *]

The system will be built as a web accessible system and will be available on the NBO Systems, Inc. Website. The enrollment system may also be used on other "open systems" as well (i.e. ATM, POS terminals, kiosks).

Merchant Set-up:

Included

Merchants will be placed in one of three categories:

- ☐ Merchant requiring direct connection
- ☐ Merchant existing on platform
- ☐ Merchant with connectivity but not recognized on platform

Minimum Monthly fee

:

[* * *]

The monthly service includes:

- Storage of data includes [* * *].
- Program Support [* * *].
- Additional programming hours will be billed at [* * *].

*** *Full list of services is included below (No rebates/credits will be given for services not used.)*

Revenue Share And Conversion to New Minimum Monthly Fee

[* * *]

.

The [* * *] in month four. [* * *] continues each month until buy down occurs, and [* * *] after buy down. As used herein, "[* * *]. [* * *] occurs, and terminates upon [* * *] payments to CCI [* * *]. Once the [* * *] occurs, NBO continues [* * *] payments [* * *]. The [* * *] schedule is as follows:

[* * *]

. *

[* * *]

. *

[* * *]

.

[* * *]

Initial Record

:

An initial record may also be referred to as a reviewed transaction.

Transaction Volume/month Pricing

[* * *] [* * *]

Qualifying Records

:

Tiered pricing for qualifying a transaction for match and semi-match

- Each time a record is processed for a program, it is considered a transaction.

Transaction Volume/month Pricing

[* * *]

[* * *]

***Services to be performed (Full Service)

:

The following proposal includes the establishment and ongoing support of services for NBO Systems, Inc.

Upfront Costs

Configuration & Setup

Software

Hardware

IVR Platform
Misc. Fees

Website Development & Support

Web hosting
Registration/enrollment
Card number allocation
Reporting
Account Management/Admin functionality
Website utilization management

Data Management

Data warehousing
Transaction acquisition
Data storage
Business rules & logic
Data transfer
Database administration
SKU data processing

Reporting

Transaction activity & history
Statements/invoices
Program management
Merchant level data & access
Consumer level data & access

Schedule E

Page 2

Affiliate level data & access
Trend analysis (lift, frequency)

Financial

Billing
ACH (debit & credits)
Credits processing via gateway
Statements/invoices (web-based)

Ongoing Product Development & Support

Marketing Programs
Promotional Programs
Loyalty program effectiveness (trend analysis, consumer, merchant, industry)
New Products and services
Other
Build School Enrollment engine
Same exact functionality of existing school program with different look

Schedule E

Page 3

ADDENDUM TO LICENSE & SERVICES AGREEMENT

THIS ADDENDUM ("Addendum") to the LICENSE & SERVICES AGREEMENT dated July 31, 2002, is entered into and is effective as of September 24, 2004 (the "Effective Date") by and between Card Commerce International, Inc., a Delaware Corporation ("CCI"), with offices located at 11500 W. Olympic Blvd., Ste. 627, Los Angeles, California, 90064, and NBO Systems, Inc., a Maryland Corporation ("NBO"), with its principal place of business at 3676 W. California Avenue, Building D, Salt Lake City, Utah 84104. CCI and NBO are sometimes each referred to herein as a "Party" and collectively the "Parties."

WHEREAS, the Parties have previously entered into the License & Services Agreement dated July 31, 2002, for the operation of a Loyalty/Benefits Application for NBO ("Agreement"); and

WHEREAS, the Parties agree to amend said Agreement as specified herein;

NOW THEREFORE, In consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. The roles and responsibilities of CCI and NBO as outlined in the Agreement and original requirements documents ("BRD's") are hereby changed, in particular with regards to responsibilities for rebate calculation, reporting, and rebate payments. The new BRD, version 2.2a, is attached as Exhibit A to this Addendum, and lists the new roles and responsibilities of each Party.
2. Except as otherwise expressly modified herein, the Addendum shall be pursuant to the same terms and conditions of the Agreement as signed by both parties on July 31, 2002.
3. This Agreement shall not be made effective until and authorized officer of each party signs such Agreement.
4. Except as expressly modified herein and in Exhibit A, all other terms of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, CCI and NBO have executed this Addendum effective as of the date listed above.

Card Commerce International, Inc.

NBO SYSTEMS, INC.

By: /s/ Todd E. Linden
Signature

By: /s/ Christopher Foley
Signature

Todd E. Linden, President
Chief Operating Officer
Sept. 29, 2004
Date

Christopher Foley
Chief Financial Officer
9/30/04
Date

Exhibit A

CCI

Business Requirements Document

General

1.0 Credit card holders of all 4 major credit cards will be able to register their credit cards with CCI (see "Registration" below). If transactions at certain merchants will be unavailable due to the merchant connecting directly to the network, CCI will give NBO the name of the merchant and the applicable credit card types.

2.0 Per agreements CCI makes with merchants' acquirers, CCI will receive and scan all transactions specific to participating merchants and match transactions from registered cards.

2.1 NBO's Sales department will be responsible for having each participating merchant sign CCI's Merchant Authorization Letter which authorizes CCI to receive the necessary transaction data from the acquirer.

2.2 After a merchant signs the Merchant Authorization Letter, NBO's Sales department will fax the signed letter to a CCI program manager.

2.3 CCI will perform maintenance functions including, but not limited to, adding and deleting Merchant ID #'s for merchants.

2.4 CCI will communicate changes to merchants, including Merchant ID additions and modifications as currently done.

3.0 Merchants will be required to come through NBO to participate in the CCI-NBO program. A signed agreement will be reached between NBO and the merchant. The agreement will specify the discount rate the merchant gives to the program. NBO will give CCI a signed copy of this agreement and FTP a file with a participating merchant list.

4.0 Non-profit groups will sign up for the program through NBO's Sales department. An agreement will be made in which the non-profit group gets a defined share of the revenue generated from cardholders that register their credit cards under that non-profit group's program name.

5.0 After a written agreement between NBO and the non-profit group has been reached, NBO's Sales department will set up the merchant on NBO's system. A daily FTP will occur with CCI uploading that non-profit group's information to CCI to be set up on their system. CCI will need to define exactly what information they need, and how they want the file formatted.

6.0 NBO will transfer a file to CCI via FTP on a daily basis including all necessary information for CCI to set up the merchant on their system. CCI will define in writing the information they require and the file format.

6.1 The file will only be transferred if a merchant has been added, or a setting changed.

7.0 CCI will provide file formats for the following information.

7.1 NPO registrations for use with the IVR. These are sent from NBO to CCI.

7.2 Consumer registrations from CCI's IVR. These are sent from CCI to NBO.

7.3 Card Registrations from NBO's site. These are sent from NBO to CCI. This item is not applicable in the event CCI maintains card registration.

7.4 Daily transactions reflecting activity from registered cards with participating merchants. These are sent from CCI to NBO.

7.5 Merchant registrations from NBO's database. These are sent from NBO to CCI.

8.0 NBO will host the following information:

8.1 Merchant Lists

8.2 Reports

9.0 CCI will provide daily transaction files to NBO to include pertinent settled transaction activity including sales and refunds. Refunds will be differentiated from sales by using a negative amount. CCI will make available via on-line reporting monthly reports for participating merchants until such time as NBO requests discontinuation of this service.

9.1 The transaction file will contain Supporter ID, Brand ID, Merchant ID, Store ID, MID, Transaction ID, Card Type, Last Four Digits of the Card Number, Transaction Amount, Auth Date, Auth Time, Auth Code, Settle Date, Process Date

9.2 Transaction files will be FTP'ed to NBO.

9.3 Transaction files will contain all qualified transactions available to CCI. A qualified transaction is a transaction made at a participating merchant with a registered card.

9.4 CCI will send matched transactions within 24 hours of receiving the "raw" settlement transaction from the merchant, merchant processor or other agent or entity used to obtain transaction information for the program.

9.4.1 CCI will notify NBO by email in the event transactions are unavailable from the merchant, merchant processor or other agent or entity on the prescribed delivery schedule.

9.4.2 NBO will be able to issue transaction problem inquiries to CCI via email. CCI will provide NBO a contact list for transaction problem resolution. CCI will respond to a transaction inquiry within one business day of an inquiry.

10.0 NBO will be responsible for all reporting to Consumers, Merchants and Groups.

11.0 NBO will be responsible for all ACH functions except in the case of PHH merchants and any other specialty relationship that may be entered into from time to time. See the **Other Considerations** section below.

12.0 CCI will host an IVR. See **Registration** Below.

13.0 When a new merchant or non-profit signs up on the program, they will be given a user name and password. NBO will assign this user name and password during the setup process and the Sales department will communicate it to the entity. Upon logging in for the first time to NBO's system, the merchant or non-profit will be prompted to change their user name and/or password.

13.1 NBO will provide a secure method of password recovery for merchants and non-profit organizations.

Registration

14.0 CCI will maintain card registration via the web site.

14.1 A supporter will log into NBO's site. NBO's system will send the user ID to CCI.

14.2 CCI will return a web page in a frameset containing current registered card information if the supporter is already registered. Otherwise CCI will return a registration web page in the frame.

14.3 The supporter can add and remove cards from within CCI's frame.

14.4 The supporter can access reports and create or modify NPO splits from HBO's site.

14.5 CCI will provide registration information to NBO in a file posted daily to an FTP site. This file will exclude full credit card numbers.

14.6 When a credit card holder registers their card, a CCI URL will be loaded in a frame. CCI will provide to NBO the URL NBO is to utilize.

14.6.1 NBO will define all frame parameters, such that the CCI frame keeps the look and feel of NBO.

14.6.2 CCI shall support Cascading Style Sheets CCS.

14.7 Only the last four digits of card numbers and type of card will be displayed to users who log in to CCI's site.

14.8 Registered cardholders will be able to add and remove credit cards. CCI will notify NBO with accurate enrollment and termination dates for added and removed cards.

14.9 NBO will connect to CCI via the Internet.

14.9.1 A SSL will be used for security.

14.9.2 CCI will maintain a 96% uptime on their web site and network. CCI will maintain 24-7 operation of their network.

14.9.3 CCI will respond to network problem requests within 10 minutes of requests from NBO.

14.9.4 CCI will, at NBO's request, supply accurate statistical information regarding network uptime and outages.

14.9.5 CCI will ensure a daily backup of data.

14.9.5.1 CCI will maintain an off-site backup

14.9.5.2 CCI will verify backup functionality on a semi-annual basis.

14.9.6 CCI will provide NBO with a plan defining comprehensive website testing, including a schedule. Website analysis will be performed in intervals no greater than semi-annually.

14.9.7 CCI will hold records of transactions for no less than 7 years, regardless of the length or term of its relationship with NBO.

14.9.8 CCI will maintain an audit record of changes to application programs including the login used to make the changes.

14.10 CCI's registration site will conform to basic industry standards for ease of use, navigation, reliability, and security.

14.11 CCI will provide a mechanism for recovering passwords that also conforms to basic industry standards for ease of use, navigation, reliability, and security.

15.0 Registered cardholders will be able to see how much they've contributed to their organization at www.childrens-heroes.com by using a report provided by NBO.

16.0 Credit card holders will be able to register their cards by completing a form and giving it to a non-profit group leader. The non-profit group leader will come to www.childrens-heroes.com to register the credit cards on behalf of the cardholders.

16.1 It will be the responsibility of the non-profit group leader to give the credit card holder the necessary information, including password, for the holder to log in. The credit card holder will then be able to change their password.

17.0 Credit card holders will also be able to register via a VRU. The VRU will be hosted by CCI. NBO will issue a code that credit card holders will use to identify themselves as participating in an NBO program during the registration process. Credit card holders will be able to contribute to multiple non-profit organizations through the VRU (enter multiple codes), and define the splits between the non-profit organizations.

17.1 CCI will maintain a 96% uptime on their VRU. CCI will maintain a 24-7 operation of their VRU and card registration services through the VRU.

17.2 CCI will provide VRU registrations to NBO within 24 hours of said registration.

17.3 CCI will host a toll-free number provided by NBO for this program.

17.4 CCI will provide a mechanism for registrants to login and identify themselves as the owner of a VRU registered card using the card number and a supported group. The card will then be associated the cardholders login. The cardholder can then update groups, view reports or remove the card from participating in the program in the same manner as any other registered card.

Other Considerations

18.0 The program shall evolve over time. A mechanism for change requests will be defined by CCI and mutually agreed upon.

18.1 CCI shall provide NBO with time and costs associated for program changes.

18.2 CCI shall inform NBO of enhancements made to their system for which NBO may utilize in its program at agreed upon terms

18.3 CCI will not restrict cards registered under Childrens-Heroes.

19.0 In the event the program ends as a result of CCI becoming unable to meet its obligations, CCI will make all transaction histories available to NBO, CCI will escrow all software and documentation used in this program, and all materials will be made available to NBO with 30 business days.

20.0 NBO and CCI may from time to time enter into special relationships. PHH is one example. Additional considerations, responsibilities and roles for splits, money transfer, reporting and other items must be defined at the appropriate time for such special arrangements.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

[Metavante Logo] Metavante™

MASTER AGREEMENT

This Master Agreement is made as of the 10th of October, 2002 (the "Effective Date"), by and between NBO Systems, Inc., a Maryland corporation ("Customer") and Metavante Corporation, a Wisconsin corporation ("Metavante").

Customer desires Metavante to provide to Customer the services set forth in this Agreement and Metavante desires to provide such services to Customer, all as provided in this Agreement.

THEREFORE,

in consideration of the payments to be made and services to be performed hereunder, upon the terms and subject to the conditions set forth in this Agreement and intending to be legally bound, the parties hereto agree as follows:

Metavante shall provide to Customer and Customer shall receive from Metavante, all upon the terms and conditions set forth in this Agreement, the Services specified in this Agreement. The term of this Agreement shall commence on the Effective Date and end on the fifth (5th) year anniversary of the last day of the month in which the Commencement Date occurs. This Agreement includes the Schedules marked with an "X" below, which contain additional terms and conditions relating to the applicable Service including applicable fees and charges. Metavante may provide to Customer and Customer may receive additional services hereunder upon mutual agreement and by completion of a New Services Schedule. Each marked Schedule and each New Services Schedule, if any, subsequently agreed to and executed by Metavante and Customer are incorporated into this Agreement by reference as if set forth in this Agreement in full.

SCHEDULES

Financial Technology Solutions

- ☐ A Customer Relationship Management (CRM)
- ☒ B Electronic Funds Delivery
- ☐ C Financial Accounts Processing
- ☐ D Wealth Management Processing
- ☐ E Private Label Banking

E-Finance Solutions

- ☐ F Electronic Bill Presentment
- ☐ G Electronic Bill Payment
- ☐ H Online Business/Consumer Banking

Miscellaneous

- ☐ I Automated Clearing House (ACH)
- ☐ J Termination Fee
- ☐ K SNS Network Design
- ☒ L Performance Objectives

The general terms and conditions and all exhibits attached hereto are incorporated herein and deemed part of this Agreement.

IN WITNESS THEREOF, the parties have caused this Agreement to be executed on their behalf as of the date first above written.

METAVANTE CORPORATION

By: /s/ Frank G. D'Angelo 10/29

Name: Frank G. D'Angelo

Title: Executive Vice President and General Manager

EFT and Card Solutions

By: /s/ Joseph B. Farraye

Name: Joseph B. Farraye

Title: Vice President, Sales

NBO SYSTEMS, INC.

By: /s/ Keith A. Guevara

Name: Keith A. Guevara

Title: President - CEO

By: /s/ Randy J. Steck

Name: Randy J. Steck

Title: COO

GENERAL TERMS AND CONDITIONS

1. DEFINITIONS

1.1. Definitions. Capitalized terms shall have the meaning ascribed to them on attached Exhibit A.

1.2. References. In this Agreement, references and mention of the word "includes" and "including" shall mean "includes, without limitation" and "including, without limitation," as applicable.

1.3. Interpretation. In the event of a conflict between the general terms and conditions and the terms of any exhibits and schedules attached hereto, the terms of the schedules and exhibits shall prevail and control the interpretation of the Agreement with respect to the subject matter of the applicable schedules and/or exhibits. The exhibits and schedules together with the general terms and conditions shall be interpreted as a single document.

2. TERM

Unless this Agreement has been earlier terminated, this Agreement shall continue for the Initial Term and shall be automatically renewed for one (1) additional twelve-month period ("Renewal Term") under the same terms and conditions unless either party shall provide the other party with written notice of termination at least ninety (90) days prior to the expiration date for the Initial Term or Renewal Term, as applicable.

3. APPOINTMENT

3.1. Performance by Metavante Affiliates or Subcontractors. Customer understands and agrees that the actual performance of the Services may be made by one or more Affiliates of Metavante, or subcontractors of any of the foregoing Entities (collectively, the "Eligible Providers"). For purposes of this Agreement, performance of the Services by any Eligible Provider shall be deemed performance by Metavante itself. Metavante shall remain fully responsible for the performance or non-performance of the Services by any Eligible Provider, to the same extent as if Metavante itself performed or failed to perform such services. Customer agrees to look solely to Metavante, and not to any Eligible Provider, for satisfaction of any claims Customer may have arising out of this Agreement or the performance or nonperformance of Services.

3.2. Third Party Products/Services. The parties acknowledge that certain services and products necessary for the performance of the Services are being, and in the future may be, provided by Third Parties who will contract directly with Customer. Metavante shall have no liability to Customer for information and products supplied by, or services performed by, such Third Parties in conjunction with the Services.

3.3. Proper Instructions. "Proper Instructions" shall mean those instructions sent to Metavante by letter, memorandum, telegram, cable, telex, telecopy facsimile, computer terminal, e-mail or other "on line" system or similar means of communication or given orally over the telephone or given in person by one or more of the person(s) whose name(s) and signatures are listed on the most recent certificate delivered by Customer to Metavante which lists those persons authorized to give orders, corrections and instructions in the name of and on behalf of Customer. Proper Instructions shall specify the action requested to be taken or omitted.

4. SERVICES

4.1. Services. Metavante agrees that the Services shall be provided to Customer in substantial conformance with the Documentation, and in accordance with this Agreement.

4.2. New Services. If Customer wishes to receive any New Service which is included in Metavante's then-current standard pricing, Customer shall notify Metavante and the parties shall implement the same on a mutually acceptable time schedule. If the New Service is not identified in Metavante's then-current standard pricing, Customer shall submit a written request for estimates to Metavante in accordance with Section 14.1 of this Agreement. Nothing contained herein shall obligate Metavante to develop a New Service for Customer.

4.3. Professional Services. Metavante may provide Customer with Professional Services as mutually agreed by the parties. Customer agrees that Metavante may use all suggestions, improvements and comments regarding the Services that are furnished by Customer to Metavante in connection with this Agreement, without accounting or reservation.

4.4 Service Levels. Service Levels, if any, relating to a particular Service shall be as set forth in the applicable schedule or exhibit. The parties agree that Metavante's performance of Services at a level at or above any Service Level shall be satisfactory performance. Metavante shall cure any failure to achieve a Service Level within the period specified within the applicable schedule. Remedies, if any, for failure to achieve a Service Level shall be as set forth in the applicable Schedule or exhibit thereto.

4.5 Software Licenses. Metavante may provide Customer with access to software to facilitate or assist Customer's use of the Services. Except as otherwise agreed by Metavante in writing, Customer shall have no right or license to such software except for the purpose of using the Services during the Term, and any such software shall be Metavante Software. Customer shall not reverse engineer, decompile, or prepare derivative works from, any such software. Customer shall immediately return all copies of such software and all accompanying documentation for such software, if any, upon the expiration or earlier termination of this Agreement.

5. FEES

5.1. Fee Structure. The fees for the Initial Services are set forth in the applicable Fee Schedule(s). Customer agrees to pay Metavante the fees specified in the Fee Schedule(s) for such services. Fees for New Services shall be as set forth in Metavante's then current standard pricing or, if applicable, the mutually agreed upon Fee Schedules for such services.

5.2. Pricing and Operational Assumptions. Certain Fee Schedule(s) may set forth the operational and pricing assumptions made by Metavante following completion of its preliminary due diligence of Customer's requirements and its evaluation of information provided by Customer. If so and if the parties determine that one or more of the pricing or operational assumptions listed in the Fee Schedules) is inaccurate or incomplete in any material respect, the parties will negotiate in good faith regarding an equitable adjustment to any materially and adversely impacted provisions of this Agreement. In addition to the charges specified on the Fee Schedule(s), Customer shall be responsible for all pass through charges assessed by Third Parties as agreed to in advance by Metavante and Customer.

5.3. Excluded Costs. The fees set forth in the Fee Schedule(s) do not include shipping and courier costs, telecommunication charges, Expenses, Third Party pass-through charges, workshop fees, training fees, late fees or charges and Taxes, which shall be the responsibility of Customer.

5.4. Disputed Amounts. If Customer disputes any charge or amount on any invoice and such dispute cannot be resolved promptly through good faith discussions between the parties, Customer shall pay the amounts due under this Agreement less the disputed amount, and the parties shall diligently proceed to resolve such disputed amount. An amount will be considered disputed in good faith if (i) Customer delivers a written statement to Metavante on or before the due date of the invoice, describing in detail the basis of the dispute and the amount being withheld by Customer, (ii) such written statement represents that the amount in dispute has been determined after due investigation of the facts and that such disputed amount has been determined in good faith, and (iii) all other amounts due from Customer that are not in dispute have been paid in accordance with the terms of this Agreement

5.5. Terms of Payment. All fees shall be paid to Metavante as set forth in the Fee Schedule(s). All amounts due under this Agreement shall be paid within ten (10) days of the date of invoice, unless otherwise provided in the Fee Schedule. Undisputed charges not paid by the due date shall be subject to annual interest at the rate of 12% or the highest rate permitted by law, whichever is lower. Customer shall also pay any collection fees, court costs, reasonable attorneys' fees, and Damages incurred by Metavante in collecting payment of the charges and any other amounts for which Customer is liable under the terms and conditions of this Agreement.

5.6. Modification of Terms and Pricing. Except for those Services specifically identified on the Fee Schedule, charges for all Services shall be subject to adjustments which shall not exceed, in aggregate effect, the greater of (1) an annual rate of five percent (5%), or (ii) the change to the Employment Cost Index over the applicable period. Metavante agrees to provide Customer thirty (30) days prior notice of any such adjustment.

6. PERFORMANCE WARRANTY/EXCLUSIVE REMEDY/DISCLAIMER OF ALL OTHER WARRANTIES

6.1. Performance Warranty. Metavante warrants that it will provide the Services in a commercially reasonable manner in substantial conformity with this Agreement and the Performance Objectives attached as Schedule L (the "Performance Warranty"). THIS PERFORMANCE WARRANTY IS SUBJECT TO THE WARRANTY EXCLUSIONS SET FORTH BELOW IN SECTION 6.2.

6.2. Performance Warranty Exclusions. Except as may be expressly agreed in writing by Metavante, Metavante's Performance Warranty does not apply to:

- A. defects, problems, or failures caused by the Customer's nonperformance of obligations essential to Metavante's performance of its obligations; and/or
- B. defects, problems, or failures caused by an event of *force majeure*.

6.3. DISCLAIMER OF ALL OTHER WARRANTIES. THIS PERFORMANCE WARRANTY, AND THE WARRANTIES IN ARTICLE 12 HEREOF, ARE IN LIEU OF, AND METAVANTE DISCLAIMS ANY AND ALL OTHER WARRANTIES, CONDITIONS, OR REPRESENTATIONS (EXPRESS OR IMPLIED, ORAL OR WRITTEN) WITH RESPECT TO THE SERVICES PROVIDED UNDER THIS AGREEMENT, INCLUDING, WITHOUT LIMITATION, ANY AND ALL IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS OR SUITABILITY FOR ANY PURPOSE (WHETHER OR NOT METAVANTE KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. IN ADDITION, METAVANTE DISCLAIMS ANY WARRANTY OR REPRESENTATION TO ANY PERSON OTHER THAN CUSTOMER WITH RESPECT TO THE SERVICES PROVIDED UNDER THIS AGREEMENT.

7. MODIFICATION OR PARTIAL TERMINATION

7.1. Modifications to Services. Metavante may relocate, modify, amend, enhance, update, or provide an appropriate replacement for the software used to provide the Services, or any element of its systems or processes at any time or withdraw, modify or amend any function of the Services, provided that neither the functionality of the Services nor any applicable Service Levels are materially adversely affected.

7.2. Partial Termination by Metavante. Metavante may terminate any function or any Services immediately upon any final regulatory, legislative, or judicial determination that providing such function or Services is inconsistent with applicable law or regulation or the rights of any Third Party. Metavante

agreement with Discover Financial Services, Inc. is terminated for any reason. In such event, Customer shall not be liable for any Termination Fee. If Metavante terminates any Service, Metavante agrees to assist Customer, without additional charge, in identifying an alternate provider of such terminated Service.

7.3. Partial Termination by Customer. Except as may be provided in any Schedule, Customer agrees that, during the Term, Customer shall obtain exclusively from Metavante all of its requirements covered by the Initial Services. If Customer breaches the foregoing covenant, Customer shall pay Metavante a Termination Fee for the discontinued Service, as liquidated damages and not as a penalty.

8. TERMINATION

8.1. Early Termination. The terms and conditions set forth on Schedule J of the Agreement shall govern the early termination of this Agreement (or any service which is part of the Initial Services).

8.2. For Cause. If either party fails to perform any of its material obligations under this Agreement and does not cure such failure within thirty (30) days (or any other cure period specifically set forth in the Agreement) after being given notice specifying the nature of the failure, then the non-defaulting party may, by giving notice to the other party, terminate this Agreement as of the date specified in such notice of termination, or such later date agreed to by the parties, without prejudice to the non-defaulting party's right to collect Damages or the Termination Fee (if the non-defaulting party is Metavante).

8.3. For Insolvency. In addition to the termination rights set forth in Sections 8.1 and 8.2, subject to the provisions of Title 11, United States Code, if either party becomes or is declared insolvent or bankrupt, is the subject to any proceedings relating to its liquidation, insolvency or for the appointment of a receiver or similar officer for it, makes an assignment for the benefit of all or substantially all of its creditors, or enters into an agreement for the composition, extension, or readjustment of all or substantially all of its obligations, or is subject to regulatory sanction by any Federal Regulator, then the other party may, by giving written notice to such party, may terminate this Agreement as of a date specified in such notice of termination; provided that the foregoing shall not apply with respect to any involuntary petition in bankruptcy filed against a party unless such petition is not dismissed within sixty (60) days of such filing.

9. LIMITATION OF LIABILITY/MAXIMUM DAMAGES ALLOWED

9.1. Equitable Relief. Either party may seek equitable remedies, including injunctive relief, for a breach of the other party's obligations under Article 13 of this Agreement, prior to commencing the dispute resolution procedures set forth in Section 11.1 below.

9.2. Exclusion of Incidental and Consequential Damages. Independent of, severable from, and to be enforced independently of any other provision of this Agreement, NEITHER PARTY WILL BE LIABLE TO THE OTHER PARTY (NOR TO ANY PERSON CLAIMING RIGHTS DERIVED FROM THE OTHER PARTY'S RIGHTS) IN CONTRACT, TORT, (INCLUDING NEGLIGENCE) OR OTHERWISE, FOR INCIDENTAL, CONSEQUENTIAL, SPECIAL, PUNITIVE, OR EXEMPLARY DAMAGES OF ANY KIND--including lost profits, loss of business, or other economic damage, and further including injury to property, AS A RESULT OF BREACH OF ANY WARRANTY OR OTHER TERM OF THIS AGREEMENT, INCLUDING ANY FAILURE OF PERFORMANCE, REGARDLESS OF WHETHER THE PARTY LIABLE OR ALLEGEDLY LIABLE WAS ADVISED, HAD OTHER REASON TO KNOW, OR IN FACT KNEW OF THE POSSIBILITY THEREOF.

9.3. Maximum Damages Allowed. Notwithstanding any other provision of this Agreement, and for any reason, including breach of any duty imposed by this Agreement or independent of this Agreement, and regardless of any claim in contract, tort (including negligence) or otherwise, Metavante's total, aggregate liability under this Agreement shall in no circumstance exceed payments made to Metavante by Customer for the Service to which the claim relates during the five (5) months prior to the act or event giving rise to such claim.

9.4. Statute of Limitations. No lawsuit or other action may be brought by either party hereto, or on any claim or controversy based upon or arising in any way out of this Agreement, after one (1) year from the date on which the cause of action arose regardless of the nature of the claim or form of action, whether in contract, tort (including negligence) or otherwise; provided, however, the foregoing limitation shall not apply to the collection of any amounts due Metavante under this Agreement.

9.5. Tort Claim Waiver. In addition to and not in limitation of any other provision of this Article 9, each party hereby knowingly, voluntarily, and intentionally waives any right to recover from the other party, and Customer waives any right to recover from any Eligible Provider, any economic losses or damages in any action brought under tort theories, including, misrepresentation, negligence and/or strict liability and/or relating to the quality or performance of any products or services provided by Metavante. For purposes of this waiver, economic losses and damages include monetary losses or damages caused by a defective product or service except personal injury or damage to other tangible property. Even if remedies provided under this Agreement shall be deemed to have failed of their essential purpose, neither party shall have any liability to the other party under tort theories for economic losses or damages.

9.6. Liquidated Damages. Customer acknowledges that Metavante shall suffer a material adverse impact on its business if this Agreement is terminated prior to expiration of the Term, and that the resulting damages may not be susceptible of precise determination. Customer acknowledges that the Termination Fee is a reasonable approximation of such damages and shall be deemed to be liquidated damages and not a penalty.

10. INSURANCE AND INDEMNITY.

10.1. Insurance. Metavante shall maintain for its own protection fidelity bond coverage for its personnel; insurance coverage for loss from fire, disaster or other causes contributing to interruption of normal services, reconstruction of data file media and related processing costs; additional expenses incurred to continue operations; and business interruption to reimburse Metavante for losses resulting from suspension of the Services due to physical loss of equipment.

10.2. Indemnity

A. Except as provided in 10.28 below, Customer shall indemnify Metavante from, defend Metavante against, and pay any final judgments awarded against Metavante, resulting from any claim brought by a Third Party against Metavante based on Customer's use of the Services, Metavante's compliance with Customer's specifications or instructions, or Metavante's use of trademarks or data supplied by Customer, provided that the foregoing shall not limit or restrict Customer's rights to recover direct damages from Metavante for Metavante's breach of this Agreement, including reimbursement for direct damages of Third Parties which Customer is obligated to pay as a result of Metavante's breach.

B. Metavante shall indemnify Customer from, defend Customer against, and pay any final judgment awarded against Customer, resulting from any claim brought by a Third Party against Customer based on Metavante's alleged infringement of any patent, copyright or trademark of such Third Party under the laws of the United States, unless and except to the extent that such infringement is caused by Metavante's compliance with Customer's unique specifications or instructions, or Metavante's use of trademarks or data supplied by Customer.

10.3. Indemnification Procedures. If any Third Party makes a claim covered by Section 10.2 against an indemnitee with respect to which such indemnitee intends to seek indemnification under this Section, such indemnitee shall give notice of such claim to the indemnifying party, including a brief description of the amount and basis therefor, if known. Upon giving such notice, the indemnifying party shall be obligated to defend such indemnitee against such claim, and shall be entitled to assume control of the defense of the claim with counsel chosen by the indemnifying party, reasonably satisfactory to the indemnitee. The indemnitee shall cooperate fully with, and assist, the indemnifying party in its defense against such claim in all reasonable respects. The indemnifying party shall keep the indemnitee fully apprised at all times as to the status of the defense. Notwithstanding the foregoing, the indemnitee shall have the right to employ its own separate counsel in any such action, but the fees and expenses of such counsel shall be at the expense of the indemnitee. Neither the indemnifying party nor any indemnitee shall be liable for any settlement of action or claim effected without its consent. Notwithstanding the foregoing, the indemnitee shall retain, assume, or reassume sole control over all expenses relating to every aspect of the defense that it believes is not the subject of the indemnification provided for in this Section. Until both (a) the indemnitee receives notice from indemnifying party that it will defend, and (b) the indemnifying party assumes such defense, the indemnitee may, at any time after ten (10) days from the date notice of claim is given to the indemnifying party by the indemnitee, resist or otherwise defend the claim or, after consultation with and consent of the indemnifying party, settle or otherwise compromise or pay the claim. The indemnifying party shall pay all costs of indemnity arising out of or relating to that defense and any such settlement, compromise, or payment. The indemnitee shall keep the indemnifying party fully apprised at all times as to the status of the defense. Following indemnification as provided in this Section, the indemnifying party shall be subrogated to all rights of the indemnitee with respect to the matters for which indemnification has been made.

11. DISPUTE RESOLUTION

11.1. Representatives of Parties. All disputes arising under or in connection with this Agreement shall initially be referred to the representatives of each party who customarily manages the relationship between the parties. If such representatives are unable to resolve the dispute within five (5) Business Days after referral of the matter to them, the managers of the representatives shall attempt to resolve the dispute. If, after five (5) Business Days they are unable to resolve the dispute, senior executives of the parties shall attempt to resolve the dispute. If, after five (5) Business Days they are unable to resolve the dispute, the parties shall submit the dispute to the chief executive officers of the parties for resolution. Neither party shall commence legal proceedings with regard to a dispute until completion of the dispute resolution procedures set forth in this Section 11.1, except to the extent necessary to preserve its rights or maintain a superior position against other creditors or claimants.

11.2. Continuity of Performance. During the pendency of the dispute resolution proceedings described in this Article 11, Metavante shall continue to provide the Services so long as Customer shall continue to pay all undisputed amounts to Metavante in a timely manner.

12. AUTHORITY

12.1. Metavante. Metavante warrants that:

A. Metavante has the right to provide the Services hereunder, using all computer software required for that purpose.

B. Metavante is a corporation validly existing and in active status under the laws of the State of Wisconsin. It has all the requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement has been duly authorized by Metavante and this Agreement is enforceable in accordance with its terms against Metavante. No approval, authorization or consent of any

12.2. Customer. Customer warrants that:

A. Customer has all required licenses and approvals necessary to use the Services in the operation of its business.

B. Customer is a corporation validly existing and in good standing under the laws of the state of its incorporation. It has all the requisite corporate power and authority to execute, deliver and perform its obligations under this Agreement. The execution, delivery and performance of this Agreement has been duly authorized by Customer and this Agreement is enforceable in accordance with its terms against Customer. No approval, authorization or consent of any governmental or regulatory authorities required to be obtained or made by Customer in order for Customer to enter into and perform its obligations under this Agreement.

C. In the event that Customer requests Metavante to disclose to any Third Party or to use any of Customer's Confidential Information (as defined in Section 13.3), and such Confidential Information is or may be subject to the Privacy Regulations, such disclosure or use shall be permitted by the Privacy Regulations and by any initial, annual, opt-out, or other privacy notice that Customer issued with respect to such Confidential Information pursuant to the Privacy Regulations.

13. CONFIDENTIALITY AND OWNERSHIP

13.1. Customer Data. Customer shall remain the sole and exclusive owner of all Customer Data and its Confidential Information (as defined in Section 13.3), regardless of whether such data is maintained on magnetic tape, magnetic disk, or any other storage or processing device. All such Customer Data and other Confidential Information shall, however, be subject to regulation and examination by the appropriate auditors and regulatory agencies to the same extent as if such information were on Customer's premises.

13.2. Metavante Systems. Customer acknowledges that it has no rights in any software, systems, documentation, guidelines, procedures and similar related materials or any modifications thereof provided by Metavante, except with respect to Customer's use of the same during the Term to process its data.

13.3. Confidential Information. "Confidential Information" of a party shall mean all confidential or proprietary information and documentation of such party, whether or not marked as such including, with respect to Customer, all Customer Data. Confidential Information shall not include: (i) information which is or becomes publicly available (other than by the party having the obligation of confidentiality) without breach of this Agreement; (ii) information independently developed by the receiving party; (iii) information received from a Third Party not under a confidentiality obligation to the disclosing party; or (iv) information already in the possession of the receiving party without obligation of confidence at the time first disclosed by the disclosing party. The parties acknowledge and agree that the substance of the negotiations of this Agreement, and the terms of this Agreement are considered Confidential Information subject to the restrictions contained herein.

13.4. Obligations of the Parties. Except as permitted under this Section 13.4 and applicable law, neither party shall use, copy, sell, transfer, publish, disclose, display, or otherwise make any of the other party's Confidential Information available to any Third Party without the prior written consent of the other party. Each party shall hold the Confidential Information of the other party in confidence and shall not disclose or use such Confidential Information other than for the purposes contemplated by this Agreement and, to the extent that Confidential Information of Customer may be subject to the Privacy Regulations, as permitted by the Privacy Regulations, and shall instruct their employees, agents, and contractors to use the same care and discretion with respect to the Confidential Information of the other party or of any Third Party utilized hereunder that Metavante and Customer each require with respect to their own most confidential information, but in no event less than a reasonable standard of care, including the utilization of security devices or procedures designed to prevent unauthorized access to such materials. Each party shall instruct its employees, agents, and contractors of its confidentiality obligations hereunder and not to attempt to circumvent any such security procedures and devices. Each party's obligation under the preceding sentence may be satisfied by the use of its standard form of confidentiality agreement, if the same reasonably accomplishes the purposes here intended. All such Confidential Information shall be distributed only to persons having a need to know such information to perform their duties in conjunction with this Agreement.

13.5. Information Security. Metavante shall be responsible for establishing and maintaining an information security program that is designed to (i) ensure the security and confidentiality of Customer Data, (ii) protect against any anticipated threats or hazards to the security or integrity of Customer Data, and (iii) protect against unauthorized access to or use of Customer Data that could result in substantial harm or inconvenience to Customer or any of its customers. Customer shall be responsible for maintaining security for its own systems, servers, and communications links as necessary to (i) protect the security and integrity of Metavante's systems and servers on which Customer Data is stored, and (ii) protect against unauthorized access to or use of Metavante's systems and servers on which Customer Data is stored.

13.6. Ownership and Proprietary Rights. Metavante reserves the right to determine the hardware, software and tools to be used by Metavante in performing the Services. Metavante shall retain title and all other ownership and proprietary rights in and to the Metavante Proprietary Materials and Information, and any and all derivative works based thereon. Such ownership and proprietary rights shall include any and all rights in and to patents, trademarks, copyrights, and trade secret rights. Customer agrees that the Metavante Proprietary Materials and Information are not "work made for hire" within the meaning of U.S. Copyright Act 17 U.S.C. Section 101.

13.7. The Privacy Regulations. In the event that Customer requests Metavante to disclose to any Third Party or to use any of Customer's Confidential Information, and such Confidential Information is or may be subject to the Privacy Regulations, Metavante reserves the right, prior to such disclosure or

requested by Metavante, Customer shall promptly provide Metavante with any such notice, and (ii) to decline to disclose to such Third Party or to use such Confidential Information if Metavante, in Metavante's sole discretion, believes that such disclosure or use is or may be prohibited by the Privacy Regulations or by any such notice.

14. DEVELOPMENT PROJECTS

Upon Customer's written request, Metavante will develop and provide to Customer a good faith estimate of any additional charges which Customer may incur in connection with the operation of any new software, major modification or enhancements developed by Metavante at Customer's request or the acquisition of Third Party software related to any Service. Nothing contained herein shall obligate Metavante to develop enhancements requested by Customer.

15. DISASTER RECOVERY

15.1. Services Continuity Plan. Metavante shall maintain throughout the Term of the Agreement a Services Continuity Plan (the "Plan") in compliance with applicable regulatory requirements. Review and acceptance of the Plan as may be required by any applicable regulatory agency shall be the responsibility of Customer. Metavante shall cooperate with Customer in conducting such reviews as such regulatory agency may from time to time reasonably request. A detailed Executive Summary of the Plan has been provided to Customer. Updates to the Plan shall be provided to Customer without charge.

15.2. Relocation. If appropriate, Metavante shall relocate all affected Services to an alternate disaster recovery site as expeditiously as possible after declaration of a Disaster, and shall coordinate with Customer all requisite telecommunications modifications necessary to achieve full connectivity to the disaster recovery site, in material compliance with all regulatory requirements. "Disaster" shall have the meaning set forth in the Plan.

15.3. Resumption of Services. The Plan provides that, in the event of a Disaster, Metavante will be able to resume the Services in accordance therewith within the time periods specified in the Plan. In the event Metavante is unable to resume the Services to Customer within the time periods specified in the Plan, Customer shall have the right to terminate this Agreement without payment of the Termination Fee upon written notice to Metavante delivered within forty-five (45) days after declaration of such Disaster.

15.4. Annual Test. Metavante shall test its Plan by conducting one (1) test annually and shall provide Customer with a description of the test results in accordance with applicable laws and regulations.

16. MISCELLANEOUS PROVISIONS

16.1. Governing Law. The validity, construction and interpretation of this Agreement and the rights and duties of the parties hereto shall be governed by the internal laws of the State of Wisconsin, excluding its principles of conflict of laws.

16.2. Venue and Jurisdiction. In the event of litigation to enforce the terms of this Agreement, the parties consent to venue in an exclusive jurisdiction of the courts of Milwaukee County, Wisconsin and the Federal District Court for the Eastern District of Wisconsin. The parties further consent to the jurisdiction of any federal or state court located within a district which encompasses assets of a party against which a judgment has been rendered, either through arbitration or litigation, for the enforcement of such judgment or award against such party or the assets of such party.

16.3. Entire Agreement Amendments. This Agreement, together with the exhibits and schedules hereto, constitutes the entire agreement between Metavante and the Customer with respect to the subject matter hereof. There are no restrictions, promises, warranties, covenants or undertakings other than those expressly set forth herein and therein. This Agreement supersedes all prior negotiations, agreements, and undertakings between the parties with respect to such matter. This Agreement, including the exhibits and schedules hereto, may be amended only by an instrument in writing executed by the parties or their permitted assignees.

16.4. Relationship of Parties. The performance by Metavante of its duties and obligations under this Agreement shall be that of an independent contractor and nothing contained in this Agreement shall create or imply an agency relationship between Customer and Metavante, nor shall this Agreement be deemed to constitute a joint venture or partnership between Customer and Metavante.

16.5. Transmission of Data. If the Services require transportation or transmission of data between Metavante and Customer, the responsibility and expense for transportation and transmission of, and the risk of loss for, data and media transmitted between Metavante and Customer shall be borne by Customer. Data lost by Metavante following receipt, shall either be restored by Metavante from its backup media or shall be reprocessed from Customer's backup media at no additional charge to Customer.

16.6. Reliance on Data. Metavante will perform the Services described in this Agreement on the basis of information furnished by Customer. Metavante shall be entitled to rely upon any such data, information, or instructions as provided by Customer. If any error results from incorrect input supplied by Customer, Customer shall be responsible for discovering and reporting such error and supplying the data necessary to correct such error to Metavante for processing at the earliest possible time. In providing the Services, Metavante shall rely on the instructions and directions of Customer, and shall not be responsible for any liability arising from Metavante's proper performance of the Services in accordance with Customer's instructions.

16.7. Use of Services. Customer assumes exclusive responsibility for the consequences of any Proper Instructions Customer may give Metavante, for Customer's failure to properly access the Services in the manner prescribed by Metavante, and for Customer's failure to supply accurate input information. Customer agrees that, except as otherwise permitted in this Agreement or in writing by Metavante, Customer will use the Services only for its own internal business purposes to service its

bona fide customers and clients and will not sell or otherwise provide, directly or indirectly, any of the Services or any portion thereof to any Third Party.

16.8. Affiliates. Customer agrees that it is responsible for assuring compliance with this Agreement by those Affiliates receiving Services under this Agreement. Customer agrees to be responsible for the submission of its Affiliates' data to Metavante for processing and for the transmission to Customer's Affiliates of such data processed by and received from Metavante. Customer agrees to pay any and all fees owed under this Agreement for Services rendered to its Affiliates.

16.9. Assignment. This Agreement may not be assigned by either party, by operation of law or otherwise, without the prior written consent of the other party, which consent shall not be unreasonably withheld, provided that (a) Metavante's consent need not be obtained in connection with the assignment of this Agreement pursuant to a merger in which Customer is a party, so long as the provisions of all applicable Schedules are complied with; and (b) Metavante may freely assign this Agreement (i) in connection with a merger, corporate reorganization or sale of all or substantially all of its assets, stock or securities, or (ii) to any Entity which is a successor to the assets or the business of Metavante.

16.10. Notices. Except as otherwise specified in the Agreement, all notices, requests, approvals, consents and other communications required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by (i) first class U.S. mail, registered or certified, return receipt requested, stage pre-paid; or (ii) U.S. express mail, or other, similar overnight courier service to the address specified below. Notices shall be deemed given on the day actually received by the party to whom the notice is addressed.

In the case of Customer: NBO Systems, Inc.
3676 West California Avenue, Building D
Salt Lake City UT 84104
Attn: Keith Guevara, CEO
For Billing Purposes: NBO Systems, Inc.
Attn: Kent Jaspersen CAO
In the case of Metavante: Metavante Corporation
4900 West Brown Deer Road
Milwaukee WI 53223
Attn: Frank G. D'Angelo, Executive Vice President
Copy to: General Counsel

16.11. Headings. Headings in this Agreement are for reference purposes only and shall not affect the interpretation or meaning of this Agreement.

16.12. Counterparts. This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original but all of which together constitute one and the same agreement.

16.13. Waiver. No delay or omission by either party to exercise any right or power it has under this Agreement shall impair or be construed as a waiver of such right or power. A waiver by any party of any breach or covenant shall not be construed to be a waiver of any succeeding breach or any other covenant. All waivers must be in writing and signed by the party waiving its rights.

16.14. Severability. If any provision of this Agreement is held by court or arbitrator of competent jurisdiction to be contrary to law, then the remaining provisions of this Agreement will remain in full force and effect. Articles 9 and 13 and Sections 16.1, and 16.22 shall survive the expiration or earlier termination of this Agreement for any reason.

16.15. Attorneys' Fees and Costs. If any legal action is commenced in connection with the enforcement of this Agreement or any instrument or agreement required under this Agreement, the prevailing party shall be entitled to costs, attorneys' fees actually incurred, and necessary disbursements incurred in connection with such action, as determined by the court.

16.16. Financial Statements. Metavante agrees to furnish to the Customer copies of the then-current annual report for the Marshall & Ilsley Corporation, within forty-five (45) days after such document is made publicly available.

16.17. Publicity. Neither party shall use the other party's name or trademark or refer to the other party directly or indirectly in any media release, public announcement or public disclosure relating to this Agreement or its subject matter, in any promotional or marketing materials, lists or business presentations, without consent from the other party, which shall not be unreasonably withheld, for each such use or release in accordance with this Section. Notwithstanding the foregoing, at Metavante's request Customer agrees to issue a joint press release prepared by Metavante to announce the relationship established by the parties hereunder. Customer agrees that such press release shall be deemed approved by Customer in the event that, within five (5) Business Days of receiving Metavante's proposed press release, Customer does not provide written notice to Metavante describing in reasonable detail Customer's objections to the press release. All other media releases, public announcements, and public disclosures by either party relating to this Agreement or the subject matter of this Agreement (each, a "Disclosure"), including promotional or marketing material, but not including (i) announcements intended solely for internal distribution, or (ii) disclosures to the extent required to meet legal or regulatory requirements beyond the reasonable control of

the disclosing party, shall be subject to review and approval, which approval shall not be unreasonably withheld, by the other party prior to release. Such approval shall be deemed to be given if a party does not object to a proposed Disclosure within five (5) Business Days of receiving same. Disputes regarding the reasonableness of objections to the joint press release or any Disclosures shall be subject to the Dispute Resolution Procedures of Section 11.1 above.

16.18. Solicitation. Neither party shall solicit the employees of the other party for employment during the Term of this Agreement, for any reason. The foregoing shall not preclude either party from employing any such employee (i) who seeks employment with the other party in response to any general advertisement or solicitation that is not specifically directed towards employees of such party or (ii) who contacts the other party on his or her own initiative without any direct or indirect solicitation by such party.

16.19. No Third Party Beneficiaries. Each party intends that this Agreement shall not benefit, or create any right or cause of action in or on behalf of, any person or entity other than the Customer and Metavante.

16.20. Force Majeure. Notwithstanding any provision contained in this Agreement, neither party shall be liable to the other to the extent fulfillment or performance if any terms or provisions of this Agreement is delayed or prevented by revolution or other civil disorders; wars; acts of enemies; strikes; lack of available resources from persons other than parties to this Agreement; labor disputes; electrical equipment or availability failure; fires; floods; acts of God; federal, state or municipal action; statute; ordinance or regulation; or, without limiting the foregoing, any other causes not within its control, and which by the exercise of reasonable diligence it is unable to prevent, whether of the class of causes hereinbefore enumerated or not. This clause shall not apply to the payment of any sums due under this Agreement by either party to the other.

16.21. Construction. Metavante and Customer each acknowledge that the limitations and exclusions contained in this Agreement have been the subject of active and complete negotiation between the parties and represent the parties' voluntary agreement based upon the level of risk to Customer and Metavante associated with their respective obligations under this Agreement and the payments to be made to Metavante and the charges to be incurred by Metavante pursuant to this Agreement. The parties agree that the terms and conditions of this Agreement shall not be construed in favor of or against any party by reason of the extent to which any party or its professional advisors participated in the preparation of this document.

16.22. Waiver of Jury Trial. Each of Customer and Metavante hereby knowingly, voluntarily and intentionally waives any and all rights it may have to a trial by jury in respect of any litigation based on, or arising out of, under, or in connection with, this Agreement or any course of conduct, course of dealing, statements (whether verbal or written), or actions of Metavante or Customer, regardless of the nature of the claim or form of action, contract or tort, including negligence.

EXHIBIT A

GENERAL TERMS AND CONDITIONS

DEFINITIONS

A. "ACH" shall mean automated clearing house services.

B. "Affiliate" shall mean, with respect to a party, any Entity at any time Controlling, Controlled by or under common Control with, such party.

C. "Agreement" shall mean this master agreement and all schedules and exhibits attached hereto, which are expressly incorporated, any future amendments thereto, and any future schedules and exhibits added hereto by mutual agreement.

D. "Business Days" shall be Mondays through Fridays except holidays recognized by the Federal Reserve Board of Chicago.

E. "Change in Control" shall mean any event or series of events by which (i) any person or entity or group of persons or entities shall acquire Control of another person or entity or (ii) in the case of a corporation, during any period of 12 consecutive months commencing before or after the date hereof, individuals who at the beginning of such 12-month period were directors of such corporation shall cease for any reason to constitute a majority of the board of directors of such corporation.

F. "Commencement Date" shall mean the date on which Metavante first provides the Initial Services to Customer.

G. "Confidential Information" shall have the meaning set forth in Section 13.3 of the General Terms and Conditions.

H. "Contract Year" shall mean successive periods of twelve months, the first of which (being slightly longer than twelve (12) months) shall commence on the Commencement Date and terminate on the last day of the month in which the first anniversary of the Commencement Date occurs.

I. "Control" shall mean the direct or indirect ownership of over 50% of the capital stock (or other ownership interest, if not a corporation) of any Entity or the possession, directly or indirectly, of the power to direct the management and policies of such Entity by ownership of voting securities, by contract or otherwise. "Controlling" shall mean having Control of any Entity and "Controlled" shall mean being the subject of Control by another Entity.

J. "Customer" shall mean the Entity entering into this Agreement with Metavante and all Affiliates of such Entity for whom Metavante agrees to provide Services under this Agreement; Exhibit B to the General Terms and Conditions identifies such Affiliates as of the Effective Date.

K. "Customer Data" means any and all data and information of any kind or nature submitted to Metavante by Customer, or received by Metavante on behalf of Customer, necessary for Metavante to provide the Services.

L. "Damages" shall mean actual and verifiable monetary obligations incurred, or costs paid (except internal costs, attorneys' fees, and court costs) which (a) would not have been incurred or paid but for a party's action or failure to act in breach of this Agreement, and (b) are directly and solely attributable to such breach, but excluding any and all consequential, incidental, punitive and exemplary damages.

M. "Documentation" shall mean Metavante's standard user instructions relating to the Services, including tutorials, on-screen help, and operating procedures, as provided to Customer in written or electronic form.

N. "Effective Date" shall mean the date so defined on the signature page of this Agreement, or, if blank, the date executed by Metavante, as reflected in Metavante's records.

O. "Effective Date of Termination" shall mean the last day on which Metavante provides the Services to Customer (excluding any services relating to termination assistance).

P. "Eligible Provider" shall have the meaning as set forth in Section 3.1 of the General Terms and Conditions.

Q. "Employment Cost Index" shall mean the Employment Cost Index (not seasonally adjusted) as promulgated by the United States Department of Labor Bureau of Labor Statistics (or any successor index).

R. "Entity" means an individual or a corporation, partnership, sole proprietorship, limited liability company, joint venture or other form of organization, and includes the parties hereto.

S. "Estimated Remaining Value" shall mean the number of calendar months remaining between the Effective Date of Termination and the last day of the contracted-for Term, multiplied by the average of the monthly fees (but in any event no less than the Monthly Base Fee or other monthly minimums specified in the Fee Schedule(s)) payable by Customer during the twelve (12) month period prior to the event giving rise to termination rights under this Agreement. In the event the Effective Date of Termination occurs prior to expiration of the First Contract Year, the monthly fees used in calculating the Estimated Remaining Value shall be the greater of (i) the estimated monthly fees set forth in the Fee Schedule(s) and (ii) the average monthly fees described in the preceding sentence.

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T. "Expenses" shall mean any and all reasonable and direct expenses incurred by Metavante, including any postage, supplies, materials, travel and lodging in connection with services provided to or on behalf of Customer under this Agreement.

U. "Fee Schedule" shall mean the portions of schedules containing fees and charges for services rendered to Customer under this Agreement.

V. "Initial Services" shall mean all Services requested by Customer from Metavante under this Agreement prior to the Commencement Date. The Initial Services requested as of the Effective Date are set forth in the schedules attached hereto, which shall be modified to include any additional services requested by Customer prior to the Commencement Date.

W. "Initial Term" shall mean the period set forth on the first page of this Agreement.

X. "Legal Requirements" shall mean the federal and state laws, rules and regulations pertaining to Customer's business.

Y. "LU" shall mean any PC, printer, or terminal with direct access to a mainframe. If a PC is capable of running multiple sessions, each session be considered a separate LU.

Z. "Metavante Proprietor Materials and Information" shall mean the Metavante Software and all source code, object code, documentation (whether electronic, printed, written or otherwise), working papers, non-customer data, programs, diagrams, models, drawings, flow charts and research (whether in tangible or intangible form or in written or machine readable form), and all techniques, processes, inventions, knowledge, know-how, trade secrets (whether in tangible or intangible form or in written or machine readable form), developed by Metavante prior to or during the Term of this Agreement, and such other information relating to Metavante or the Metavante Software that Metavante identifies to Customer as proprietary or confidential at the time of disclosure.

AA. "Metavante Software" shall mean the software owned by Metavante and used to provide the Services.

BB. "New Services" shall mean any services which are not included in the Initial Services. Upon mutual agreement of the parties, New Services shall be included in the term "Services."

CC. "Performance Objectives" shall mean those service levels set forth in the schedules and designated as Performance Objectives.

DD. "Performance Warranty" shall have the meaning set forth in Section 6.1 of the General Terms and Conditions.

EE. "Plan" shall have the meaning set forth in Section 15.1 of the General Terms and Conditions.

FF. "Privacy Regulations" shall mean the regulations promulgated under Section 504 of the Gramm-Leach-Bliley Act, Pub. L.106-102, as such regulations may be amended from time to time.

GG. "Professional Services" shall mean services provided by Metavante for Implementation, training, consulting or to review or implement New Services or enhancements to existing Services.

HH. "Proper Instructions" shall mean those instructions sent to Metavante in accordance with Section 3.3 of the General Terms and Conditions.

II. "Services" shall mean the services, functions and responsibilities described in this Agreement to be performed by Metavante during the Term and shall include New Services which are agreed to by the parties in writing.

JJ. "Taxes" shall mean any manufacturers, sales, use, gross receipts, excise, personal property or similar tax or duty assessed by any governmental or quasi-governmental authority upon or as a result of the execution or performance of any service pursuant to this Agreement or materials furnished with respect to this Agreement, except any income, franchise, privilege or like tax on or measured by Metavante's net income, capital stock or net worth.

KK. "Term" shall mean the Initial Term and any extension thereof, unless this Agreement is earlier terminated in accordance with its provisions.

LL. "Termination Fee" shall have the meaning set forth on Schedule J of the Agreement.

MM. "Third Party" shall mean any Entity other than the parties or any Affiliates of the parties.

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EXHIBIT B

GENERAL TERMS AND CONDITIONS

AFFILIATES OF CUSTOMER

NBO Systems, Inc.

The Gift Card Company

The Gift Certificate Company

Children's Heros

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SCHEDULE B TO MASTER AGREEMENT

ELECTRONIC FUNDS DELIVERY

1. DEFINITIONS

A. "Card" shall mean a plastic card or other access device described in the Exhibits hereto that is issued by or on behalf of Customer.

B. "Cardholder" shall mean any person or Entity to whom Customer has issued a Card.

C. "Chargeback" shall mean the reversal of all or a portion of any amount previously posted to a Cardholder's account.

D. "EFT Services" shall mean the electronic funds transfer services set forth in attached Exhibit B1.

E. "EFD Services" shall mean the Services described in this Schedule.

F. "Implementation" shall mean (i) the transfer of Customer's electronic funds transfer and/or card processing services to the Metavante system and integration thereof such that Customer is able to receive the EFD Services in a live operating environment.

G. "Implementation Date" shall mean the date on which Implementation for Customer or a particular Affiliate has been completed. Exhibit B to the General Terms and Conditions identifies the Implementation Date for Customer and each Affiliate identified therein.

H. "Implementation Period" shall mean that portion of the Term beginning on the Effective Date and ending on the Implementation Date.

I. "Item" means any electronic message which communicates and effects a Transaction between Customer and its Cardholders.

J. "Merchant" shall mean a commercial establishment which contracts with Customer for Transaction processing services.

K. "Network" shall mean a shared system operating under a common name through which member financial institutions are able to authorize, route, process and settle Transactions (e.g. Discover).

L. "PIN" shall mean a Cardholder's personal identification number, a unique access code which must be used by the Cardholder to authenticate Transactions performed at a Terminal.

M. "POS" means point of sale.

N. "Terminal" means a POS device or any other device for processing on-line Transactions which directly or indirectly is supported by Metavante and meets the specifications of Metavante.

O. "Transaction" shall mean any function supported by Metavante which may be performed with a Card.

2. IMPLEMENTATION

2.1. Implementation of Services. The parties agree to use their best efforts to perform the Implementation(s) such that the Commencement Date occurs on or before November 1, 2002.

2.2. Development of Implementation Plan. Metavante, in consultation with Customer, will develop a detailed, customized plan for the Implementation (the "Implementation Plan"). The Implementation Plan will include: (i) a description of the tasks to be performed for the Implementation; (ii) allocation of responsibility for each of such tasks; and (iii) the schedule on which each task is to be performed. The Implementation project leaders for each party shall regularly communicate on the progress of the Implementation, the feasibility of the Implementation Dates specified in the Implementation Plan, and such other matters which may affect the smooth transition of the Services. Customer agrees to maintain an adequate staff of persons who are knowledgeable about the banking, data processing and information technology systems currently used by Customer. Customer further agrees to provide such services and to perform such obligations as are specified as Customer's responsibility in the Implementation Plan and as necessary for Customer to timely and adequately meet the scheduled dates set forth therein. Each party shall cooperate fully with all reasonable requests of the other party made necessary to effect the Implementation in a timely and efficient manner. The Implementation Plan may be amended by mutual agreement of the parties.

2.3. Implementation Resources. Metavante and Customer will provide a team of qualified individuals to assist in the Implementation effort. The anticipated team and description of their responsibilities is set forth in the Implementation Plan.

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3. NETWORK REQUIREMENTS

3.1. Customer acknowledges and agrees that Customer must obtain required memberships in all applicable Networks. If Customer is not a duly licensed card issuing member of any Network, Customer shall execute applications for membership and shall provide Metavante with copies of its fully executed membership agreements promptly after receipt by Customer. Metavante agrees to assist Customer in obtaining approval by an appropriate bank, if necessary, for Discover membership.

3.2. Customer shall comply with the articles, bylaws, operating regulations, rules, procedures and policies of Discover, and/or other Networks, as applicable, and shall be solely responsible, as between Customer and Metavante, for any claims, liabilities, lawsuits and expenses arising out of or caused by Customer's failure to comply with the same.

4. SERVICES

4.1. Stored Value Card Services. Metavante agrees to provide Customer with the Services set forth on Exhibit B1.

A. Customer shall be solely responsible for monitoring and interpreting (and for complying with, to the extent such compliance requires no action by Metavante) the Legal Requirements. Based on Customer's Proper Instructions, Metavante shall select the processing parameter settings, features and options (collectively, the "Parameters") within Metavante's system that will apply to Customer. Customer shall be responsible for determining that such selections are consistent with the Legal Requirements and with the terms and conditions of any agreements between Customer and its clients. In making such determinations, Customer may rely upon the written descriptions of such Parameters contained in the User Manuals. Metavante shall perform system processing in accordance with the Parameters.

B. Subject to the foregoing, Metavante shall perform an on-going review of federal laws, rules and regulations. Metavante shall maintain the features and functions set forth in the User Manuals for each of the Services in accordance with all changes in federal laws, rules and regulations applicable to such features and functions, in a non-custom environment. For any new federal laws, rules and regulations, Metavante will perform a business review, with input from Metavante's customers and user groups. If Metavante elects to support a new federal law, rule or regulation through changes to the Metavante Software, Metavante shall develop and implement modifications to the Services to enable Customer to comply with such new federal laws, rules and regulations and Metavante will notify Customer of such modifications. In all other circumstances relating to regulatory compliance of the Services, including state laws, rules and regulations, the provisions of Section 4.2 of the General Terms and Conditions above (New Services) shall apply.

C. In any event, Metavante shall work with Customer in developing and implementing a suitable procedure or direction to enable Customer to comply with federal and state laws, rules and regulations applicable to the Services being provided by Metavante to Customer, including in those instances when Metavante has elected to, but it is not commercially practicable to, modify the Metavante Software prior to the regulatory deadline for compliance.

4.2. Training. Customer shall be responsible for adequately and properly training all of Customer's personnel with regard to procedures to be observed and the use of all system features, reports, equipment, functions, and services. If Customer utilizes on-line system access features, Customer shall be responsible for delegating and controlling personnel access to the system and its data, including the proper segregation of duties and password access to system data, functions, and processes.

4.3. Settlement.

A. Customer acknowledges and agrees that, where Metavante processes a Transaction by a Cardholder to purchase goods or services using a Card such as a stored value card, Customer is obligated for the amount of the Transaction under applicable Network rules. Where Metavante processes a Transaction for a Merchant for the purchase of goods or services, Customer is due the amount of any credit transactions under applicable Network rules. Customer authorizes Metavante to receive amounts due to Customer and fund amounts payable by Customer in connection with Transactions processed by Metavante for Customer and its Cardholders and Merchants. Metavante shall daily determine the "Net Settlement" for Customer. "Net Settlement" means the net amount payable to Customer by Metavante, or the net amount payable to Metavante by Customer, as applicable, for Transactions settled for Customer by Metavante with Discover Networks, and/or other financial institutions, including Customer's Affiliates, in accordance with applicable Network operating rules. Customer shall maintain an account with a settlement bank designated by Metavante for purposes of funding or receiving Net Settlement, as applicable, and authorizes Metavante to charge the settlement account via ACH debit or otherwise for any Net Settlement owed by Customer to Metavante, and to deposit to the settlement account any Net Settlement owed by Metavante to Customer. Customer shall, upon Metavante's demand, pay to Metavante any Net Settlement that Metavante is unable to collect from the settlement account for any reason. Metavante will provide Customer with daily settlement and accounting information, and Customer agrees that Customer is responsible for the daily maintenance and reconciliation of all accounting entries. For purposes of this Section, "settlement account" shall refer to both activity accounts and funding accounts.

B. Metavante shall monthly determine the average monthly Net Settlement payable by Customer to Metavante, if any. Customer agrees to reimburse Metavante for its cost of funds in the amount determined by multiplying Customer's average monthly Net Settlement payable by the then published prime rate of M&I Marshall & Ilsley Bank.

4.4. Card Production Services. Delivery of cards will be deemed complete with respect to any order upon Metavante's delivery of the supply of cards to either Metavante's designated presort company (if Customer has requested use of a presort company), the United States Post Office, a common carrier or courier, or Customer's designated employee or agent. Following delivery of the cards in accordance with the foregoing, the card production services with respect to such order shall be completed, and Metavante shall have no further responsibility whatsoever for any use, abuse, loss, damage, alteration, or theft of cards following delivery. Metavante may require Customer to prepay postage, or fund a postage escrow, for card mailing services.

5. FEES

5.1. Fee Structure. The Exhibits attached hereto set forth the costs and charges for the EFD Services and Customer agrees to pay Metavante the fees specified in the Fee Schedules for the EFD Services rendered by Metavante.

5.2. Implementation. Customer agrees to pay Metavante the fees relating to the Implementation on the terms and conditions set forth on the Fee Schedules. In addition, Customer agrees to reimburse Metavante (i) for all Expenses reasonably incurred in connection with the Implementation; (ii) for Implementation of accounts or products not identified in the Implementation Plan as of the Effective Date; and (iii) for Metavante personnel or any independent contractors who perform services which are identified as the responsibility of the Customer in the Implementation Plan; and (iv) for Implementation related charges which may arise after the Implementation. Metavante will notify Customer prior to incurring Expenses.

5.3. Pricing and Operational Assumptions. The Fee Schedules set forth the operational and pricing assumptions made by Metavante following completion of its preliminary due diligence of Customer's requirements and its evaluation of information provided by Customer. If the parties determine that one or more of the pricing or operational assumptions listed in the Fee Schedules are inaccurate or incomplete in any material respect, the parties will negotiate in good faith regarding an equitable adjustment to any materially and adversely impacted provision of this Agreement.

5.4. Network Charges. In addition to the charges specified on the Fee Schedules, Customer shall be responsible for (a) all interchange and network provider fees; and (b) all dues, fees, fines and assessments established by and owed by Customer to Discover.

5.5. Training and Education.

A. Metavante shall provide training in accordance with the training schedule developed pursuant to the Implementation Plan. The sessions shall be held at an Metavante datacenter location to be determined by Metavante. Customer shall be responsible for all Expenses incurred by the participants and Metavante's trainers in connection with such education and training.

B. Metavante will provide to Customer, at no charge, one set of each of the Documentation. When the Documentation is updated, Metavante will provide the updates to Customer at no additional charge. Additional sets of the Documentation may be purchased by Customer at Metavante's then current price list. Customer may not modify, reproduce, or distribute the Documentation without the express consent of Metavante.

6. SERVICES FOLLOWING TERMINATION

6.1. Termination Assistance. Following the expiration or early termination of this Schedule by Customer, Metavante shall provide Customer, at Customer's expense, all necessary assistance to facilitate the orderly transition of Services to Customer or its designee ("Termination Assistance"). As part of the Termination Assistance, Metavante shall assist Customer to develop a plan for the transition of all Services then being performed by Metavante under this Schedule, from Metavante to Customer or its designee, on a reasonable schedule developed jointly by Metavante and Customer. Prior to providing any Termination Assistance, Metavante shall deliver to Customer a good faith estimate of all such Expenses and charges including charges for custom programming services. Customer understands and agrees that all Expenses and charges for Termination Assistance shall be computed in accordance with Metavante's then current standard prices for such products, materials and services. Nothing contained herein shall obligate Customer to receive Termination Assistance from Metavante.

6.2. Continuation of Services. Unless Metavante terminates this Schedule for Customer's default, upon at least ninety (90) days' prior written request by Customer, Metavante shall continue to provide Customer all Services through the expiration date of any outstanding cards, but in no event shall the Effective Date of Termination be extended for a maximum period of twelve (12) months. If Customer elects to receive the Services for such period, Metavante's then current standard pricing shall continue to apply to the provision and receipt of such Services.

6.3. Trailing Activity. For at least 120 days following the Effective Date of Termination, Customer shall maintain a settlement account with Metavante or the depository institution designated by Metavante which Metavante may charge to settle any trailing activity which accrues prior to the Effective Date of Termination, and which is not known to Metavante until sometime thereafter (including any Chargeback of a Transaction which is authorized prior to the Effective Date of Termination). Customer shall pay to Metavante fees at Metavante's then current standard rates to settle such trailing activity. Any form of termination notwithstanding, to protect the reputations of Customer and Metavante, the reasons for termination shall remain absolutely confidential outside of Customer's and Metavante's internal personnel, except for reporting that may be required under federal law.

7. General.

7.1. Equipment and Network. Customer shall obtain and maintain at its own expense its own data processing and communications equipment as may be necessary or appropriate to facilitate the proper use and receipt of the Services. Customer shall pay all installation, monthly, and other charges relating to the installation and use of communications lines between Customer's datacenter and the Operations Center, as set forth in the Network Schedule. Metavante maintains and will continue to maintain a network control center with diagnostic capability to monitor reliability and availability of the communication lines described in the Network Schedule, but Metavante shall not be responsible for the continued availability or reliability of such communications lines. Metavante agrees to provide services to install, configure, and support the wide-area network to interconnect Customer to the Operations Center as described in, and subject to the terms and conditions of, the Network Schedule.

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7.2. Data Backup. Customer shall maintain adequate records of data provided to Metavante by Customer for at least ten (10) Business Days including (i) microfilm images of items being transported to Metavante or (ii) backup on magnetic tape or other electronic media where transactions are being transmitted to Metavante, from which reconstruction of lost or damaged items or data can be made. Customer assumes all responsibility and liability for any loss or damage resulting from failure to maintain such records. Metavante will maintain adequate records and backup of information obtained from sources other than from Customer.

7.3. Balancing and Controls. Customer shall (a) on a daily basis, review all input and output, controls, reports, and documentation, to ensure the integrity of data processed by Metavante; and (b) on a daily basis, check exception reports to verify that all file maintenance entries and nondollar transactions were correctly entered. Customer shall be responsible for initiating timely remedial action to correct any improperly processed data which these reviews disclose.

7.4. Regulatory Assurances. Metavante and Customer acknowledge and agree that the performance of these Services will be subject to regulation and examination by Customer's regulatory agencies to the same extent as if such Services were being performed by Customer. Upon request, Metavante agrees to provide any appropriate assurances to such agency and agrees to subject itself to any required examination or regulation. Customer agrees to reimburse Metavante for reasonable costs actually incurred due to any such examination or regulation that is performed primarily for the purpose of examining Services used by Customer.

A. Notice Requirements. Customer shall be responsible for complying with all regulatory notice provisions to any applicable governmental agency, which shall include providing timely and adequate notice to Feral Regulators as of the Effective Date of this Agreement, identifying those records to which this Agreement shall apply and the location at which such Services are to be performed.

B. Examination of Records. The parties agree that the records maintained and produced under this Agreement shall, at all times, be available at the Operations Center for examination and audit by governmental agencies having jurisdiction over the Customer's business, including any Federal Regulator. The Director of Examinations of any federal Regulator or his or her designated representative shall have the right to ask for and to receive directly from Metavante any reports, summaries, or information contained in or derived from data in the possession of Metavante related to the Customer. Metavante shall notify Customer as soon as reasonably possible of any formal request by any authorized governmental agency to examine Customer's records maintained by Metavante, if Metavante is permitted to make such a disclosure to Customer under applicable law or regulations. Customer agrees that Metavante is authorized to provide all such described records when formally required to do so by a Federal Regulator.

C. Audits. Metavante shall cause a Third Party review of the Operations Center and related internal controls, to be conducted annually by its independent auditors. Metavante shall provide to Customer, upon written request, one copy of the audit report resulting from such review. Remote datacenters used

EXHIBIT B1

ELECTRONIC FUNDS DELIVERY

SERVICES

THE APPLICATIONS/SERVICES LISTED IN THIS EXHIBIT MAY POSSESS ADDITIONAL FEATURES AND FUNCTIONS WHICH HAVE NOT BEEN REQUESTED BY CUSTOMER AS PART OF THE INITIAL SERVICES. DURING THE TERM OF THIS AGREEMENT, FUTURE PRODUCT DEVELOPMENT WILL LIKELY CREATE ADDITIONAL FEATURES AND FUNCTIONS NOT CONTEMPLATED BY THIS AGREEMENT. UNLESS SPECIFICALLY NEGOTIATED BY THE PARTIES, THE DISCOUNTS (IF ANY) SPECIFIED IN THIS EXHIBIT SHALL *NOT* APPLY TO SUCH ADDITIONAL OR FUTURE FEATURES/FUNCTIONS

Discover Anonymous Stored Value Card Processing
 Discover Card Personalization
 IVR Support for Discover Stored Value Products
 Dispute Processing for cards processed by Metavante
 Risk Management as formally requested from time to time
 Web Development as formally requested from time to time

EXHIBIT B2

ELECTRONIC FUNDS DELIVERY

FEE SCHEDULE

ONE-TIME FEES:			
Stored Value Program Setup Fee	4,000.00	Per BIN	Dependent on program specifications.
Extension Programs	500.00	Per Program	
VRU Implementation Fee	1,000.00	Per Program	Implementation fee includes port utilization, development, documentation, implementation, testing, 800# assignment and customer support.
Custom Program Coding	[* * *]	[* * *]	
Web Development	[* * *]	[* * *]	
MONTHLY PROCESSING FEES:			
Stored Value			
Monthly Base Fee	[* * *]	[* * *]	
Cardholder Accounts On File	[* * *]		
0 - 50,000 accounts	[* * *]	[* * *]	
50,001 - 100,000 accounts	[* * *]	[* * *]	

100,001 and over	[* * *]	[* * *]	
Transactions	[* * *]		
Authorizations	[* * *]		
Predictive Risk Management	[* * *]	[* * *]	
Card Production & Personalization	[* * *]		
Card Activation	[* * *]		[* * *]
Load Transactions	[* * *]		[* * *]
File Transmissions	[* * *]		
Non Financial Transactions	[* * *]		Web based customer inquiries.
Copy Requests	[* * *]	[* * *]	
Chargeback Processing	[* * *]	[* * *]	
Association and Network Fees	[* * *]	[* * *]	
E Socket Transactions	[* * *]	[* * *]	[* * *]
Standard VRU			
Transaction Fee	[* * *]	[* * *]	
Monthly Minimum	[* * *]	[* * *]	
Telecommunication Fees	[* * *]		
Monthly Reporting	[* * *]		
Call Center			[* * *].
24x7 Support	[* * *]	[* * *]	[* * *].
Monthly Minimum	[* * *]	[* * *]	
Note: Fees do not include network or association pass through fees. The individual fees are established by the individual networks and card associations. Network and association and fees will be passed through as incurred			

Monthly Program Minimum	[* * *]	[* * *]	[* * *].
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Fees marked with "*" will remain fixed for the term of this Agreement.

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Personalization Fees		Process
Thermal/Encode	[* * *]	Thermal/Encode
Thermal Print Logo on Back	[* * *]	Thermal print on back of card
Ident Print Rear - CVC2	[* * *]	Calculate CVC2
	[* * *]	
Submission Fee	[* * *]	Submission Fee
		Custom Card
		Bulk Return
Note: If avg submission =1500 submission will be .02 (30.00/1500)		
Materials		
Custom Card	TBD	
Delivery		
Bulkship	Actual Fed X Next Day	
Expedite Fee		
Submission Fee	[* * *]	
Price Per Card	[* * *]	
Fed X Next Day	[* * *]	
Monthly Discount Schedule	[* * *]	
	[* * *]	
	[* * *]	
	[* * *]	
	[* * *]	
	[* * *]	
	[* * *]	
	[* * *]	
Miscellaneous	[* * *]	
	[* * *]	

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SCHEDULE J TO MASTER AGREEMENT

TERMINATION FEE

1. Termination for Convenience. Except as set forth in Paragraph 3 below, if Customer elects to terminate this Agreement for any reason, Customer shall pay Metavante the Termination Fee computed in accordance with this Schedule J. The Termination Fee shall be paid prior to the Effective Date of Termination. In addition to the foregoing, Customer shall pay to Metavante any amortized but unpaid Implementation fees and all reasonable costs in connection with the disposition of equipment, facilities and contracts specifically related to Metavante's performance of the Services under this Agreement. Metavante agrees to give Customer notice of any such costs prior to incurring them.

2 Termination for Cause by Metavante. If Metavante terminates this Agreement in accordance with Sections 8.2 or 8.3 of the Agreement, Customer shall pay Metavante the Termination Fee as set forth in this Schedule J. The Termination Fee shall be paid prior to the Effective Date of Termination. In addition to the foregoing, Customer shall pay to Metavante any amortized but unpaid Implementation fees and all reasonable costs in connection with the disposition of equipment, facilities and contracts specifically related to Metavante's performance of the Services under this Agreement. Metavante agrees to give Customer notice of any such costs prior to incurring them.

3. Termination for Cause by Customer. If Customer terminates this Agreement in accordance with Sections 8.2 or 8.3, then Customer shall not be obligated to pay Metavante the Termination Fee.

4. Termination Fee. The Termination Fee shall be an amount equal to sixty percent (60%) of the Estimated Remaining Value.

5. Rebate of Termination Fee. Subject to Metavante's rights under Section 6 below, Customer shall receive a rebate of a portion of any Termination Fee paid by Customer hereunder in the event that Customer shall enter into a new agreement with Metavante to receive the Initial Services within thirty-six (36) months following the Effective Date of Termination. Such rebate shall be determined according to the following schedule:

Number of Months Following Termination	Rebate
0-3	100%
4-6	11/12
7-9	10/12
10-12	9/12
13-15	8/12
16-18	7/12
19-21	6/12
22-24	5/12
25-27	4/12
28-30	3/12
31-33	2/12
34-36	1/12

6. Payment of Rebate. The applicable rebate of the Termination Fee shall become payable to Customer upon execution of a new exclusive agreement for Initial Services by and between Customer and Metavante within thirty-six (36) months following the Effective Date of Termination (the "New Agreement"). The terms of such New Agreement shall be as mutually agreed by the parties and nothing herein shall obligate Metavante or Customer to accept any terms or conditions, whether or not previously acceptable to either of them. The rebate may be paid to Customer by Metavante, in its sole discretion, in the form of a discount to fees payable by Customer under the New Agreement or as a credit against implementation, conversion, training, or professional services fees payable by Customer, or in such other manner as Metavante shall decide. Customer's right to receive the rebate of the Termination Fee as provided under Section 5 above may not be cancelled or revoked except by a written instrument signed by Metavante expressly revoking Customer's right to receive such rebate delivered prior to execution of the New Agreement.

PERFORMANCE OBJECTIVES

Subject to the non-occurrence of an event of Force Majeure, Metavante shall provide Services in accordance with the Performance Objectives set forth below. Metavante shall provide Customer with not less than thirty (30) days' prior notice of any material proposed changes to the Performance Objectives and shall make no such changes without the prior consent of Customer, which shall not be unreasonably withheld.

Credits will be measured on monthly performance. Metavante will provide a monthly summary report including the required information for the Performance Objectives specified below.

PERFORMANCE OBJECTIVES**a) On-Line Transaction Response**

Metavante will provide a Tandem response time (a response rate for transactions acquired by Tandem from an external network, delivered to CMS, returned from CMS, logged/exited Tandem) while adhering to network response time rules.

Standard: The average time of all transactions (as defined by the above Tandem response time) over the month will be less than 4 seconds.

Measurement/Reporting Requirement: Metavante report

b) System Availability

Calculation for Monthly Availability:

1- (OM / MA - SA)

Brackets include both the numerator & denominator

OM = Outage Minutes

MA = Number of minutes available in the month

SA = Schedules outages, including published outages, weekly scheduled IBM maintenance (Sunday 04:00 a.m. - 06:00 a.m., CT), and emergency maintenance where Customer has been notified within 48 hours and maintenance to occur between 12 a.m. and 6:00 a.m.

Example: 1- (213.6/43800 - 520) = 99.5%

Standard: Average Monthly Availability

99.9% for Tandem Base 24

99.5% for CMS Authorization (equates to 7.2 min/day or 213.6 minutes/month)

99.5% for VRU

Measurement/Reporting Requirement: Metavante to provide status reports reflecting statistics

c) Report Availability

Report files must be available for delivery to Customer by 3:00 am CT. Report files for Metavante generated reports, Settlement Manager, Card Management System reports. Network generated reports are excluded from this standard.

Standard: by 3:00 a.m. CT, Metavante allowed 1 miss per month < 60 minutes after standard. Penalty will not apply unless critical reports cannot be delivered in alternative format.

Measurement/Reporting Requirement: Metavante to provide status reports reflecting statistics

d) Customer Service

Metavante will meet the following Customer service standards:

Monthly average speed for answer less than or equal to 35 seconds

Monthly abandonment rate less than or equal to 6%.

e) Performance Credits

In the event Metavante fails to achieve any of the above Performance Objectives for 2 or more consecutive calendar months, Metavante agrees to provide Customer a credit of 5% of the total monthly fees paid by Customer for each missed Performance Objective in the second and every subsequent month the standard is missed.

[Metavante Logo] Metavante™

AMENDMENT TO MASTER AGREEMENT**THIS AMENDMENT**

, to the Master Agreement dated October 10, 2002 (the "Agreement") is made as of this 24 day of November, 2003, by and between the undersigned parties, and does hereby alter, amend, and modify the Agreement and supersedes and takes precedence over any conflicting provisions contained in the Agreement.

THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION,

the receipt and sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

Customer desires to receive and Metavante agrees to provide STAR View Web Services. Customer agrees to pay for this Service in accordance with the attached Exhibit A.

Except as expressly modified herein, all other terms and conditions contained in the Agreement remain in full force and effect.

IN WITNESS WHEREOF

, the undersigned parties have duly executed this Amendment in a manner appropriate to each.

[Stamp: DLP Approved as to Form by Legal 11/24/03]

METAVANTE CORPORATION ("Metavante")

By: /s/Frank G. D'Angelo

Name: Frank G. D'Angelo

Title: Group Executive, Electronic Funds Delivery

NBO SYSTEMS, INC. ("Customer")

By: /s/ Randy Steck

Name: Randy Steck

Title: Chief Operating Officer/Chief Technology Officer

EXHIBIT A**FEES**

STAR VIEW WEB	
<u>Implementation Fees:</u>	
One-time fee:	[* * *]
<u>Training Fees:</u>	
Phone training:	[* * *]

On-site training:	[* * *]
<u>Monthly Processing Fees:</u>	
For first four users:	[* * *]
For each additional user over four:	[* * *]
<u>Pass-through Fees:</u>	
Sales tax	[* * *]

AMENDMENT TO MASTER AGREEMENT

THIS AMENDMENT,

to the Master Agreement dated October 10, 2002 (the "Agreement") is made as of this 22nd day of June, 2004, by and between the undersigned parties, and does hereby alter, amend, and modify the Agreement and supersedes and takes precedence over any conflicting provisions contained in the Agreement.

THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION,

the receipt and sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

As of the date of this Amendment, Customer and Metavante mutually agree that Exhibit B2, Electronic Funds Delivery Fee Schedule, be amended so that the Stored Value Monthly Processing Fee for Cardholder Accounts on File (Activated Accounts) be as follows:

[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]

Except as expressly modified herein, all other terms and conditions contained in the Agreement remain in full force and effect.

IN WITNESS WHEREOF

, the undersigned parties have duly executed this Amendment in a manner appropriate to each.

[Stamp: DLP Approved as to Form by Legal 7/8/04]

METAVANTE CORPORATION ("Metavante")

By: /s/Frank G. D'Angelo

Name: Frank G. D'Angelo
Title: Executive Vice President, Electronic Funds Group

By: /s/Jeffrey A. Lewis

Name: Jeffrey A. Lewis
Title: Senior Vice President, Electronic Funds Group

NBO SYSTEMS, INC. ("Customer")

By: /s/ James Hyde

Name: James Hyde
Title: COO/CTO

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

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Cash Card Issuer Agreement

This Cash Card Issuer Agreement ("Agreement") is entered into as of October 11, 2002 ("Effective Date"), by and between NBO Systems, Inc., a Maryland corporation, whose address is 3676 West California Avenue, Building D, Salt Lake City, UT 84104 ("Issuer") and Discover Financial Services, Inc. ("DFS"), a Delaware Corporation, whose address is 2500 Lake Cook Road, Riverwoods, Illinois 60015.

Recitals

- A. Issuer will design, market, and make available Cards to various individuals.
- B. Issuer may offer Cards directly to consumers for sale on its website, through a call center, at NBO controlled Counter Top distribution points in malls and shopping centers, and through other distribution channels, as approved by DFS.
- C. DFS operates a Network that will allow Cardholders to purchase goods or services from participating Merchants using Cards issued by Issuer.
- D. Merchants will comply with Network operating regulations and Authorize according to their contracts.
- E. Purchase value or sales are based on the amounts allocated to the card, pursuant to the following terms governing the creation and use of these cards.
- F. Cardholders shall be able to use the Cards to make purchases, within the amounts allocated to the Cards, at Merchants honoring Discover Cards. Cardholders shall not have the ability to make cash withdrawals unless specifically authorized by DFS under Program provisions and tested for such functionality.

[* * *]1.0Definitions

The following definitions apply to the terms outlined within this Agreement and shall have the following meanings:

a. Account Number

means the unique 16-digit number assigned by Issuer to a Card and Card Account, as derived from the BIN.

• Agent

means a Person approved and/or certified by DFS that will perform specified functions on behalf of Issuer.

• Agreement

means this "Cash Card Issuer Agreement" between the Issuer and DFS and shall include any attachments, appendices, schedules, addenda, and amendments thereto.

• Authorization

or **Authorize** means the process whereby Issuer, by itself, or through one or more agents (including, without limitation, DFS, in the course of performing stand-in Authorization functions as described in Section 4.0 of the Operating Regulations), determines whether to approve or decline a Card Sale.

• [* * *]

• Card

means either a stored-value (i) plastic card displaying the Discover/NOVUS Acceptance Mark, or (ii) Card Account that may be used for purchases in situations in which the Cardholder is not physically present at a Merchant's retail location. Cards must be produced by an authorized production facility, and must comply with the specifications of the Technical Specifications Manual.

g. Card Account

means the stored-value account represented by the Account Number assigned by Issuer.

- **Card**

Sale means a Card Transaction by a Cardholder that is either: (a) the purchase of goods or services, or (b) the receipt of a Cash Advance.

- **Cardholder**

means a person who has purchased a Card issued by Issuer, or any person who receives or uses a card. The person **in** possession of the card is the Cardholder.

- **Card Transaction**

means a transaction involving a Card, including, without limitation, any of the following: a Card Sale, a Cash Advance, a Credit/return, a Chargeback, or an Adjustment, as such terms are defined herein or in the Issuer Operating Regulations

- Client means a Person with whom Issuer has entered into an agreement to provide Cards to certain groups of specified individuals or for a particular marketing program.

- **Client Program** means each separate and discrete Card marketing or other program that Issuer has agreed to provide in connection with a Client. [******]

- **Discover/NOVUS Acceptance Mark**

means the logo designated in the Technical Specifications Manual under Graphic Guidelines that indicates that a Card may be used for purchases in the Network.

- **Governmental Requirements**

means any local, state or federal laws that are applicable to the Program.

- **Issuer Operating Regulations**

shall mean the document incorporated by reference into this Agreement as Exhibit B that describe certain of Issuer's duties and obligations with which it must comply in order to issue Cards that may be used in the Network.

- **Merchant**

means a party who has entered into a Merchant Services Agreement and/or a Cash Advance Participation Agreement with Discover Financial Services, Inc., that provides the terms and conditions governing the acceptance and Settlement of Card Transactions between DFS and such Merchant.

- **Network**

means the Discover/NOVUS Network of Merchants.

- **Open environment**

means use of gift/cash cards bearing the Discover/NOVUS Acceptance Marks that can be used at any participating Merchant.

- **Person**

means any individual human being, or any individual created at law, including without limitation, a partnership or corporation.

- **Processor**

means a certified processor of Card Transactions on the Discover/NOVUS Network, including, without limitation, Authorizations and the appropriate response to be sent to the Merchant.

- **Processing Services**

means those services listed in Exhibit A of this Agreement.

- **Program**

means the plan, described in this Agreement and the Operating Regulations, pursuant to which Issuer shall; (i) issue Cards to Cardholders; and (ii) use the services offered by Discover Financial Services, Inc. to facilitate the Authorization and Settlement of Card Transactions.

- **Reserve Account**

shall have the meaning given that term in Section 2.2.f.

- **Reserve Account Agreement**

means the agreement entered into between Issuer, DFS and the financial institution at which the Reserve Account will be established with respect to the terms of the Reserve Account.

- **Settle** means the act of making a Settlement payment.

- **Settlement** means respectively, (i) for DFS, amounts DFS is required to pay Merchants for Card Transactions, and (ii) for Issuer, an amount payable by Issuer to DFS for Card Transactions, as more fully described in this Agreement and Section 7.0 of the Operating Regulations.

- **Start-up Date** means the date on which both the Processor and the Network are ready to and capable of accepting and processing transactions [***].

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bb. **Stored Value Account** shall have the meaning given to that term in Section 2.2.f. Stored Value Account is also sometimes referred to as "Activity Account."

cc. **Technical Specifications Manual** means the document incorporated by reference into this Agreement as Exhibit C that contains technical specifications applicable to the Program.

2.0 Provision of Services

2.1. Responsibilities of DFS.

2.1.a DFS shall provide Cardholders with point of sale access to Merchants pursuant to current contractual arrangements with such Merchants. DFS does not guaranty that all Merchants will accept Cards, or that Merchants will accept all Card Transactions. In order to be used in the Network, Cards must have the capability to communicate with a Processor for its Authorization and Settlement services.

2.1.b For each Card Sale, DFS will be responsible for Settlement of the amount of such Card Sale to the Merchant pursuant to the terms of DFS' Merchant Services Agreement with the Merchant.

2.1.c DFS will submit to Issuer or Issuer's Agent a Settlement transmittal file (in the form and format specified in the Technical Specifications Manual) in order for Issuer to pay DFS for Card Transactions.

2.1.d DFS grants Issuer a [***] license to use Account Numbers that DFS assigns to it for the Program under this Agreement. [***], an additional allocation will be granted to Issuer if Issuer is in compliance with the terms of this agreement and the remaining terms of this agreement is not less than six (6) months.

2.1.e DFS will provide Issuer with a copy of Technical Specifications Manual that contains the graphic specifications for the display of the Discover/NOVUS Acceptance Mark and usage of such mark on the Card. DFS will review all card art, packaging, and advertising and marketing materials provided by Issuer within ten (10) Business Days of receipt, provided that DFS must receive from Issuer and approve all card art, packaging, and advertising and marketing materials, that show the Discover/NOVUS logo prior to Issuer using such materials for any Cards. Items that do not mention Discover name or brand, or the Discover/NOVUS Network, or that do not contain the Discover/NOVUS acceptance mark do not need to be reviewed by DFS.

2.1.f DFS has provided Issuer with a list of the names of Processors that DFS has certified as of the date of this Agreement to provide processing to issuers within the Network. Only certified Processors may process transactions on the Discover/NOVUS Network.

2.1.g DFS will provide Issuer with information, in the form of DFS reports, with respect to the transaction fees, license fees, and revenue share accrued and owed to DFS by Issuer for each month by the twentieth (20th) day of the next succeeding month.

2.1.h DFS will provide notification and documentation to Merchants regarding disputes, ticket retrieval and Chargeback requests. Issuer may not contact Merchants with respect to any disputes, ticket retrievals or Chargeback.

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2.1.i DFS will administer the dispute process, determine the application of Chargeback, and provide the Issuer notification of the resolution disputes, in accordance with the Operating Regulations and Technical Specifications Manual.

2.1.j DFS shall route Card Transaction data to Issuer or Issuer's Agent in the manner specified in the Operating Regulations and Technical Specifications Manual.

2.1.k DFS agrees that it will not attempt to convert any of Issuer's Clients to an "Open" environment stored value card program operated by DFS once Issuer has entered into an agreement with such Client, and notified the DFS program manager of its relationship with the Client.

2.2. Responsibilities of Issuer.

2.2.a Issuer will issue Cards [* * *] assigned by DFS. Issuer must obtain DFS' prior approval of any Clients with whom Issuer desires to create a Client Program. Issuer may make sales presentations to any mall operating company prior to obtaining DFS approval of the specific client. Initially approved Clients include those listed or described in Exhibit A. Issuer may distribute Cards pursuant to the terms of a Client Program. Issuer is responsible for overall creative development, design and marketing of Cards for its Clients, including creative development of Cards and related marketing and sales materials. Issuer agrees that the design of Cards must comply with the card specifications outlined in the Technical Specifications Manual. Issuer must provide all marketing materials, containing the Discover/NOVUS acceptance mark, and Card designs to DFS for approval prior to print or distribution.

2.2.b Cards issued by Issuer may not be used at ATMs or for any other form of cash withdrawal without a specific additional agreement with DFS. Cards will also be unable to be activated or loaded with value at Merchants, and Cardholders will be unable to obtain balance information at Merchants. The remaining balance will be passed back to the Merchant and Cardholder in the authorization number, which will be sent to the Merchant following a transaction subject to the Merchant having appropriate hardware functionality.

2.2.c Issuer agrees to comply with the Operating Regulations and the Technical Specifications Manual. DFS may change the Operating Regulations or Technical Specifications Manual from time to time by sending written notice to Issuer ninety (90) days in advance. However, certain changes to the Operating Regulations may become effective immediately for security reasons. If there is any conflict between this Agreement and the Operating Regulations or Technical Specifications Manual, the terms of this Agreement will govern.

2.2.d Issuer may designate or utilize subcontractors or Agents, as provided in the Operating Regulations to perform its obligations under the Agreement, provided that Issuer has first advised DFS and received DFS' approval of any such subcontractor or Agent. DFS acknowledges notification and approval of the Designated Processor listed in Exhibit A. Any Agent or third party used or designated by Issuer to perform services shall be deemed an Agent of Issuer for all such purposes and not DFS' Agent. Issuer shall be solely responsible for the payment of such subcontractors or Agents.

2.2.e The Issuer will approve or decline Card Sales based on the funds value available for the Card or Card Account being offered for use at a Merchant, and will respond with appropriate codes as set forth in the Technical Specifications Manual. The Issuer must pay DFS the amounts identified in

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the daily Settlement file via Fed wire or any other payment method approved by DFS to the account and by not later than the time specified by DFS.

2.2.f Issuer shall be responsible for obtaining the funds that represent the stored value of each Card that it issues to a Cardholder, and Issuer shall hold such funds in an account at a reputable financial institution (the "Stored Value Account" or "Activity Account"). Such amount may change from time to time depending upon the level of value of all activated Cards. Issuer will maintain accurate records of the value balances on each Card. Issuer will also maintain funds in a reserve account ("Reserve Account") at a financial institution agreed upon with DFS in an amount specified in Exhibit A. Issuer shall not have access to the Reserve Account, except as permitted pursuant to the terms of the Reserve Account Agreement, and shall not remove funds from the Stored Value Account, except through the actions of the Processor or financial institution holding the Stored Value Account to pay DFS any amounts Issuer owes DFS, to distribute earned fees and funds from expired cards to Issuer and to refund excess amounts to Issuer when approved by DFS. Issuer grants DFS a right to offset amounts from the Reserve Account and Stored Value Account for the purposes set forth in Section 4.0 for amounts owed by Issuer to DFS.

2.2.g Issuer will maintain all funds received to establish the value of Cards in a segregated account at a reputable financial institution, and shall hold such funds pending issuance of an Authorization for an expenditure of such funds and Issuer's Settlement obligation to DFS for such funds that have been the subject of a Card Sale. Issuer will remain responsible for Settlement to DFS until all amounts have been paid to DFS.

2.2.h Issuer will be responsible for providing all customer service to Cardholders with respect to Cards. Issuer shall provide a Cardholder agreement with each Card that is sold or distributed to a Cardholder, and such Cardholder agreement shall disclose all rules, terms, limitations and conditions of use of the Card to the Cardholder, including any mandated by Governmental Requirements. Issuer shall also provide a toll-free telephone number and/or Internet site access to enable the Cardholder to obtain customer service and to complete ordinary service functions such as checking Card balance, last transactions,

etc. In all cases, Issuer will insure that it provides an appropriate level of security for all such inquiries and customer service issues. Issuer will provide live operator customer service availability for not less than eight (8) hours per day Monday through Friday, and will deliver such customer service using service standards at least equal to those being provided by others in the industry. Automated Response customer support will be available at all other times. Both DFS and Issuer will monitor call volume during non-serviced hours. Hours will be adjusted during peak call volume times and if call volume warrants adjustment.

2.2.i Issuer will respond to any inquiries or disputes in accordance with the procedures specified in the Operating Regulations and Technical Specifications Manual, and Issuer shall adhere to any final DFS' decision with respect to a resolution of a dispute even though such decision may require payment of amounts by Issuer.

2.2.j Issuer will electronically submit a Client Program Plan Description in the form of Appendix E for each Client Program [***].

2.3 Issuer Use of a Processor

2.3.a If Issuer elects to utilize the services of a Processor, Issuer must designate the Processor where indicated on Exhibit A, and the Processor must be approved by DFS, enter into an agreement with

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DFS and must be tested and certified that it complies with the applicable provisions of the Operating Regulations and the Technical Specifications Manual.

2.3.b Issuer may elect to have a Processor perform additional services such as, Card personalization/production, IVR support (with not more than an eight second response time), call center support (at least 14 hours per day), and web development, and the like. The specific services to be provided by the Processor must be set forth where designated on Exhibit A.

3.0 Warranties

3.1. Issuer warrants to DFS that:

3.1.a. It is a corporation duly organized, validly existing, and in good standing under the laws of the State of Maryland, and has its principal office in the State of Utah;

3.1.b. It has the corporate and legal authority and power to enter into this Agreement and to perform its obligations under the Program as outlined in this Agreement;

3.1.c. That all financial statements furnished to DFS are accurate in all material respects and fairly represent, in all material respects, the financial condition of Issuer, including contingent liabilities of every type, which financial condition has not changed materially or adversely as of the date of this Agreement;

3.1.d. It owns, has licensed, or otherwise has the right to use any trademarks, service marks, patents or other intellectual property that are necessary for it to use in order to operate the Program and any Client Program, and any such use will not infringe upon the rights of any third party;

3.1.e. It operates its business in a safe and sound manner, and adheres to all applicable federal, state and local laws and regulations;

3.1.f. It is not the subject of any litigation, infringement, or enforcement action by any Person or governmental body, except as noted on Schedule 3.1 (f);

3.1.g. It has obtained all necessary licenses; consents or permissions needed from any applicable governing authority to perform its duties set forth in this Agreement.

3.2. DFS warrants to Issuer that:

3.2.a It is a corporation duly organized and validly existing under the laws of Delaware, and has its principal office in the State of Illinois,

3.2.b It has the corporate and legal authority and power to enter into this Agreement and perform its obligations under the Program as outlined in this Agreement and the Operating Regulations,

3.2. c It owns or has the right to use, and to authorize the limited use by Issuer of, the trademarks, service marks or other intellectual property that is necessary for it and the Issuer to use in order to operate the Program.

4.0 Term and Termination

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4.1. This Agreement shall commence on the Effective Date and shall remain in force for a period of three (3) years thereafter ("Initial Term"). After the Initial Term, this Agreement shall automatically renew for subsequent terms of one year each (each a "Subsequent Term") unless earlier terminated by one of the parties as set forth below.

4.2 This Agreement may be terminated:

4.2.a By either party, immediately upon notice to the other party in the event that the other party shall be wound up or dissolved; become insolvent; suffer a material, adverse change in its financial condition, or repeatedly fail to pay its debts as they come due; make an assignment for the benefit of creditors; file a voluntary petition in bankruptcy or for reorganization or be adjudicated as bankrupt or insolvent; or have a liquidator or trustee appointed over its affairs and such appointment shall not have been terminated and discharged within thirty (30) days; or

4.2.b By DFS upon two (2) business days' notice to Issuer in any case where Issuer is not maintaining the agreed upon amount in the Reserve Account or Stored Value Account, or Issuer has failed to pay Settlement when due; or

4.2.c By either party upon thirty (30) days' prior written notice to the other party in the event of any material breach of this Agreement by such other party; provided, however, that this Agreement shall not terminate at the end of said thirty day notice period, if in the discretion of the party seeking to terminate, the party in breach has cured the breach of which it has been notified, prior to the expiration of said period; or

4.2.d By either party, upon written notice provided not less than six (6) months prior to the expiration of the Initial Term or of any Subsequent Term.

4.3 Upon termination of this Agreement, DFS may offset funds from the Reserve Account or Stored Value Account to pay for any amounts that are owed to DFS by Issuer, and may continue to offset from the Reserve Account or Stored Value Account for any amounts owed to it for the period that extends until 90 days after the expiration date of the last Card issued by Issuer. Upon payment to DFS of all amounts owed to it, DFS will release any remaining amounts held in the Reserve Account and will instruct the bank or Processor to release any remaining value in the Stored Value Account. DFS will provide Issuer with advance notice and an accounting of any amounts withdrawn from the Reserve Account.

4.4 Upon termination or suspension of this Agreement, Issuer will immediately cease to issue or sell additional Cards. Issuer will continue to perform its appropriate functions for closing out the existing value on all Cards for 90 days after the expiration date of the last Card issued by Issuer.

4.5 If Issuer fails to pay any Settlement amount when due, or does not maintain agreed upon balances in the Reserve Account or Stored Value Account, in addition to DFS' rights set forth in Section 4.2.b, DFS may immediately suspend this Agreement and may notify Issuer to suspend issuance or activation of additional Cards. In such event, after DFS has provided notice to Issuer, Issuer shall make an immediate transfer by Fed wire of the funds owed DFS or of the shortfall of funds into the Reserve Account or Stored Value Account. For each day that Issuer fails to pay Settlement in full to DFS, Issuer shall pay as liquidated damages to DFS an amount equal to 10% of the amount that Issuer has failed to pay, up to a maximum of ten (10) days. If Issuer has failed to pay DFS all amounts owed to it by the tenth day after Issuer has received notice of its failure to pay DFS, the Agreement shall be terminated in accordance with Section 4.2.b.

5.0 Confidentiality

5.1. In the course of fulfilling their respective duties under this Agreement, DFS and Issuer may each disclose or communicate to the other party information and data that it deems as confidential or proprietary to it ("Confidential Information"). The term "Confidential Information" shall include, without limitation, all information and materials pertaining to the Network, Merchants, Discover Card Cardmembers, Clients or prospective Clients, Cardholders, technology, trade secrets, "know-how," products, facilities, processes, operations, suppliers, marketing objectives and plans, pricing and other information pertaining to the business affairs of DFS and Issuer and their respective affiliates and subsidiaries. The term "Confidential Information" also includes the existence of and the terms of this Agreement and each of the Exhibits, Schedules and Appendices that are a part thereof and any material that is clearly designated by DFS or Issuer as "Confidential." The term "Confidential Information" shall include information or data that is in oral, written or other visual form, or recorded on tape, electronic or other media. The term "Confidential Information" shall exclude (a) information in the public domain or information that becomes available to the general public without restriction through no wrongful act or omission of the receiving party, (b) information received from a third party having a right to transfer such information, (c) information that is independently developed by the receiving party without reference to Confidential Information of the other party; or (d) information that is known by the receiving party or its affiliates or subsidiaries prior to disclosure by the disclosing party. Confidential Information disclosed by DFS shall be known as "DFS Confidential Information" and Confidential Information owned by Issuer shall be known as "Issuer Confidential Information."

5.2. Issuer agrees that DFS Confidential Information shall be used by Issuer only to perform its obligations under this Agreement. DFS Confidential Information received by Issuer shall be kept confidential and shall not be disclosed, directly or indirectly, to any third party unless DFS consents in writing to such disclosure, and then only upon the prior execution of a confidentiality agreement containing terms substantially similar to those in this Section

5.0 by the third party to whom Issuer desires to disclose such information. Issuer further acknowledges that the information contained in Appendix A to Schedule 7.1 is highly confidential and may be disseminated only to Issuer's Chief Operating Officer and Chief Financial Officer.

5.3. DFS agrees that Issuer Confidential Information shall be used by DFS only to perform its obligations under this Agreement. Issuer Confidential Information received by DFS shall be kept confidential and shall not be disclosed, directly or indirectly, to any third party unless Issuer consents in writing to such disclosure, and then only upon the prior execution of a confidentiality agreement containing terms substantially similar to those in this Section 5.0 by the third party to whom DFS desires to disclose such information. DFS further agrees not to use Client or Cardholder information or lists obtained pursuant to this Agreement to attempt to solicit Clients for a product that is similar to that being offered by Issuer under the Program, or to solicit Cardholders for direct sales of DFS' own gift card product. Notwithstanding the previous language, nothing herein is intended, or shall be deemed, to limit or prohibit DFS from maintaining in any way its usual and ordinary relationships with Merchants and Discover Card Cardholders or to offer Merchants or Discover Card Cardmembers the ability to purchase any product or service, including gift or cash cards offered by DFS or other parties.

5.4. Notwithstanding the above restrictions, DFS or Issuer may disclose Confidential Information if either DFS or Issuer receives a subpoena or order of a court or an agency or government authority of competent jurisdiction which is binding on the receiving party, and which compels the disclosure of Confidential Information, provided that the receiving party will immediately notify

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the disclosing party of the receipt of a subpoena or order so as to permit the disclosing party to contest any such subpoena or order.

5.5. The provisions of this Section 5.0 shall survive termination of this Agreement.

6.0 Responsibilities and Indemnification

6.1 DFS shall indemnify and hold Issuer, its affiliates, subsidiaries and their respective officers, directors, employees and representatives harmless from any and all losses, damages, claims, settlements and liabilities, including without limitation, any outside attorneys' fees and court costs reasonably incurred by an indemnified party (excluding indirect, consequential, punitive, special or exemplary damages) arising as a result of or in connection with the following:

- (a) Any intentionally wrongful or negligent act or omission of DFS, its affiliates or subsidiaries, and their respective officers, directors, employees, agents or third party service providers thereof in connection with the performance of the duties and obligations of DFS under this Agreement;
- (b) Any failure by DFS to comply with any term of this Agreement, or any breach of any warranty or representation made by DFS in this Agreement; and
- (c) Any failure by DFS to comply with its obligations under any and all laws, rules and regulations applicable to DFS' obligations under this Agreement.

6.2 Issuer shall indemnify and hold DFS, its affiliates, subsidiaries and their respective officers, directors, employees and representatives harmless from any and all losses, damages, claims, settlements and liabilities, including without limitation, any outside attorneys' fees and court costs reasonably incurred by an indemnified party (excluding indirect, consequential, punitive, special or exemplary damages) arising as a result of or in connection with the following:

- (a) Any intentionally wrongful or negligent act or omission of Issuer, its affiliates or subsidiaries, and their respective officers, directors, employees, agents or third party service providers thereof in connection with the performance of the duties and obligations of Issuer under this Agreement;
- (b) Any failure by Issuer to comply with any term of this Agreement, or any breach of any warranty or representation made by Issuer in this Agreement; and
- (c) Any failure by Issuer to comply with its obligations under any and all laws, rules and regulations applicable to Issuer's obligations under this Agreement.

6.3 Additionally, each party indemnifies and holds the other harmless from any loss, damages, claims, liabilities or expenses (including reasonable attorney's fees) to which they may be subject arising out of the interface of their respective systems as it may relate to this Agreement or the services to be provided hereunder.

6.4 If either party desires to obtain indemnity from the other party hereunder, it shall notify the other party, as soon as practicable, of the claim(s) to be indemnified against and shall permit the other party to assume and maintain the defense thereof with counsel selected by the indemnifying party. The indemnified party agrees to provide any reasonable assistance requested by the indemnifying party in order to defend an indemnified claim.

6.5 The provisions of this Section 6.0 shall survive termination of this Agreement.

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7.0 Financial Requirements

7.1 DFS shall prepare and send to Issuer an invoice each month for all amounts due by Issuer or DFS under this Agreement, as calculated pursuant to the Pricing and Fee Schedule attached hereto as Schedule 7.1. Issuer or DFS agrees to pay all undisputed charges set forth on the invoice in full within thirty (30) days of the date of the invoice, unless otherwise provided in Schedule 7.1.

7.2 If Issuer disputes any amounts on any invoice and such dispute cannot be resolved promptly through good faith discussions between the parties, Issuer shall pay the amounts due under this Agreement less the disputed amount, and the parties shall diligently proceed to resolve such disputed amount. An amount will be considered disputed in good faith if (i) Issuer delivers a written statement to DFS, (ii) such written statement represents that the amount in dispute has been determined after due investigation of the facts and that such disputed amount has been determined in good faith, and (iii) all other amounts due from Issuer that are not in dispute have been paid in accordance with the terms of this Agreement.

7.3 Issuer will maintain a Reserve Account as set forth in Section 2.2.f. Interest earned from the Reserve Account will be paid to Issuer as agreed between the Issuer and the Bank holding the Reserve Account.

7.4 Issuer will maintain the specified amount of funds in the Stored Value Account in accordance with the formula set forth in Exhibit A, and Issuer's Processor shall use such funds to pay Settlement to DFS for all Card Transactions. Issuer shall not have direct access to the Stored Value Account. Funds in the Stored Value Account may be removed only by Processor or the financial institution to pay amounts owed to DFS or to return to Issuer amounts in excess of the balance required in Exhibit A. DFS will monitor and review the Stored Value Account on a monthly basis to determine Issuer's compliance with the requirements of this Agreement. DFS will consider moving to a quarterly review of the Stored Value Account upon demonstration by Issuer of six months of maintaining required balances in the Stored Value Account.

7.5 Issuer and DFS will keep true and accurate books of accounts and records concerning this Agreement and all Program requirements in accordance with sound accounting practices, employing standards, procedures and forms in conformity with generally accepted accounting principles in the United States. Issuer will provide periodic reports to DFS regarding the number of Card Accounts, the dollar amount of outstanding balances on Cards and Card Accounts, and such other information that DFS may reasonably request from time to time.

7.6 Issuer and DFS agree to arrange a mutually acceptable time to review financial arrangements, financial stability, and Program results.

7.7 Issuer will immediately provide DFS with any information regarding fraudulent activity with respect to Card Transactions, Card distribution, Card delivery/storage or any fraudulent activity that could jeopardize the integrity of the Network, the Discover brand or the Discover/NOVUS Acceptance Mark image. Each situation will be discussed and appropriate resolution or modifications will be determined. Resolution may result in changes impacting current procedures and will be discussed to determine mutually agreeable timeframe for implementation. DFS will immediately notify Issuer of any fraudulent activity on the Network or other activity against DFS products and services that may affect Issuer.

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7.8 Issuer may assess fees and other charges when it collects funds from Clients or Cardholders for the issuance or usage of the Card. These fees and other charges must be charged and collected in accordance with applicable federal and state regulations, and must be disclosed to Cardholders prior to sale, activation or initial use of the Cards.

7.9 Issuer will pay any stand-in Authorization from any Merchant detailed in Schedule 7.1 which posts to an account and which the transaction is greater than the available balance on the card. All other Merchants should not stand-in for Authorization of these Card Transactions.

8.0 Intellectual Property Ownership

8.1 Each of the parties will retain all rights of ownership in the respective property that they own as of the date of this Agreement including, without limitation, patent rights, licenses, copyrights, service marks and trademarks in the software and systems each party operates as of the date of this Agreement, or that it develops or has developed for the purposes or administering the Program, providing services, or otherwise.

8.2 DFS shall continue to own all rights with respect to anything related to the Network, the Merchants and Discover Card Cardmembers, including, without limitation, all data and information related thereto or derived there from.

8.3 Issuer will own all Client information and lists and Cardholder information and lists that it develops specifically for the purposes of this Program.

8.4 Issuer warrants and agrees that it has not provided any proprietary or Confidential Information to DFS in order for DFS to operate the Network, process Cards, or otherwise fulfill any of its duties under the Program.

9.0 Limited Authorization for Discover/NOVUS Acceptance Mark Usage

9.1 DFS grants Issuer the non-exclusive right to use the Discover/NOVUS Acceptance Mark for the limited purpose only of placing such Mark on Cards to indicate that Cards may be used within the Network. Issuer must follow the guidelines for use of the Discover/NOVUS Acceptance Mark set forth in the Operating Regulations and the Technical Specifications Manual. Issuer shall not use the Discover/NOVUS Acceptance Mark, any registered trademarks, logos or name of DFS or any DFS affiliate company, or any other proprietary designations of DFS on any materials without first submitting all such materials to DFS and obtaining DFS' prior written consent.

10.0 General

10.1 Neither party may assign this Agreement without the express written consent of the other party.

10.2 This Agreement may not be amended, modified or changed in any way except by a written instrument executed by an authorized representative of each party.

10.3 The parties to this Agreement shall be deemed to be independent contractors. Nothing in this Agreement shall be construed as making the parties agents, employees, joint venturers, or partners.

10.4 Issuer and DFS will each comply in all material respects with all Governmental Requirements that apply, respectively, to each of them for all applicable jurisdictions in which the Program will operate.

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10.5 Neither party hereto shall be held responsible for any delay or failure in performance hereunder caused in whole or in part by fire, strike, flood, embargo, labor dispute, act of sabotage, not, accident, delay of carrier or supplier, voluntary or mandatory compliance with any governmental act, regulation or request, act of God or by public enemy, or any third party act or omission or other cause beyond such party's control. If any such contingency shall occur, this Agreement shall be deemed extended by the length of time such contingency continues. The parties shall use their best reasonable efforts to minimize the consequences of a force majeure event.

10.6 If any provision of this Agreement is held to be illegal, unenforceable or invalid, no other provision of this Agreement shall be affected thereby, and the remaining provisions of this Agreement shall be construed and reformed and shall continue with the same effect as if such illegal, unenforceable or invalid provision was not a part hereof.

10.7 Any waiver (express or implied) by either party of any default or breach of this Agreement shall not constitute a waiver of any other or subsequent default or breach.

10.8 The headings and captions contained in this Agreement shall not be considered to be a part hereof for purposes of interpreting or applying this Agreement, but are for convenience only.

10.9 This Agreement may be executed in counterparts, each of which will be deemed an original and both of which together will constitute one instrument.

10.10 In the event of any conflict or inconsistency between the terms of this Agreement and those of the Operating Regulations or Technical Specifications Manual, the terms of this Agreement shall govern.

10.11 This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, excluding its choice of law principles.

10.12 Either party may request an audit of the records of the other party that pertain to performance of the other party's duties under this Agreement, provided that (i) only one audit of a party shall be permitted during any year of this Agreement, (ii) the requesting party must provide not less than 30 days prior notice of the requested audit, (iii) the audit may only be performed during normal business hours and may not disrupt the ordinary operations of the party being audited, (iv) the audit must be performed by an independent third party that executes a confidentiality agreement with terms substantially similar to the terms contained in Section 5.0 hereof, (v) the cost of the audit shall be evenly split by DFS and Issuer, as set forth in Schedule 7.1.

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10.13 All notices required or provided for in this Agreement shall be in writing and delivered by hand or by overnight courier, or sent first class mail and notices shall be addressed as follows:

If to DFS:

Discover Financial Services, Inc.
2500 Lake-Cook Road
Riverwoods, IL 60015
Attention: Joe Hurley,
BB 3-E

Copy to:

Discover Financial Services, Inc.
2500 Lake-Cook Road
Riverwoods, IL 60015
Attention: General Counsel

If to Issuer:

NBO Systems, Inc.
3676 West California Ave. Bldg D Salt Lake City, UT 84104
Attention: Keith Guevara

Copy to:

NBO Systems, Inc.
3676 West California Ave. Bldg D Salt Lake City, UT 84104
Attention: General Counsel

With the intention to be bound by the terms of this Agreement, the parties have executed this Agreement by causing their respective authorized representatives sign where indicated below.

Discover Financial Services, Inc.
By: /s/[illegible signature]
Title: S.V.P.

NBO Systems, Inc.
By: /s/ Keith Guevara
Title: Chairman/CEO

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Issuer--Profile

Exhibit A

Issuer **NBO Systems, Inc.**

[* * *]* * *

Date of First Card Issued (Start-up) October, 2002

Designated Processor **Metavante**

Processor will perform the following tasks:

Provide a positive or declined Authorization to Merchants through the Network Maintain data regarding Card and Card Account balances
Settle funds daily with DFS for Card Transactions
Obtain funds from Issuer account
Report monthly as provided in this Agreement and the agreement between DFS and Processor
Card personalization/production - As agreed to between Issuer and Processor IVR support -- As agreed to between Issuer and Processor
Call center support/customer service - As agreed to between Issuer and Processor Dispute processing
Web development - As agreed to between Issuer and Processor

- Processor will hold Authorization for 10 days
- Issuer understands that Merchants have 90 days to Settle on Authorized transactions

Printer of cards **Card Pro**

Address **7630 South Quincy Street, Willow brook IL**

Phone/Contact: Edward Hearne (630) 794-8134

Bank Information

Reserve Account funds held at:

Amount in Reserve Acct. [* * *]

Acct #

Stored Value Account Funds held at: Florida Bank N.A.

% against active funds [* * *]

Acct # [* * *]

Processor to collect funds from account held at Florida Bank N.A.

Acct # [* * *]

Approved initial Client list: [* * *]

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Schedule 7.1 Pricing and Fees

1. Set-Up Fees

A. Issuer Set-Up Fee. Issuer shall pay DFS a one-time fee to set up its Program with DFS in the amount of [* * *].

2.

Client Program Fees

A. Issuer shall pay DFS a New Client Program fee for the first Program year of each new approved Client Program in the amount of [* * *].

B. For each Program year after the first year of a Client Program, Issuer shall pay a Client Program fee, per each Client Program, of [* * *].

3. Account Number License Fees.

A. [* * *]

4. Transaction Pricing

A. Issuer shall pay DFS a fee based upon the number of Authorization transactions processed by DFS. The amount of this fee is calculated by adding two numbers the first of which is derived from (i) the number of positive authorizations multiplied by the applicable Fee level and the second of which is derived from (ii) the number of declined Authorizations multiplied by the applicable Fee level.

Positive Authorizations

[* * *]

#

Declined Authorizations [* * *]

5. Miscellaneous Fees and Costs.

A. Micro-transactions (defined as transactions under [* * *]) shall be permitted for up to [* * *] of the total Card Sale transactions (by number of transactions, not dollar volume) per month for each separate Client Program. When the number of Micro-transactions

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Reaches [* * *], for each Micro-transaction thereafter, Issuer shall be charged [* * * * *].

B. If, as a result of stand-in floor limits properly invoked by any merchant, any amount of a Card Sale is not recoverable, the amount that cannot be recovered will be paid by Issuer.

C. DFS will consider requests from Issuer to provide the following additional services at the additional fees set forth below:

1. DFS will consider creation of new reports that are not part of the current Stored Value report package outlined in Technical Specifications Manual at an agreed- upon cost, to be determined according to the requested report.
2. If either party requests an audit of the other party with respect to its duties under this Agreement (no more than one audit shall be permitted in total during each year of the Agreement), [* * *].
3. Any changes to the Program requested by Issuer that require systems or other technology work to be performed shall be first estimated by the DFS Business Technology Group, and shall be billed at [* * *].

D. As set forth in the Agreement, DFS presently does not offer any of the following services, but may, upon agreement with Issuer, consider offering such services at an additional fee.

1. Loading value to, or activating the value of, Cards at Merchant point of sale locations.
2. Providing balance inquiries for Cards at point of sale locations.
3. Providing cash advances at ATMs or financial institutions for Cards.

A. 6. [* * *]. DFS will pay to Issuer, an amount that is calculated by multiplying [* * *]

The amount of the Revenue share may be netted from any amounts that Issuer owes to DFS, or will be paid directly to Issuer if the Revenue Share owed to Issuer exceeds the amounts Issuer owes to DFS.

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**Carved-out Merchant List
Appendix A**

The list of Merchants on this Appendix A is Highly Confidential and may not be distributed to any party except the Chief Operating Officer and the Chief Financial Officer of Issuer.

* * *

This Appendix A may be revised from time to time by DFS, and DFS will provide any revisions to Issuer.

Issuer hereby acknowledges the confidential nature and its receipt of this Exhibit A:

By: /s/ Randy J. Steck

Randy J. Steck, COO and CTO

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Client Program Plan Description Appendix B

PRODUCT Application Open Environment

Issuer

Processor

Program Description

Client

Is program Co-Branded
Purpose of program

☐ Yes

☐ No, direct to
consumer

☐ Other ____

Will client fund card
Anticipated average ticket
Card storage/distribution

☐ Yes

☐ No

\$ _____

Program specifics

Type of card program:

- | | |
|--|---|
| <input type="checkbox"/> Gift, Cash, Stored Value – Direct to Consumer | <input type="checkbox"/> Insurance Claim (requires ATM) |
| <input type="checkbox"/> Client Promotion to Consumer | <input type="checkbox"/> Personal Spending |
| <input type="checkbox"/> Employee Incentive | <input type="checkbox"/> Medical Account |
| <input type="checkbox"/> Payroll (requires ATM) | <input type="checkbox"/> Teen |

Anticipated volume (# of cards)

Date program to begin

program end (if applicable)

Card expiration

Marketing plan

Program functionality

☐ ATM for cash

☐ cardholder statement

☐ Customer Service

☐ other _____

LosAngeles/176446.3
4/26/05

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Fund Management

Funds held by: _____

Fund load

☐ pre-loaded

\$ values _____

Until: _____

☐ loadable,

Location: _____

Card minimum/maximum

(minimum)

(maximum)

Disclosures

Miscellaneous program specifics

MCC exclusions

Exclusive MCC

For Discover Use:

Program Checklist

IIN assigned

Review plastics

Review marketing material

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Schedule 3,1 (f) Current litigation, infringement, or actions:

NONE

NBO Systems, Inc.

By: /s/ Keith Guevara

Title: CEO

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RESERVE AGREEMENT

THIS RESERVE AGREEMENT ("Reserve Agreement") is entered into as of October 11, 2002 between DISCOVER FINANCIAL SERVICES, INC. ("DFSFI") and NBO Systems, Inc. ("NBO").

RECITALS

WHEREAS, DFSFI and NBO are parties to a Cash Card Issuer Agreement effective as of

October 11, 2002, ("Agreement"); and

WHEREAS, as a condition of entering into the Agreement and in order to secure NBO's potential liabilities to DFSFI arising under the Agreement, NBO has agreed to maintain the Account, as defined below, according to the terms set forth herein;

WHEREAS, DFSFI has a right to terminate the Agreement if NBO does not maintain the required amounts in a reserve account; and

WHEREAS, DFSFI agrees that from and after the date of execution of this Agreement, and subject to the terms set forth herein, it shall forbear in exercising its right to terminate the Agreement.

NOW THEREFORE, in consideration of the foregoing and the mutual agreements contained herein, DFSFI and NBO agree as follows:

1. DFSFI agrees, from and after the date of execution of this Reserve Agreement and subject to the terms set forth herein, to forbear in exercising its right to terminate the Agreement.
2. NBO agrees to continue to perform its obligations under the Agreement and any and all amendments thereto.
3. For value received and in consideration of continuing the Agreement, NBO agrees with DFSFI that, to secure the payment of all Liabilities, as hereinafter defined, NBO hereby grants to DFSFI a security interest in, assigns to DFSFI, and agrees that DFSFI shall have a lien upon, all interest of NBO, whether now existing or hereafter arising, in the Account, as hereinafter defined, all interest credited thereto and any certificates of deposit or other property which may from time to time be acquired directly or indirectly using proceeds of such property (collectively referred to herein as "Reserve").
4. In this Reserve Agreement, "Liabilities" means all obligations of NBO to DFSFI arising under the Agreement, as the Agreement may be amended, modified and/or renewed, or under any successor agreement, and any other obligation of NBO to DFSFI whether direct or indirect, absolute or contingent, or now or hereafter existing or due or to become due.
5. In this Reserve Agreement, "Account" means the money market deposit account no. 504947 held in the name of NBO at Discover Bank, in the amount of \$ 250,000 ("Initial Balance").

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DFSFI and NBO Reserve Agreement 100802

6. NBO agrees that DFSI may, if necessary and only after notice to NBO and NBO fails to correct any default within 24 hours of such notice, resort to the Reserve for payment of the Liabilities. NBO further agrees that Discover Bank shall be permitted and is hereby instructed to honor the instructions of DFSI to set-off, debit and/or withdraw Reserve from the Account for payment of the Liabilities as stipulated in this agreement.
7. NBO agrees that the maintenance of the Account with a balance of no less than the Initial Balance is a condition of the Agreement, and that in the event that DFSI resorts to the Reserve for payment of the Liabilities, NBO will immediately deposit in the Account any amounts necessary to restore the Initial Balance of Settlement amounts otherwise payable to NBO under the Agreement. In the event that the balance in the Account is less than the Initial Balance, DFSI may terminate the Agreement; provided that DFSI's waiver of this right in any instance shall not be deemed a general waiver or imply that subsequent waivers may be granted. DFSI will notify NBO of DFSI intent to terminate the agreement, allowing the time to cure as specified in the Agreement.
8. NBO agrees that the Reserve shall be held for the benefit of DFSI for the term of the Agreement and for a period of up to one year thereafter, or for such longer period during which NBO or any of its assets may be subject to a bankruptcy or insolvency proceeding and/or under the control of a trustee or receiver. NBO acknowledges that it shall not be permitted to withdraw, transfer, pledge, hypothecate or otherwise impair DFSI's interest in the Reserve during the period that it is held for the benefit of DFSI; provided that DFSI will permit interest on the Account at a prevailing money market rate in effect from time to time commencing on the effective date of the Account to be credited to the Account or, if the account is not deficit in any way, to be distributed quarterly to NBO where the balance of the Reserve is greater than the Initial Balance.
9. Notwithstanding anything to the contrary in the Agreement, NBO agrees that the Agreement shall terminate immediately without notice if NBO files an action to recover the proceeds of the Account, creates a lien superior to that of DFSI in the Account or otherwise violates the terms of the Agreement or this Reserve Agreement.
10. This Reserve Agreement provides for rights and remedies in addition to and not in limitation of those contained in the Agreement. Accordingly, the Agreement may be terminated in accordance with its terms and any rights and remedies provided thereunder may be exercised notwithstanding compliance with the terms of this Reserve Agreement.
11. Capitalized terms which are not otherwise defined in this Reserve Agreement are used as such terms are defined in the Agreement.
12. This Reserve Agreement is governed by the laws of the State of Delaware.

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DSFI and NBO Reserve Agreement 100802

IN WITNESS WHEREOF, this Reserve Agreement has been executed by authorized officers of DFSI and NBO.

NBO Systems, Inc.
By: /s/ Keith Guevara
Title: Chairman/CEO
Date: October 9, 2002

DISCOVER FINANCIAL SERVICES, INC.
By: /s/ [illegible signature]
Title: S.V.P.
Date: October 11, 2002

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DSFI and NBO Reserve Agreement 100802

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

EXECUTION COPY**MASTER SERVICES AGREEMENT**

THIS MASTER SERVICES AGREEMENT ("Agreement") is entered into as of the 31st day of October, 2002 (the "Effective Date"), by and between **IPS CARD SOLUTIONS, INC.**, a Maryland corporation, doing business as ValueLink, whose principal place of business is 12500 East Belford Avenue, Englewood, Colorado 80111 ("ValueLink"), and **NBO SYSTEMS, INC.**, a Maryland corporation, whose principal place of business is 3676 West California Avenue, Building D, Salt Lake City, Utah 84104 ("Supplier").

RECITALS

WHEREAS, Supplier is in the business and capable of providing certain services as described below ("Supplier Services") on an outsourced back-end support services basis to allow and enable ValueLink to offer, sell and provide to each and any of its clients ("ValueLink Clients") that use ValueLink's Stored Value Card Services (as defined below) "Card Order Fulfillment Services" (as described below); and

WHEREAS, ValueLink desires to retain Supplier to provide Supplier Services in accordance with the terms of this Agreement;

NOW THEREFORE, the parties hereby agree as follows:

1. **DEFINITIONS.** For purposes of this Agreement, the following terms have the meanings set forth below. Other terms may be defined elsewhere in this Agreement and have the meanings ascribed there to them.

"*Affiliate*" means, with respect to either party, any entity or enterprise that is controlling, controlled by or under common control with such party.

"*Call Center*" means the call center maintained by Supplier, which is accessible directly by means of a toll-free number by purchasers who desire to purchase Cards (as defined below) by telephone.

"*Cardholder*" means the purchaser of a Card.

"*Cardholder Information*" means any personally identifiable information provided by the Cardholder, including but not limited to the Cardholder's name, address or phone number.

"*Card Order Fulfillment Services*" are defined and described in Section 2 and **Exhibit A** attached.

"*Designated Recipient*" means the person who is the intended recipient of a Stored Value Card (as defined below) issued on behalf of a ValueLink Client pursuant to that Client's Stored KAG BJB Value Card Program (as defined below) in connection with Card Order Fulfillment Services provided pursuant to this Agreement.

"*Designated Representative*" is defined in Section 2.

"*IVR*" means an automated interactive response system accessed via a toll-free telephone number.

"*Project*" is defined in Section 2.

"*Stored Value Card*" or "*Card*" means a magnetic stripe or barcode plastic card that will access data maintained in the ValueLink Database (as defined below) and enable a person holding such Card, upon acceptance by ValueLink on behalf of a ValueLink Client pursuant to the client's Stored Value Card Program (as defined below), to purchase goods and/or services from or through the ValueLink Client.

"*Stored Value Card Program*" means the program of a ValueLink Client pursuant to which such client and/or one or more of its affiliated issuers issue Stored Value Cards and ValueLink provides the Stored Value Card Services to enable the use of such cards for the purchase of goods and/or services from or through the ValueLink Client or its affiliated issuers at or through locations designated by the ValueLink Client.

"*Stored Value Card Services*" means the services (which may include Supplier Services) provided by ValueLink in connection with the Stored Value Card Program of a ValueLink Client pursuant to an agreement therefor.

"*Term*" means the "Initial Term" of this Agreement and includes any "Renewal Term" (each as defined in Section 18).

"*Work Order*" is defined in Section 3.

"ValueLink Database" means the central database owned and operated by ValueLink on which data is maintained and stored for each Stored Value Card issued by a ValueLink Client (and its affiliated issuers) under such client's Stored Value Card Program.

2. **SUPPLIER SERVICES.** Supplier will provide the Supplier Services as outlined and described in this Agreement. Supplier Services include, but are not limited to, the card order fulfillment services, as described and set forth in **Exhibit A** attached ("Card Order Fulfillment Services"), and other services set forth in such exhibit. Each individual Work Order for Supplier Services will be related to a particular ValueLink Client and its Stored Value Card Program ("Project"). Each party shall designate a point person ("Designated Representative") who shall be the person the other party's Designated Representative may contact to present and/or resolve issues and matters arising under this Agreement or with respect to a particular Project or ValueLink Client. Unless otherwise agreed to by ValueLink, Supplier will not knowingly contact ValueLink Clients directly.

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3. **WORK ORDER(S).** Before undertaking a Project, ValueLink and Supplier shall complete a Work Order for each Project with respect to which ValueLink desires Supplier to KAG BJB provide Supplier Services. The Work Order shall be in substantially the same form as set forth in **Exhibit B** attached hereto (the "Work Order"). Each Work Order will describe the type of Supplier Services to be provided and set forth any detailed procedures, practices, specifications, deliverables, time frames or other particulars that shall govern the Supplier Services to be provided by Supplier under such Work Order. By its reference to this Agreement, each Work Order shall be considered to include the Card Order Fulfillment Services (unless it expressly excludes such services), together with any additional or new such services as may be added to **Exhibit A** in the future by amendment, supplement or other modification mutually agreed in writing (but not any course of dealing) by the parties, and any other additional Supplier Services as may be set forth in the applicable Work Order. Each Work Order shall reference this Agreement and must be signed by both parties to be effective. All properly issued Work Orders shall be deemed incorporated herein and subject to the provisions of this Agreement by this reference. Supplier will have no obligation to provide any Supplier Services to ValueLink unless and until individual Work Orders are properly issued in accordance with this Section 3. In the event of any conflict between the provisions of this Agreement and the provisions of any Work Order, the provisions contained in the Work Order shall govern and control as to that particular Work Order.

4. CHANGES IN SCOPE.

a. **Change Request.** During the continuance of a Project and related Work Order(s), if a party wishes to alter, modify, expand, or change the scope of the Project ("Change"), the parties shall comply with the procedures set forth in this Section 4. The Designated Representative of a party may request a Change by submitting to the other party or its Designated Representative a change request (the "Project Change Request") containing reasonable details of the requested Change. No Change shall be considered authorized unless the parties have executed and delivered a written amendment, modification or supplement to the applicable Work Order ("Change Order"), and the terms of such amended Work Order (i.e., Change Order) shall control over any inconsistent or contrary provisions in either the Work Order (as it existed immediately prior to such amendment) or this Agreement. A Change Order shall be considered part of the relevant Work Order.

b. **Change Request Response.** Upon receipt of a Project Change Request, the receiving party will notify the other party's Designated Representative as to how the Change will impact the Project, including, but not limited to, adjustments to resources, the effect on the quality of deliverables, or changes in the schedule for delivery or completion. Unless otherwise provided in the Change Order, if a Project is on a fixed fee basis, fees for the Project will not be increased or decreased as a result of a Change Order.

5. **SUPPLIER PERSONNEL.** Supplier's personnel performing Supplier Services will be of the requisite skill and experience required to deliver such services. From time-to-time, ValueLink may request that any of such personnel receive additional training or be reassigned if, in ValueLink's reasonable judgment, such personnel are not considered to have the requisite skill or training to satisfactorily perform or deliver the Supplier Services.

6. **FEES; TAXES.** ValueLink will pay Supplier the fees specified in the fee schedule attached hereto as Exhibit C (the "Fee Schedule") for Supplier Services supplied by Supplier pursuant to a Work Order issued hereunder, unless different or additional fees are agreed to by the parties in the Work Order. Such fees shall not be increased without ValueLink's prior written consent. Supplier agrees that the pricing offered to ValueLink for all Supplier Services shall, at all times during the Term, be no higher than pricing offered by Supplier to any other customer which purchases comparable services in comparable transaction volumes. The fees set forth in the Fee Schedule include taxes.

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7. **MANNER OF PAYMENT.** Supplier will submit an original invoice to ValueLink for amounts due and owing Supplier for Supplier Services rendered during each calendar month on a following calendar month basis. Each invoice shall reference this Agreement, shall set forth such fees on a Project-by-Project or ValueLink Client basis and contain such supporting documentation as ValueLink reasonably requires. ValueLink cannot authorize payment on e mailed or faxed copies of invoices. ValueLink will pay in full each properly submitted invoice within thirty (30) days following ValueLink's receipt of such invoice. If a bona fide dispute exists regarding amounts due on an invoice, ValueLink will pay the undisputed items and promptly report the disputed items to Supplier. ValueLink shall pay the amount, if any, mutually agreed to be due with respect to any disputed items after resolution thereof. The parties acknowledge and agree that any preprinted terms or conditions contained in other documents of Supplier or ValueLink, such as purchase orders, invoices, quotes, acknowledgments or confirmations, which are not expressly contained or incorporated herein, or are contrary to the terms and conditions contained herein or a Work Order, shall not be binding upon the parties.

8. SERVICE LEVEL STANDARDS.

a. **Service Level Standards.** Supplier agrees that it will meet or exceed the following service level standards ("Service Level Standards") in its performance of Card Order Fulfillment Services as part of the Supplier Services hereunder:

i. **Initial Project Implementation.** For each Project, Supplier shall timely and effectively implement commencement of Card Order Fulfillment Services functioning with 99% or greater accuracy upon the initial installation. This means creation of the agreed form of Web page insert in the ValueLink Client's Web site with the following functions being available and functioning accurately and properly: order taking, order personalization, payment acceptance and authorization and Card transaction history. ValueLink acknowledges that initial implementation for each ValueLink Client may involve a period of between two to six weeks depending on the requirements of each particular Project. A commencement date will be mutually agreed upon in each Work Order.

ii. **Order Taking Availability.** For each Project, Supplier shall provide Card Order Fulfillment Services through the ValueLink Client's Internet Web site, the Call Center or both, as determined by ValueLink's Client. Supplier's Web page link and shopping cart page and Call Center shall each be functional and available to receive orders for Cards at least 99% of the operational hours required pursuant to **Exhibit A** or the applicable Work Order (if different).

iii. **Call Center Operations.** The Call Center will meet the following standards at least 99% of the time it is available to accept orders for Cards:

Criterion	Standard
Incoming Call Response Time	90% within 20 seconds
Average Answer Speed	20 seconds
Abandon Rate	Not greater than 2% of total calls

iv. **Order Fulfillment.** Supplier will accurately and correctly fulfill at least 99% of all orders for Cards received during a business day by no later than the end of the following business day. This includes (a) selection of the correct Card, the Card carrier and any agreed upon Collateral (as used herein "Collateral" means any promotional materials the ValueLink Client requests be included with the Card and Card carrier), (b) loading and activation of the Card for the correct amount, (c) error-free personalization, (d) preparing the Card for shipment (including use of the correct address of the Designated Recipient) and (e) delivery of the shipment to the correct courier in accordance with the instructions of the Card purchaser. This also may include correct implementation of custom packaging and imaging services if set forth in the applicable Work Order. Supplier shall ensure it has an adequate supply of Cards, Card carriers and Collateral to fulfill such obligation, provided that replenishment requests to ValueLink are filled within 10 days. Supplier shall ensure the safety and security of the Cards, Card carriers and Collateral and shall be liable for any items that become lost, stolen or missing while under Supplier's control.

v. **Card Activation.** Supplier will send ValueLink activations for all Cards issued as directed by ValueLink. Activations will contain the correct Card number and value loaded at least 99% of the time.

vi. **Reporting.** Supplier shall provide a weekly report to ValueLink that accurately and correctly sets forth Cards ordered and fulfilled for each business day for each ValueLink Client (i.e., Project-by-Project) and contains the following detailed information: number of Cards ordered, Card numbers, value loaded (assigned to each Card number account), Card order service type (i.e., Internet, Call Center or other late added type), with total number of Cards ordered by each service type and shipping method/courier for each Card order fulfilled. Supplier shall maintain adequate and accurate records concerning its compliance with the foregoing Service Level Standards, and Supplier shall promptly notify ValueLink when any such standard is not met by Supplier. Parties agree that Cards ordered and Cards activated may show a variance in the reporting; however, Supplier agrees to reconcile and explain all such variances. [Supplier shall not be responsible for delays or failures in telecommunications lines that are not solely the fault of Supplier.]

vii. **On-going Support.** Supplier's Designated Representative shall respond to calls from ValueLink regarding any issues or problems with the Card Order Fulfillment Services no later than the next business day. Supplier will provide Value Link with an emergency contact number as backup.

b. Failure to Meet Service Level Standards.

i. If Supplier fails during any calendar month to meet one or more of the Service Level Standards, such month shall be considered a "Failed Month." Supplier will provide to ValueLink, within fifteen (15) days following any Failed Month, a written action plan describing in reasonable detail the root cause for the failure, steps being taken to cure the failure in the immediate or near immediate future, and steps being taken to prevent the recurrence of such failure during the remainder of the Term.

ii. If, in any consecutive twelve (12) month period during the Term, there are two (2) or more Failed Months ("Termination Right Event"), ValueLink may terminate this Agreement upon not less than thirty (30) days' prior written notice, provided, however, that if ValueLink does not exercise such right of termination within sixty (60) days following ValueLink's receipt of Supplier's action plan for the Failed Month which causes the Termination Right Event, then ValueLink shall be deemed to have waived such right until the occurrence of the next subsequent Termination Right Event.

9. **WARRANTIES.** Supplier warrants with respect to all Supplier Services provided by Supplier under this Agreement that (a) they shall be completed by qualified personnel in a professional and workmanlike manner and in accordance with the then best current industry standards, (b) they will be and have been supplied in compliance with the requirements of all applicable federal, state and local laws and regulations, (c) they shall conform to the specifications of each Work Order and this Agreement and will meet or exceed the Service Level Standards set forth above, and (d) all computer systems and software utilized by Supplier to render Supplier Services are and shall be "Year 2000 Compliant." For purposes of this Section 9, Year 2000 Compliant means: (i) all of Supplier's computer systems, software, programs, files and databases used in connection with Supplier Services will not experience error, loss of functionality, interruptions or abnormal operations when processing, calculating, comparing or sequencing date data before or after the calendar year

2000, and (ii) such systems, software, etc. will be compatible with and interoperable with the ValueLink Database to which any Card data is delivered or sent by Supplier; provided that, the ValueLink Database and related computer system (including software) is itself Year 2000 Compliant. ValueLink will promptly notify Supplier of any Supplier Services that fail to conform to the requirements of this Section 9 when and after ValueLink receives actual notice of such fact. Supplier, at its sole cost and expense, shall undertake to remedy any defective or deficient services in a manner and in a time frame reasonably acceptable to ValueLink. Supplier agrees to meet with ValueLink on a quarterly basis, if so requested by ValueLink, to review Supplier's compliance with this Section 9. Supplier understands that its failure to provide Supplier Services in accordance with and as required by this Agreement may damage ValueLink's business reputation and relationship with ValueLink Clients that are receiving or which will receive the benefits of Supplier Services.

10. CANCELLATION OF WORK ORDERS. At any time upon prior reasonable notice, ValueLink may cancel and terminate a Work Order for any Project; provided that, Supplier will be entitled to payment in accordance with the terms and conditions of this Agreement or such Work Order for Supplier Services already performed under such Work Order up to the effective time of such termination.

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11. EXCLUSIVITY. Supplier agrees that it will not, without ValueLink's prior written consent, directly or indirectly, (i) provide, sell or market any Supplier Services or stored value card Services to any ValueLink Client or (ii) provide, sell or market any Supplier Services to any bona fide prospective client of ValueLink when Supplier has provided, or was in discussions with ValueLink to provide, Supplier Services to ValueLink with respect to such client at any time during the preceding twelve (12) months, or (iii) provide any Supplier Services (in particular, Card Order Fulfillment Services) to any competitor of ValueLink for Stored Value Card Services (except Supplier's similar services provided to its own customers that conduct electronic stored value gift card programs for their own account or the account of affiliated issuers pursuant to a written contract therefor with Supplier). Notwithstanding the foregoing, if ValueLink begins using a third party vendor other than Supplier for services similar to the Supplier Services, then Supplier may offer Supplier Services directly to ValueLink Clients and/or competitors of ValueLink.

12. CONFIDENTIALITY.

a. Supplier agrees that neither Supplier nor its officers, principals or employees shall sell, rent, exchange or otherwise disclose to any other party, other than for purposes of its performance under this Agreement or as may be required by law: (a) Cardholder Information; (b) ValueLink Clients; (c) volumes, revenues, earnings, commission rates or payments hereunder; (d) this Agreement or the relationship between the parties; or (e) any other confidential information with respect to ValueLink, including, without limitation, information relating to such party's business, products, services, systems, software, policies, practices, procedures, methodologies, finances, pricing, marketing plans, customers, programs, prospective and existing contracts and other business arrangements and/or business plans and strategies. Supplier acknowledges that Cardholder Information obtained by Supplier in performance of the Supplier Services for ValueLink is the exclusive property of ValueLink. Supplier agrees that the Cardholder Information shall be used only in the performance of the Supplier Services, that Supplier may not use such information itself, that it shall not be sold, rented, exchanged or otherwise disclosed to any party other than ValueLink or the ValueLink Client for any purpose whatsoever without the prior written consent of ValueLink, except as may be required by law. All Cardholder Information shall be provided to ValueLink upon its request, and Supplier may be entitled to a fee to format and deliver this data. If ValueLink shall consent to any collection, use or transfer of Cardholder Information, then Supplier warrants to ValueLink that such collection, use and transfer shall be accomplished in full compliance with all applicable laws and regulations governing data protection and consumer privacy. In the event that Supplier is required to provide any Cardholder Information outside of the ordinary course of reporting to law enforcement authorities or any other entity, Supplier will immediately notify ValueLink and, if requested by ValueLink, will fully cooperate with any effort to obtain a protective order or any other protective measures.

b. ValueLink agrees that neither ValueLink nor its officers, principals or employees shall sell, rent, exchange or otherwise disclose to any other party, other than for purposes of its performance under this Agreement or as may be required by law: (a) volumes, revenues, earnings, commission rates or payments hereunder; (b) the specific terms of this Agreement; or (c) any other confidential information with respect to Supplier, including, without limitation, information relating to such party's business, products, services, systems, software, policies, practices, procedures, methodologies, finances, pricing, marketing plans, customers, programs, prospective and existing contracts and other business arrangements and/or business plans and strategies.

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c. Supplier and ValueLink agree that money damages may not be a sufficient remedy for breach of the obligations of confidentiality and restrictions on use in this Section 12. Accordingly, in addition to all other remedies that either party may have, either party will be entitled to seek specific performance and injunctive or other equitable relief as a remedy for any breach of the obligations of confidentiality and restrictions on use contained in this Section 12. Upon request or upon termination of this Agreement, both parties shall destroy or return to the other party all confidential information (irrespective of form or media) of the other party in either party's possession or control. No disclosure by ValueLink or Supplier of confidential information to the other party shall constitute a grant to the other party of any interest or right whatsoever in such confidential information, which shall always remain the property of the disclosing party.

13. TRADEMARKS. Supplier shall not use, copy or reproduce the name, logos, trademarks, or trade names of ValueLink or any of ValueLink's Affiliates or ValueLink Clients in any publicity releases, promotional material, advertising, marketing or business generation efforts without obtaining ValueLink's prior written consent. ValueLink, its Affiliates or the ValueLink Client, as applicable, retains full ownership of all information or materials that are provided to Supplier by such person or entity for use in performing Supplier's obligations and undertakings under this Agreement. ValueLink, ValueLink Affiliates and ValueLink Clients shall not use, copy or reproduce the name, logo, trademarks, or trade name of Supplier in any publicity releases, promotional material, advertising, marketing or business generation efforts without obtaining Supplier's prior written consent.

14. INSURANCE. During the Term, Supplier shall, at its own cost and expense, obtain and maintain in full force and effect, the following insurance coverages: (a) workers' compensation and disability insurance in the statutorily required amounts; (b) employer's liability insurance with minimum limits of \$500,000; (c) general comprehensive liability insurance or suitable umbrella insurance with minimum single limit coverage of \$1,000,000. Upon request, Supplier shall provide ValueLink with proof of such coverage, and, in the event such coverage changes in a manner that may impact this Agreement or is canceled during the Term, Supplier shall immediately notify ValueLink.

15. INFRINGEMENT INDEMNIFICATION. Supplier shall (and hereby agrees to) indemnify, defend and hold harmless ValueLink, its Affiliates, and each of its or their respective officers, directors, employees, agents, and representatives from and against any and all claims, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and costs) arising out of, connected with, or resulting in any way from any claim or allegation that the possession, sale, distribution or use by ValueLink or any ValueLink Client of any Supplier Services (including, in particular Card Order Fulfillment Services) infringes any patent, copyright, trademark, service mark, trade secret, or other proprietary right of any third party. ValueLink will promptly notify Supplier if any such claim arises after ValueLink receives actual notice of its existence. Supplier shall have the right, at its expense, to defend, settle or otherwise dispose of such claim; provided that, no settlement of any claim admitting liability of or imposing duties of performance upon ValueLink or any ValueLink Client or their respective Affiliates may be effected without the prior written consent of ValueLink and/or the ValueLink Client. ValueLink will cooperate in any such action at Supplier's expense. If Supplier does not undertake the defense of any such claim within twenty (20) days after notice from ValueLink, ValueLink shall be free to investigate, defend or otherwise incur costs in connection therewith for the account and at the expense of Supplier in such manner as ValueLink deems is in its best interests. If any Supplier Service provided under this Agreement becomes, or is likely to become, the subject of such a claim, then Supplier shall, at Supplier's expense, either: (a) procure for ValueLink the right to continue selling, distributing or using the infringing Supplier Service as contemplated by this Agreement, or (b) modify or replace the infringing Supplier Service to eliminate the infringement while providing fully functionally equivalent performance. If none of the foregoing remedies are commercially practicable, Supplier having used all reasonable efforts, then Supplier shall cease delivery of the infringing Supplier Service(s) and Supplier shall refund all amounts paid to Supplier by ValueLink in connection with such Supplier Service(s) related to the infringement. Notwithstanding anything in the foregoing, Supplier shall have no obligation of indemnification for any claim to the extent that such claim results from any of the following: (i) Supplier's compliance with service specifications furnished by ValueLink, which specifications, in whole or in part, did not originate with Supplier or were not selected by Supplier and, if absent compliance with such specifications, no valid claim would exist; (ii) alteration or modification of any Supplier Services by ValueLink, if absent such alteration or modification, no valid claim would exist, or (iii) use of any Supplier Services by ValueLink in any manner contrary to Supplier's instructions or for which they are not designed.

16. GENERAL INDEMNIFICATION. Each party (the "Indemnifying Party") will indemnify, defend and hold harmless the other party, its Affiliates, and each of its or their respective officers, directors, employees, agents, and representatives (each an "Indemnified Party") from and against any claims, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and costs) arising out of, connected with or resulting in any way from (a) any breach by the Indemnifying Party, its employees, agents or representatives of any representation, warranty, covenant, or provision of this Agreement (including any Work Order), and (b) the failure of the Indemnifying Party, its employees, agents or representatives to comply with any applicable federal, state or local law or regulation. The Indemnified Party will promptly notify the Indemnifying Party if any such claim arises after it receives actual notice of its existence. The Indemnifying Party shall have the right, at its expense, to defend, settle or otherwise dispose of such claim; provided that, no settlement of any claim admitting liability of or imposing duties of performance upon the Indemnified Party may be effected without the prior written consent of the Indemnified Party. The Indemnified Party will cooperate in any such action at the Indemnifying Party's expense. If the Indemnifying Party does not undertake the defense of any such claim within twenty (20) days after notice from the Indemnified Party, the Indemnified Party shall be free to investigate, defend or otherwise incur costs in connection therewith for the account and at the expense of the Indemnifying Party in such manner as the Indemnified Party deems is in its best interests.

17. LIMITATION OF LIABILITY. NOTWITHSTANDING ANY PROVISION IN THIS AGREEMENT TO THE CONTRARY, THE CUMULATIVE LIABILITY OF VALUELINK FOR ALL LOSSES, CLAIMS, SUITS, CONTROVERSIES, DAMAGES OR LIABILITIES FOR ANY CAUSE WHATSOEVER AND REGARDLESS OF THE FORM OF ACTION OR LEGAL THEORY, SHALL BE LIMITED TO THE ACTUAL DIRECT OUT-OF-POCKET EXPENSES THAT ARE REASONABLY INCURRED BY SUPPLIER AND, IN ANY EVENT, SHALL NOT EXCEED THE LESSER OF (I) THE TOTAL AMOUNT PAID BY VALUELINK TO SUPPLIER UNDER THIS AGREEMENT DURING THE TWELVE (12) MONTHS IMMEDIATELY PRIOR TO THE DATE OF SUCH LOSS, OR (II) \$100,000, AND IN NO EVENT SHALL VALUELINK OR ANY OF ITS AFFILIATES OR ANY OF ITS OR THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, AGENTS OR SUBCONTRACTORS BE LIABLE UNDER ANY THEORY OF TORT, CONTRACT, STRICT LIABILITY OR OTHER LEGAL OR EQUITABLE THEORY FOR LOST REVENUES, LOST PROFITS, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES, EACH OF WHICH IS HEREBY EXCLUDED BY THE AGREEMENT OF THE PARTIES, REGARDLESS OF WHETHER SUCH DAMAGES WERE FORESEEABLE OR WHETHER EITHER PARTY OR ANY ENTITY HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES.

18. TERM AND TERMINATION. This Agreement shall commence on the Effective Date and continue for a period of three (3) years ("Initial Term"). Thereafter, this Agreement shall automatically renew for successive one (1) year periods (each a "Renewal Term"), unless either party provides written notice of termination at least ninety (90) days prior to the expiration any time, with or without cause, upon giving supplier at least thirty (30) days' prior written notice of termination. In the event that Supplier defaults in the performance of any material obligation hereunder, ValueLink may suspend its performance hereunder and give Supplier written notice of such default and Supplier shall have ten (10) days following receipt of such notice in which to cure the default. If Supplier fails to cure the default within such ten (10) day period, ValueLink may immediately, upon notice, terminate this Agreement or any Work Order and, reserving all other rights and remedies available to it under this Agreement or otherwise, shall be entitled to receive a refund of

any amounts paid to Supplier for Supplier Services which have not been supplied or provided or which have been determined defective or deficient by ValueLink in the exercise of its reasonable business judgment. In addition, ValueLink may immediately, upon notice, terminate this Agreement or any Work Order issued hereunder if Supplier becomes insolvent or makes a general assignment for the benefit of creditors or if any action is taken by or against Supplier for relief under bankruptcy or insolvency laws. Upon termination of this Agreement or any Work Order, Supplier agrees to cooperate and work with ValueLink to transition ValueLink Clients to a new Internet Card fulfillment platform. After termination of this Agreement or any Work Order, ValueLink's sole obligation shall be to pay Supplier for work performed in accordance with the terms and conditions of this Agreement up to the time of notice of termination. Sections 9,12, 15, 16, 17 and 19 hereof shall survive any termination of this Agreement or Work Order issued hereunder.

19. **AUDIT.** ValueLink shall have the right upon reasonable prior written notice, at ValueLink expense (however, ValueLink shall not be required to pay the costs or expenses associated with the time and labor expended on the part of Supplier's employees, or other such indirect costs and expenses, to assist with any such audit), and during regular business hours to inspect, copy, review and audit Supplier's books and records (or portions thereof) applicable to Supplier Services, and its operating procedures pertaining to the performance of Supplier's KAG BJB obligations under this Agreement. Supplier shall provide, upon ValueLink's request, a copy of Supplier's outside financial audit reports as well as (when appropriate) a Statement on Auditing Standards No. 70 Report.

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20. **INDEPENDENT CONTRACTORS.** Supplier and ValueLink are acting as independent contractors hereunder. Neither party shall be deemed to be the agent, employee, joint venturer or partner of the other. This Agreement shall not be construed as authority for either party to act for the other party in any agency or other capacity, or to make commitments of any kind for the account or on behalf of the other party.

21. **NOTICES.** Any notice to be given under this Agreement shall be in writing and shall be given by personal delivery, certified or registered mail, postage prepaid, return receipt requested, or overnight courier to the parties' respective addresses set forth below, or to any subsequent address designated by either party for the purpose of receiving notices pursuant to this Agreement. All such notices shall be effective upon (a) actual receipt thereof by the party to be notified, or (b) actual delivery thereof to the appropriate address in accordance with this Section 21.

To ValueLink: IFS Card Solutions, Inc.
12500 East Belford Avenue
Mail Stop: M22A2
Englewood, Colorado 80112
Attn: Vice President and General Manager, ValueLink

With a copy to: IFS Card Solutions, Inc.
12500 East Belford Avenue
Mail Stop: M21A5
Englewood, Colorado 80112
Attn: General Counsel's Office

To Supplier: NBO Systems, Inc.
3676 W. California Avenue, Building D
Salt Lake City, Utah 84104
Attn: President

22. **ENTIRE AGREEMENT.** Each party acknowledges that it has read this Agreement, and agrees that it understands it and agrees to be bound by its terms. This Agreement constitutes the complete and exclusive statement of the agreement between the parties, and supersedes and merges all prior proposals and other agreements, whether oral or written, between the parties relating to the subject matter hereof.

23. **AMENDMENT; WAIVER.** No variation, modification, or amendment of this Agreement shall be binding upon either party unless in writing executed by the duly authorized representatives of both parties. The waiver or failure of a party to exercise any right provided for herein shall not be deemed a waiver of any further or future right hereunder.

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24. **GOVERNING LAW.** This Agreement and performance hereunder shall be governed by and construed in accordance with the laws of the State of Colorado, without reference to its provisions regarding conflicts of laws.

25. **SEVERABILITY.** If any provision of this Agreement shall be held by final nonappealable judgment or order issued by a court of competent jurisdiction to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby.

26. **GENDER, NUMBER, HEADINGS AND INTERPRETATION.** The singular form of a word or term shall include the plural and vice versa. The masculine form shall include the feminine and the neuter forms and vice versa. The headings in this Agreement are for convenience of reference only and shall not be considered in interpreting any provision of this Agreement. No provision of this Agreement shall be interpreted for or against a party by reason of the fact that a party or its legal counsel prepared this Agreement or any provision or provided input to it.

27. **ASSIGNMENT.** This Agreement is personal to Supplier, and Supplier shall not assign, delegate or subcontract its rights, duties or obligations under this Agreement to any person or entity without the express written consent of ValueLink (which consent shall be in the sole and absolute discretion of ValueLink). This Agreement shall bind and benefit ValueLink and its successors and assigns.

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

NBO SYSTEMS, INC.

IPS CARD SOLUTIONS, INC.

By: Keith A. Guevara

By: Bruce J. Bell

Name: Keith A. Guevara

Name: Bruce J. Bell

Title: Pres./CEO

Title: V.P. & General Manager

Date Signed: Oct. 31, 2002

Dated Signed: 11/7/02

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**MASTER SERVICES AGREEMENT
BETWEEN
IPS CARD SOLUTIONS, INC.
AND
NBO SYSTEMS, INC.**

EXHIBIT A

SUPPLIER SERVICES

Card Order Fulfillment Services. Supplier Services includes provision of the following Card Order Fulfillment Services on a Project-by-Project basis to ValueLink Clients:

1. **Order Taking Capabilities.** Supplier will take orders for Cards over the Internet, via telephone through its Call Center and, in the future, possibly by mail and facsimile, if this Exhibit A is modified to so provide. To effect this service over the Internet, Supplier will create and connect a Card Internet shopping cart Web page that will be connected or dropped into a ValueLink Client's existing Web site (Client web site must support frames or Cascading Style Sheets), which shall have the following capabilities:

a. Card order e-commerce Web page(s).

b. Accepts a credit/debit card through a secure link as payment for Card(s), with the ability to send for authorization, using the applicable, as specified in the Work Order, merchant ID number ("MID") and account to which the Card purchase amount and shipping and handling charges will be credited following authorization. If the MID belongs to ValueLink's Client, Supplier shall have no responsibility or obligation for transmitting funds to the ValueLink Client for the purchase of such client's Cards. If the MID belongs to Supplier, Supplier will be obligated to transmit net settlement funds to the ValueLink Client, or to ValueLink to settle with the ValueLink Client.

c. Provides confirmation of an accepted order to the Card purchaser.

d. Accepts personalized messages, per Supplier specifications, from the Card purchaser to accompany the Card to the Designated Recipient.

e. Allows Cardholders to enter their Card account number and access and receive a transaction history for the Card (including its available account balance), which will be connected to the ValueLink Database via a Web API.

Supplier also will have the ability to take telephone orders for a ValueLink Client's Cards via a Supplier-managed Call Center, which has all of the foregoing capabilities, except that a Card's transaction history other than its current available account balance need not be made available to a Cardholder by or through the Call Center and subclause a. above has no application to telephone orders. Standard Call Center hours of operation are Monday through Friday, 8 am to 5 pm. Mountain Time. Supplier will arrange for the toll-free number and will provide basic WR services for when the Call Center is closed or when all lines are unavailable; all IVR script shall KAG BJB be approved by ValueLink prior to implementation. Supplier agrees that it is willing to develop a means to accept Card orders via mail or facsimile if requested by ValueLink, but Supplier shall not be required to deliver such type of services until this **Exhibit A** and the Fee Schedule in **Exhibit C** are modified to so provide or a Work Order therefor is agreed upon.

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2. Fill Card Orders. For issuance to a Card purchaser whose order for Cards is received and accepted as provided above, Supplier will:

- a. Safely and securely store all unissued, inactive Cards, Card carriers and Collateral until used in fulfillment of an accepted order.
- b. As accepted orders for Cards are received and fulfilled, track the Cards being fulfilled by ValueLink Client, initial load amount (i.e., Card initial dollar value amount upon purchase) and Card number.
- c. Prepare each Card for shipping as agreed for each ValueLink Client. This may include placing personalized messages on the card envelope, placing Cards in customized envelopes, using carriers required by the ValueLink Client or Card purchaser and sending Cards via United States mail or recognized surface or air courier (such as Federal Express) to the Designated Recipient, as ordered by the Card purchaser. Supplier acknowledges and agrees this service will be ValueLink Client specific.

3. Activation and Loading of Cards. Supplier will:

- a. Cause Cards purchased pursuant to the Agreement to be activated in accordance with the mutually agreed procedures therefor.
- b. Load purchased Cards with the dollar amount value of the purchase by the Card purchaser.
- c. Send ValueLink an electronic file of activated Cards, including Card numbers and the corresponding initial balance amount (face value) each business day in accordance with the mutually agreed procedures.

4. Reporting. In addition to sending ValueLink the above activation file, Supplier will provide ValueLink with an electronic report at least every week for Card orders fulfilled during the preceding one-week reporting period, which will include the following:

- a. The manner in which the order was received (e.g., Internet, Call Center, in bound mail or facsimile);
- b. The ValueLink Client(s) in whose name the Cards were issued;
- c. The ValueLink Client's concept name, if applicable;
- d. Date of fulfillment;
- e. Method of delivery (e.g., United States mail, name of courier, etc.); and

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- f. Card number and value loaded at the time of purchase.

Supplier will provide to ValueLink a periodic report of the unissued cards it has in inventory for use in connection for Card Order Fulfillment Services on a Project-by-Project (i.e., ValueLink Client) basis. Such report will be provided no less than once monthly or more frequently as reasonably requested by ValueLink. If Supplier determines in its reasonable business judgment that its unissued Card, Card carriers or Collateral inventory for a particular Project (ValueLink Client) may be insufficient to accommodate anticipated orders within 10 business days, Supplier will notify ValueLink of the need for an additional supply for that ValueLink Client. ValueLink or ValueLink Client will supply the requested inventory within 10 business days.

5. Imaging and Custom Packaging Services. Supplier, if requested and covered by a

- a. Assist in generating a custom envelope for a ValueLink Client covered by the Agreement, with the client's concept name and logo, for shipping the Cards and holders to Designated Recipients. Limited customization of the envelope may be available from Supplier due to laser printer configuration limitations on small envelopes.
- b. Card purchasers will have the ability to type or provide a short message (2 lines of up to 40 characters each) to the Designated Recipient. The message will be printed on the outside of the stock or custom envelope. Standard packaging configuration consists of the Card and Card Carrier in a #9 envelope (may contain the custom message) and then into a #10 envelope for shipping. Other packaging may be requested on an individual program basis, and ValueLink and Supplier will investigate the service and cost around such packaging options.
- c. ValueLink and Supplier acknowledge that all artwork relative to a particular ValueLink Client and the appearance and design of its envelope(s) (including costs prior to and of production and future artwork changes) will likely be subject to the prior final approval of the ValueLink Client. Supplier's graphic design team will work with ValueLink's (or any ValueLink Client's) technical staff to ensure that each ValueLink Client's unique image is maintained throughout all electronic transactions on the ValueLink Client's Web site. Custom images to be printed on envelopes by Supplier may not exceed 2" x 2". Printing resolution on custom envelopes to be determined by Supplier. Other printing may be requested on an individual program basis, and ValueLink and Supplier will investigate the service and cost around such printing options.

6. Future Features and Enhancements. Supplier will consider and investigate (in consultation with ValueLink) enhancements of and additions to Card Order Fulfillment Services, with assessment and estimates of associated costs, as the initial Program pursuant to the Agreement rolls out, which may include barcode cards, reloading of Card accounts on-line and registering Cardholder Information.

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Conditions to Supplier Services.

Requested services (e.g., development of enhancements) not reasonably considered part of the Supplier Services to be provided by Supplier under the Agreement will be considered by Supplier upon receipt of a written request therefor. Supplier will assess the resource requirements it estimates are associated with the request to meet or satisfy it. A scope of work and estimated costs (including material costs and man-hours) will be provided in response. The response and estimate will be submitted by Supplier for the appropriate ValueLink approval(s). An approved estimate will serve as an indication of the costs associated with the services performed outside the Agreement, and the party obligated therefor will be billed for such services in accordance with such estimate for the actual hours worked and actual materials used if Supplier provides an estimate based on these factors, and Supplier shall be obligated to track and report to such party.

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**MASTER SERVICES AGREEMENT
BETWEEN
IPS CARD SOLUTIONS, INC.
AND
NBO SYSTEMS, INC.
EXHIBIT B**

**FORM OF WORK ORDER
SEE ATTACHED**

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**MASTER SERVICES AGREEMENT
BETWEEN
IPS CARD SOLUTIONS, INC.
AND
NBO SYSTEMS, INC.
EXHIBIT C**

FEE SCHEDULE

Pricing

Supplier will charge ValueLink directly for Supplier Services, with standard packaging, on a "**per Card fulfilled**" basis as follows:

Service	Level Internet	Call Center
Without Fraud Check; With ValueLink Client being the merchant of record for credit card transactions. No credit card fraud or loss risk to Supplier._	[* * *]	[* * *]
Without Fraud Check; With Supplier being the merchant of record for credit card transactions. No credit card fraud or loss risk to Supplier	[* * *]	[* * *]
With Fraud Check; With Supplier being the merchant of record for credit card transactions. Supplier and Client share losses as defined in the Work Order	[* * *]	[* * *]

Supplier will charge ValueLink \$[* * *] per minute for incoming phone calls to the Call Center when the caller's intent is not to place an order for a Card.

In addition, the Card purchaser shall be charged the following shipping and handling fees:

USPS (Regular Mail, \$100 Card Value or Less) _	[* * *]
FED-EX Saver (Card Value over \$100) _	[* * *]
FED-EX 2 nd day _	[* * *]
FED-EX Overnight _	[* * *]

Supplier reserves the right to adjust shipping rates annually based on any cost increases from carriers. Items shipped FED-EX will be tracked, and Supplier will replace items lost in shipment via FED-EX.

Additional costs may be required that Supplier may pass onto ValueLink. ValueLink may in turn pass these on to the applicable ValueLink Client:

- Connectivity to an acquirer other than Nova
- Modifications to the standard Web page/shopping cart
- Unique fulfillment packaging (i.e. the insertion of Collateral)
- Costs associated with a telephone program, such as toll-free charges and voice message options

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- Any other customization outside of the standard offering
- Creation, packaging or shipping of Collateral materials

Optional Services.

- Email Confirmations (one upon receipt of order, second upon shipment of Card) -- [* * *].
- Order Confirmation via US Mail -- [* * *].

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CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

STORED VALUE CARD

SERVICE AGREEMENT

dated as of April 1, 2003

between

FIRST DATA RESOURCES INC.

and

NBO SYSTEMS, INC.

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STORED VALUE CARD SERVICE AGREEMENT

This Stored Value Card Service Agreement ("Agreement") dated as of April 1, 2003 ("Effective Date"), is between First Data Resources Inc. ("FDR") and NBO Systems, Inc. ("Customer").

Recitals

WHEREAS, FDR and Customer wish to enter into this Agreement to provide for the provision of data processing and related services by FDR in connection with Customer's Accounts;

NOW THEREFORE, FDR and Customer agree as follows:

Article 1 Definitions and Interpretation

1.1 Definitions

. Unless the context otherwise requires, capitalized terms used herein shall have the meanings specified in Exhibit B.

1.2 Interpretation

. Each definition in this Agreement includes the singular and the plural and the word "including" means "including but not limited to." References to any statute or regulation means such statute or regulation as amended at the time and includes any successor statute or regulation. The section headings in this Agreement are solely for convenience and shall not be considered in its interpretation. The Exhibits referred to throughout this Agreement are attached hereto and are incorporated herein.

Article 2 Services

2.1 Services

. FDR shall make available to and perform for Customer, through Customer's relationship with Sponsor Bank(s), those services described in Exhibit A which are applicable to Customer's Accounts or as specifically provided in Exhibit A (the "Services"). Exhibit A and any document or service referred to in Exhibit A shall be subject to periodic revision by FDR to reflect changes (i) to the FDR System or the services provided by FDR and offered generally to FDR customers and (ii) in the specific Services provided to Customer; provided, however, no such change or improvement shall materially degrade the Services being provided to Customer at such time. For the avoidance of doubt, the parties acknowledge and agree that FDR will make available and perform the Services only for so long as Customer is processing through MasterCard and/or VISA, and that it will be necessary to amend this Agreement if at any time Customer desires to process through a Network.

2.2 Communication Links

. FDR periodically shall install, provide or cause to be installed or provided the means for communicating data from its facilities or equipment to the facilities or equipment of Customer, and third parties designated by Customer, as FDR determines is desirable to perform this Agreement. The method of transmission and the media employed will be determined by FDR taking into consideration relevant factors such as traffic

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type, inbound and outbound message sizes, traffic loading distribution, and the equipment or devices which are or may be used.

2.3 Enhancements

. Customer may periodically request customizations, enhancements, additions or modifications (each an "Enhancement") to the FDR System. FDR shall evaluate all such requests and, if terms and conditions can be agreed to (which shall include payment by Customer of FDR's development charges), FDR shall develop and implement each such Enhancement on terms and conditions agreed to by the parties. Timing of any Enhancement is subject to scheduling and prioritization by FDR of FDR's available resources. Any Enhancement shall remain solely the property of FDR and Customer shall acquire no right, claim or interest in the FDR System.

2.4 Start-Up.

(a) For the Start-Up, Customer shall deliver to FDR all information reasonably requested from time to time by FDR on dates reasonably requested by FDR and Customer and FDR shall agree upon a plan for the Start-Up no later than thirty (30) days following the Effective Date (the "Start-Up Plan").

(b) The Start-Up Plan shall target an expected completion of the Start-Up on a mutually agreed upon date (the "Scheduled Start-Up Date"). If the Start-Up is not completed by the Scheduled Start-Up Date, FDR and Customer agree as follows: each party will devote whatever resources it can reasonably make available to effect completion of the Start-Up as quickly as possible. In arriving upon the Scheduled Start-Up Date, FDR and Customer have assumed (i) all applicable approvals of VISA and MasterCard will be obtained on a timely basis; (ii) the parties shall agree upon a Start-Up Plan no later than thirty (30) days following the Effective Date; and (iii) no hours of Custom Computer Programming Services will be required, or requested by Customer, in connection with the Start-Up.

(c) Customer and FDR each will (i) use all reasonable resources, including the assignment of adequate and knowledgeable personnel, to assure timely performance of the functions required of each under the Start-Up Plan, and (ii) comply with the provisions of the Start-Up Plan so as to enable the Start-Up to be completed on or before the Scheduled Start-Up Date.

(d) FDR shall promptly notify Customer in writing as to any delay or problems being encountered in the performance of FDR's obligations under the Start-Up Plan. If Customer has knowledge that Customer has failed, or will fail to perform its obligations under the Start-Up Plan on a timely basis, Customer shall promptly so notify FDR. In the event of any delay in any of the Start-Up processes, Customer and FDR shall work jointly to promptly resolve any difficulties and ensure satisfactory completion of the Start-Up.

(e) FDR shall provide the Start-Up at no charge; provided, however, Customer shall pay FDR at FDR's then-standard rate for all Custom Computer Programming Services.

2.5 Compliance With Law

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(a) FDR and Customer acknowledge that Customer is subject to a variety of federal, state and local laws, regulations and judicial and administrative decisions and interpretations applicable to its Transaction Card business, including without limitation those pertaining to Regulation E, escheatment, card issuance to minors, equal credit opportunity, truth in lending, fair credit billing, fair credit reporting, fair debt collection practices, privacy and general consumer protection (the "Legal Requirements"). The parties shall cooperate with each other in resolving issues relating to compliance with the Legal Requirements in accordance with the provisions of this Section 2.5.

(b) Customer is solely responsible for (i) monitoring and interpreting the Legal Requirements, (ii) determining the particular actions, disclosures, formulas, calculations and procedures required for compliance with the Legal Requirements (whether to be performed by FDR or by Customer) and (iii) maintaining an ongoing program for compliance with the Legal Requirements. In addition, Customer is solely responsible for reviewing and selecting the parameter settings and programming features and options within the FDR System that will apply to Customer's Transaction Card programs, and for determining that its selection of such settings, features and options is consistent with the Legal Requirements and with the terms and conditions of Customer's Accounts and disclosures to its Cardholders. In making such determinations, Customer may rely on the written description of such settings, features and options in the User Manuals, customer bulletins and other system documentation provided by FDR to Customer.

(c) FDR is solely responsible for compliance with all laws, regulations and judicial and administrative decisions applicable to FDR as a third-party provider of data processing services. FDR will not be responsible for any violation by Customer of a Legal Requirement to the extent such violation occurs as a result of performance by FDR of the Services in accordance with the FDR System documentation (except as set forth in the succeeding sentence), actions or instructions of Customer or written procedures provided by or approved by Customer. FDR will be responsible for violation of the Legal Requirements which result from inaccuracies in the FDR System documentation, User Manuals, customer bulletins and other system documentation provided by FDR to Customer.

(d) Subject to the terms of Article 9, FDR and Customer shall cooperate with each other in providing information or records in connection with examinations, requests or proceedings of each other's regulatory authorities.

2.6 Dependence on Performance by Others

The obligation of FDR to timely perform the Services is expressly subject to the timely performance by Customer, and third-party vendors Customer engages, of their obligations and responsibilities, but only to the extent that failure to so perform directly affects FDR's ability to timely perform hereunder or the cost to FDR of performing hereunder.

2.7 Privacy of Personal Financial Information

FDR and Customer acknowledge the sensitivity and confidentiality of personal consumer financial information which may be contained in Customer's Proprietary Information, including all personally identifiable information relating to an individual consumer in connection with a Customer's Account, any application for a Customer's Account or the marketing or promotion of Customer's Accounts ("Personal Information"). In addition to the obligations of the parties under Article 9, FDR and

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Customer acknowledge the protections afforded by law to such Personal Information and each agrees to comply with all such legal requirements applicable to it in the performance of its obligations under this Agreement. Specifically, Customer represents and warrants to FDR that Customer has provided all

required notices, opt-outs, opt-ins or other similar rights to consumers with respect to any Personal Information delivered, transmitted or disclosed in any other fashion (i) by Customer or its agents or representatives to FDR or its agents and representatives, (ii) by FDR to any third party at the direction of Customer and (iii) with respect to each of the Services provided by FDR under this Agreement.

2.8 Execution of Sponsor Bank

. Agreements by Sponsor Banks. Customer shall at all times during the Term have in place contractual arrangements with one or more financial institution members of VISA and/or MasterCard (each a "Sponsor Bank") for sponsorship, clearing and settlement of transactions with respect to all of the Cardholder Accounts of Customer. Customer shall cause each Sponsor Bank to execute a sponsor bank agreement (each a "Sponsor Bank Agreement") with FDR. The Sponsor Bank Agreements shall be in the form set forth as Exhibit C. In place of a Sponsor Bank Agreement, Sponsor Bank and FDR may enter into such other arrangement as may be agreed to in writing between FDR and Sponsor Bank and FDR shall provide Customer a copy of such other agreement with Sponsor Bank. In the absence of Sponsor Bank Agreements acceptable to FDR covering all of Customer's Cardholder Accounts, FDR shall have no obligation to provide any Services to Customer, may suspend provision of Services to Customer until such time as Customer has in place Sponsor Bank Agreements acceptable to FDR covering all of Customer's Cardholder Accounts, and, in accordance with the provisions of Section 8.1, may terminate this Agreement. In the event Customer requires a new Sponsor Bank for sponsorship, clearing and settlement of transactions with respect to all of the Cardholder Accounts of Customer, FDR will make a good faith effort to cooperate with Customer in securing a new Sponsor Bank; provided, however, FDR shall have no liability for the failure of Customer to secure a replacement Sponsor Bank and Customer acknowledges that FDR is unable to provide the Services if Customer does not have a Sponsor Bank for all of Customer's Cardholder Accounts. If Customer determines that it will switch Sponsor Banks or add new Sponsor Banks, FDR will facilitate such switch or addition, provided that: (a) Customer will provide at least sixty (60) days advance written notice; (b) the new Sponsor Bank will cooperate in the steps necessary to the switch or addition; (c) Customer will pay for any communication links to the new Sponsor Bank and Section 2.2 will apply; (d) Customer will pay for any out-of-pocket or third-party expenses of FDR relating to such switch or addition; and (e) the new Sponsor Bank has executed a Sponsor Bank Agreement acceptable to FDR with FDR prior to the switch or addition. If an additional Sponsor Bank is required for Customer to secure a significant client, FDR and Customer will mutually agree upon the terms and conditions, including costs, for the addition of such Sponsor Bank.

Article 3 Payment for Services

3.1 Processing Fees

. Customer shall pay FDR the Processing Fees set forth in Exhibit A to this Agreement. For each Processing Year after Processing Year 1, FDR may increase each line item of Processing Fees set forth in Exhibit A to this Agreement which were in effect for the immediately preceding Processing Year by an amount not to exceed a percentage of the Processing Fees for such line item which were in effect for the immediately preceding

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Processing Year. The percentage to be used for purposes of this Section 3.1 shall be the percentage increase in the CPI during a period described below; provided, however, if the percentage increase in the CPI during such period exceeds four percent (4%), the price increase shall equal: (a) four percent (4%) plus (b) the product of (i) one half (1/2) and (ii) the amount by which the percentage increase in the CPI exceeds four percent (4%) (e.g., if the CPI increases six percent (6%), FDR shall be entitled to increase each line item of Processing Fees, as set forth above, by five percent (5%)). For purposes of this Section 3.1, the "CPI" shall be the Consumer Price Index compiled by the United States Department of Labor's Bureau of Labor Statistics, Consumer Price Index for All Urban Consumers (CPI-U) having a base of 100 in 1982-84, using that portion of the index which appears under the caption "Other Goods and Services". The percentage increase in the CPI shall be calculated as of ninety (90) days in advance of the effective date of said increase by comparing the CPI using a twelve (12) month period ending as of such date and expressing the increase in said CPI through the twelve (12) month period as a percentage.

3.2 Special Fees

. Customer shall pay to FDR the Special Fees computed in accordance with Exhibit A to this Agreement. If, at any time while this Agreement is in effect, the charges are increased to FDR for items which are included in the Special Fees or FDR obtains communication or other services included in the Special Fees by another method, resulting in an increase in the charges to FDR for such items, then FDR shall increase by an equal amount the Special Fees Customer is then paying FDR for such items under this Agreement. Such price change by FDR shall be effective on the effective date of the increase to FDR.

3.3 New Products

. If FDR commences to offer any new services or products generally to its customers and Customer elects to use any such service or product, or if Customer elects to use services or products which Customer had not previously elected to use, then FDR shall provide such service or product at FDR's then current fees and charges for such service or product or such other price as FDR and Customer may mutually agree.

3.4 Minimum Fees

. In Processing Year 1, Customer will require and shall pay FDR for processing services sufficient to generate aggregate Processing Fees at least equal to [***] (the "Year 1 Minimum Processing Fee"). In each Processing Year after Processing Year 1, Customer will require and shall pay FDR for processing services sufficient to generate aggregate Processing Fees at least equal to [***] of the Processing Fees paid during the immediately preceding Processing Year, but in no event less than [***] (the "Minimum Processing Fees"). FDR shall calculate the total Processing Fees paid by Customer in respect of Services performed during each Processing Year (the "Total Annual Processing Fees") within ninety (90) days after the end of each Processing Year and will, after ten (10) days written notice to Customer, draw upon Customer's account pursuant to Section 3.5 of this Agreement for the amount, if

any, by which the Year 1 Minimum Processing Fees or the Minimum Processing Fees, as applicable, for the Processing Year exceed the Total Annual Processing Fees for the Processing Year. For the avoidance of doubt and based on economic assumptions material to each party underlying this transaction, Customer and FDR expressly agree that Customer shall pay FDR Processing Fees each Processing Year in an amount at least equal to the Year 1 Minimum Processing Fee or the Minimum Processing Fees, as applicable, until this Agreement

is terminated by Customer solely pursuant to the provisions of Section 8.2 of this Agreement or until FDR terminates this Agreement and invokes compensatory payments pursuant to Section 8.4 of this Agreement.

3.5 Method of Payment

. To facilitate the payment of Processing Fees, Special Fees, compensatory payments pursuant to Section 8.4 of this Agreement and any other fee, tax, interest payment, charge or amount due or payable to FDR under this Agreement, Customer shall provide FDR with access to a bank account of Customer's funds not requiring signature including notifying FDR of the demand deposit account number and transit routing number for the account. FDR shall draw upon the bank account on a monthly basis (with the exception of postage, for which FDR shall draw upon the bank account on a daily basis) to pay fees, taxes, interest payments, charges, or any other amount due or payable to FDR under the terms of this Agreement. The detailed records of the amounts drawn on the account of Customer will be provided by FDR to Customer on a monthly basis. FDR shall be under no obligation to effect any Start-Up until the account has been established as provided herein.

3.6 Interest

. If FDR is unable to obtain payment of Processing Fees, Special Fees, compensatory payments pursuant to Section 8.4 of this Agreement or any other fee, tax, interest payment, charge or amount due or payable to FDR under this Agreement at the time provided for payment under this Agreement, the unpaid amount of any Processing Fees, Special Fees, compensatory payments pursuant to Section 8.4 of this Agreement or other fee, tax, interest payment, charge or amount shall bear interest at the rate equal to the prime rate plus five percent (5%), from the date on which payment should have been available until the date on which FDR receives the payment. Interest shall not apply to amounts reasonably disputed by Customer during such period as both parties are actively working to resolve any questions on validity of an amount pursuant to Article 4.

3.7 Taxes.

(a) Customer shall pay all taxes and similar charges, however designated, which are imposed by any governmental authority by reason of FDR's fulfillment of its obligations hereunder except for income taxes payable by FDR on amounts earned by FDR or property taxes payable by FDR on property owned by FDR. Without limiting the foregoing, Customer shall promptly pay FDR for any amounts actually paid or required to be collected or paid by FDR.

(b) Customer authorizes FDR to calculate the total amount of sales taxes due from Customer hereunder. Customer shall supply FDR with all information necessary for FDR to compute and remit the taxes (including any tax exempt certificate, claim letter or similar documentation). FDR shall remit the sales taxes to the appropriate taxing authority on behalf of Customer based on the information available to FDR. If FDR underpays or overpays such sales taxes, Customer shall be responsible for promptly paying any shortfalls (including any penalties or interest) and for collecting any refunds from the appropriate taxing authority; provided, however, if such underpayment is solely the result of the negligence of FDR, FDR shall be responsible for any penalties associated with such underpayment.

3.8 Deconversion

(a) Upon (i) expiration or termination of this Agreement, (ii) transfer by Customer of any accounts from the FDR System to a third party, (iii) abandonment or deletion by Customer or Sponsor Bank (or by FDR, MasterCard or VISA on behalf of Customer or Sponsor Bank) of any BIN or ICA of Customer or Sponsor Bank relating to accounts from the FDR System, or (iv) manual removal by Customer or Sponsor Bank of any accounts from the FDR System, Customer shall pay FDR, at FDR's then current rates (for actual hours expended with respect to activities priced on an hourly basis), for each activity completed by FDR in order to accomplish the Deconversion of affected accounts, including systematic stripping and removal of all such account information from the FDR System; provided, however, that the amount Customer shall pay FDR for Standard Deconversion Services with respect to any Deconversion performed by FDR pursuant to this Agreement shall not exceed [* * *] per Deconversion. "Standard Deconversion Services" means (a) not more than [* * *] of analysis, design, coding, implementation and project management and (b) one set of test tapes, two sets of production tapes, and one copy of verification reports.

(b) In addition, the amount Customer shall pay FDR pursuant to Section 3.8(a) for any Standard Strip-and-Throw performed by FDR shall not exceed [* * *]. "Standard Strip-and-Throw" shall have the meaning set forth in FDR's then current published bulletin relating to Deconversions.

3.9 Growth Rebate

. In each Processing Year, Customer shall be entitled to a rebate based on average number of Gross Active Accounts on the FDR System as of the last business day of each calendar month of the applicable Processing Year ("Growth Rebate"). The amount of the Growth Rebate shall equal the product of: (a) the Total Processing Fees (excluding Processing Fees for item numbers 6147 and 7249) for such Processing Year and (b) the applicable rebate percentage set forth in the schedule below. FDR shall calculate the Growth Rebate, if any, for each Processing Year within ninety (90) days after the end of each Processing Year and credit the amount of such Processing Credit, if any, to Customer. For Purposes of this Section, "Gross Active Accounts" shall have the meaning set forth on the CD-121 Ledger Activity Report or its equivalent.

**NUMBER OF GROSS ACTIVE
ACCOUNTS**

[* * *]
[* * *]
[* * *]
[* * *]
[* * *]
[* * *]

REBATE

[* * *]
[* * *]
[* * *]
[* * *]
[* * *]
[* * *]

By way of example, if the average number of Gross Active Accounts for the last business day of each month during Processing Year 2 is [[* * *]] and Total Processing Fees for Processing Year 2 are [* * *], Customer will be entitled to a Growth Rebate in the amount of [[* * *]] for Processing Year 2; and if the [[* * *]] of Gross Active Accounts

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for each month during Processing Year 3 is [[* * *]] and Total Processing Fees for Processing Year 3 are [* * *], Customer will be entitled to a Growth Rebate in the amount of [[* * *]] for Processing Year 3.

**Article 4
Dispute Resolution and Indemnification**

4.1 Informal Dispute Resolution. Any controversy or claim between FDR and Customer arising from or in connection with this Agreement whether based on contract, tort, common law, equity, statute, regulation, order or otherwise ("Dispute"), shall be resolved as follows:

(a) upon written request of either FDR or Customer, the parties shall each appoint a representative to meet and attempt to resolve such Dispute;

(b) the designated representatives shall meet as often as the parties reasonably deem necessary to discuss the problem in an effort to resolve the Dispute without the necessity of any formal proceeding; and

(c) arbitration pursuant to Exhibit D for the resolution of a Dispute may not be commenced until the earlier of:

(i) the date that the designated representatives conclude in good faith that amicable resolution through continued negotiation of the matter does not appear likely; or

(ii) thirty (30) days after the date that either party requested negotiation of the Dispute pursuant to Section 4.1(a) of this Agreement.

(d) Notwithstanding the foregoing, this Section 4.1 shall not be construed to prevent a party from instituting formal proceedings at any time to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors or to seek temporary or preliminary injunctive relief pursuant to Section 9.7.

4.2 Arbitration

. If Customer and FDR are unable to resolve any Dispute in the manner set forth in Section 4.1, such Dispute shall be submitted to arbitration in the manner set forth in Exhibit D.

4.3 Indemnification

. The indemnification rights and obligations of Customer and FDR under this Agreement are contained in Exhibit E.

**Article 5
Limitation of Liability**

5.1 Limitation on Liability

. FDR's cumulative liability for any loss or damage, direct or indirect, for any cause whatsoever (including, but not limited to, those arising out of or related to this Agreement) with respect to claims (whether third party claims, indemnity claims or otherwise) relating to events in any period shall not under any circumstances exceed (a) in the

case of the period beginning on the effective date of this Agreement and ending upon the completion of Processing Year 1, the Year 1 Minimum Processing Fee and (b) in the case of any Processing Year thereafter, the amount of the Processing Fees paid to FDR pursuant to this Agreement for Services performed in the immediately preceding Processing Year.

5.2 No Special Damages

. IN NO EVENT SHALL EITHER PARTY BE LIABLE UNDER ANY THEORY FOR ANY LOST PROFITS, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES. THIS SECTION SHALL NOT RELIEVE CUSTOMER OF ANY PAYMENT OBLIGATIONS PURSUANT TO SECTION 8.4 OF THIS AGREEMENT.

Article 6 Disclaimer of Warranties

EXCEPT AS SPECIFICALLY SET FORTH IN THIS AGREEMENT, FDR SPECIFICALLY DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY, ARISING OUT OF OR RELATED TO THIS AGREEMENT. THIS AGREEMENT IS A SERVICE AGREEMENT AND THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE SHALL NOT APPLY TO IT.

Article 7 Term of Agreement

7.1 Term

. This Agreement is effective from the date hereof and shall extend for five (5) Processing Years (the "Original Term"). Processing Year 1 of the Term shall commence on the first day of the first calendar month following the completion of the Start-Up and continue through the last day of the eighteenth (18th) calendar month thereafter. For purposes of this Agreement, a "Processing Year" means Processing Year 1 and each subsequent twelve (12) month period.

7.2 Renewal

. After the Original Term, this Agreement shall automatically be renewed for consecutive periods of one (1) Processing Year (each a "Renewal Term"), unless either party gives the other party written notice at least six (6) months prior to the termination date of the Original Term or the then-current Renewal Term that the Agreement will not be renewed.

Article 8 Termination

8.1 Termination by FDR

. FDR may terminate this Agreement:

- (a) if Customer fails to pay FDR any amount due pursuant to this Agreement and such failure is not cured within two (2) business days following written notice from FDR to Customer;
- (b) upon written notice to Customer in the event Customer fails to provide or maintain sponsorship, clearing and settlement arrangements for the Cardholder Accounts processed under this Agreement in the form set forth as Exhibit C or otherwise satisfactory to

FDR in its sole discretion and in accordance with all applicable rules and regulations of VISA and MasterCard; or

- (c) if any Insolvency Event occurs with respect to Customer.

The rights of FDR to terminate under this Section 8.1 are cumulative and the existence of the right under any provision or subsection is not exclusive of the right under any other provision or subsection.

8.2 Termination by Customer

. Customer may terminate this Agreement:

- (a) if any Insolvency Event occurs with respect to FDR;
- (b) as described in Exhibit F with respect to the failure of FDR to satisfy the Service Levels; or

(c) if neither Visa nor MasterCard will allow Customer's anonymous mall Transaction Card program to continue and Customer pays FDR the amount described in Section 8.4(b).

8.3 Effect of Termination

. Upon termination, FDR shall have no further obligation to provide services to Customer and all outstanding unpaid amounts due and owing to FDR shall become immediately due and payable. Termination shall not affect the following:

- (a) the obligation of Customer to pay for services rendered or any other obligation or liability owing or which becomes owing under this Agreement whether the obligations arise prior to or after the date of termination including the obligations to make the payments provided in Article 3 of this Agreement and Section 8.4 of this Agreement;
- (b) the obligations set forth in this Agreement in connection with any third party software pursuant to Exhibit A;
- (c) the obligations of Customer regarding deletion, transfer or abandonment of BINs and ICAs pursuant to Section 3.8; or
- (d) the provisions of Articles 4, 5, 6, and 9 and Exhibits D and E.

8.4 Payments Upon Termination

(a) If FDR elects to terminate this Agreement for cause, Customer and FDR agree that, based on economic assumptions material to each party, Customer shall make a compensatory payment to FDR. Such compensatory payment shall be made by Customer prior to Deconversion and shall equal the sum of:

(i) the Year 1 Minimum Processing Fee or Minimum Processing Fees, as applicable, as set forth in Section 3.4 of this Agreement, for the Processing Year in which the termination occurs (after crediting Customer for any Processing Fees paid for Services provided in such Processing Year);

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(ii) the sum of the present values of a payment in each full Processing Year (other than the year of termination) which remains during the Term of this Agreement in an amount equal to thirty five percent (35%) of the Year 1 Minimum Processing Fees or Minimum Processing Fees, as applicable, for the Processing Year in which termination occurs; and

(iii) the amount of Balance Sheet Expenses remaining unamortized on the balance sheet of FDR (the original amount of Balance Sheet Expenses on the balance sheet of FDR shall not exceed [* * *].)

(b) If Customer elects to terminate this Agreement pursuant to Section 8.2(c), Customer and FDR agree that, based on economic assumptions material to each party, Customer shall make a compensatory payment to FDR. Such compensatory payment shall be made by Customer prior to Deconversion and shall equal the amount of Balance Sheet Expenses remaining unamortized on the balance sheet of FDR (the original amount of Balance Sheet Expenses on the balance sheet of FDR shall not exceed [* * *].)

(c) Balance Sheet Expenses shall be amortized on a straight line basis over the Original Term or Renewal Term, as applicable.

(d) In determining the present value of the amount set forth in (a)(ii) above, an interest rate equal to the three (3) month Treasury Bill Rate, as quoted by The Wall Street Journal for the date on which termination occurs or, if not available on the date of termination, as soon thereafter as the next edition of The Wall Street Journal is published, shall be assumed and the payments shall be assumed to be made on the first day of each Processing Year.

(e) FDR and Customer agree that the compensatory payment set forth in Section 8.4(a) and (b) are a reasonable estimation, as of the date of this Agreement, of the actual damages which FDR would suffer if FDR were to fail to receive the processing business for the full Term.

(f) Despite the foregoing, nothing in this Section 8.4 shall limit FDR's right to recover from Customer any amounts for which Customer is otherwise liable under this Agreement, except that upon payment of amounts due under Section 8.4(a) and (b), Customer shall not be responsible for Minimum Processing Fee shortfalls after the year of termination.

8.5 Deconversion Assistance

. Following notice of termination of this Agreement, Customer and FDR shall mutually, expeditiously and in good faith proceed to agree upon and document a Deconversion project plan which plan shall specify a date for the Deconversion to be completed. FDR and Customer contemplate that the Deconversion project plan may involve a six (6) to nine (9) month time frame for completion and implementation. As part of the Deconversion project plan, FDR shall perform the services necessary for Customer to transfer its Transaction Card business from the FDR System to the internal or third-party-provided data processing system which Customer has selected.

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Article 9
Confidential Nature of Data

9.1 Customer's Proprietary Information

. Upon Customer's request, FDR shall return to Customer (upon the expiration or termination of all of FDR's obligations under this Agreement and payment by Customer of all amounts due to FDR hereunder) all or any requested portion of the proprietary and confidential data of Customer disclosed to FDR including the Cardholder Master Files (collectively, "Customer's Proprietary Information").

9.2 FDR's Proprietary Information

. Customer acknowledges that all products and systems provided or used by FDR, including, but not limited to, any developments, Enhancements, methodologies, improvements or modifications, shall remain solely and exclusively the property of FDR. In addition, FDR shall retain sole and exclusive ownership in all works of authorship, ideas, concepts, know-how and inventions, whether or not patentable, created or conceived by FDR in the course of providing the services under this Agreement. Customer acknowledges that FDR, in its sole discretion, may provide to other customers, similar services to those outlined in this Agreement utilizing any intellectual property owned or licensed by FDR as referenced in this paragraph. Customer shall not obtain any proprietary rights in any proprietary or confidential information which has been or is disclosed to Customer by FDR, including, without limitation, any data or information that is a trade secret or competitively sensitive material, whether owned or licensed or otherwise provided by FDR; User Manuals; screen displays and formats; computer software; methodologies; systems; products; system architecture and documentation related to each of the foregoing, in each case, whether owned, licensed or otherwise provided or used by FDR; software performance results; flow charts and other specifications (whether or not electronically stored); data and data formats (collectively, "FDR's Proprietary Information") whether any of the materials are developed or purchased specifically for performance of this Agreement or otherwise. Customer shall return to FDR all of FDR's Proprietary Information upon the expiration or termination of this Agreement.

9.3 Confidentiality of Agreement

. Except as required by law, both parties shall keep confidential and not disclose, and shall cause its Affiliates and their respective directors, officers, employees, representatives, agents and independent contractors to keep confidential and not disclose, any of the terms and conditions of this Agreement to any third party without the prior written consent of the other party.

9.4 Confidentiality

. FDR and Customer shall maintain Customer's Proprietary Information and FDR's Proprietary Information, respectively, in strict confidence. Without limiting the generality of the foregoing, FDR and Customer each agree:

(a) not to disclose or permit any other person or Entity access to Customer's Proprietary Information or FDR's Proprietary Information, as appropriate, except that the disclosure or access shall be permitted to an employee, officer, director, agent, representative, external or internal auditors or independent contractor of the party requiring access to the same in the course of his or her employment or services;

(b) to ensure that its employees, officers, directors, agents, representatives, auditors and independent contractors are advised of the confidential nature of Customer's

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Proprietary Information and FDR's Proprietary Information, as appropriate, and are precluded from taking any action prohibited under this Article 9, provided that in any event Customer and FDR shall each be liable for any breach of this Article 9 by their respective employees, officers, directors, agents, representatives and independent contractors; and

(c) not to alter or remove any identification, copyright or proprietary rights notice which indicates the ownership of any part of Customer's Proprietary Information or FDR's Proprietary Information, as appropriate.

9.5 Release of Information

. Despite the foregoing, Customer agrees that Customer's Proprietary Information may be made available to (a) VISA or MasterCard, in association with Interchange Settlement, or (b) following notice to Customer, to supervisory or regulatory authorities of Customer upon the written request of any of the foregoing. Notwithstanding anything in this Agreement to the contrary, Customer and FDR acknowledge that each Sponsor Bank and not Customer owns the transaction and other data related to the accounts sponsored by such Sponsor Bank. FDR may release such data to the applicable Sponsor Bank, the regulatory authorities of such Sponsor Bank or designees of such Sponsor Bank.

9.6 Exclusions

. Nothing in this Article 9 shall restrict either party with respect to information or data identical or similar to that contained in Customer's Proprietary Information or FDR's Proprietary Information, as appropriate, but which: (a) the receiving party can demonstrate was rightfully possessed by it before it received the information from the disclosing party; (b) was in the public domain prior to the date of this Agreement or subsequently becomes publicly available through no fault of the receiving party or any Entity acting on its behalf; (c) was previously received by the receiving party from a third party or is subsequently furnished rightfully to the receiving party by a third party (no Affiliate of FDR or Customer shall be considered to be a third party) not known to be under restrictions on use or disclosure; (d) is independently developed by such party; (e) is required to be disclosed by law, regulation, court

order or subpoena, provided that the disclosing party will exercise reasonable efforts to notify the other party prior to disclosure; or (f) is required to be disclosed to comply with or to enforce the terms of this Agreement.

9.7 Remedy

. If either party breaches any of the obligations contained in this Article 9, the non-breaching party may suffer irreparable harm and the total amount of monetary damages for any injury to such party will be impossible to calculate and therefore an inadequate remedy. Accordingly, the non-breaching party may (a) seek temporary and permanent injunctive relief against the breaching party or (b) exercise any other rights and seek any other remedies to which the non-breaching party may be entitled to at law, in equity and under this Agreement for any violation of this Article 9. The provisions contained in this Article 9 shall survive the expiration or termination of this Agreement.

Article 10 Representations

10.1 FDR's Representation

. FDR represents and warrants that the execution and delivery of this Agreement and the consummation of the transaction herein contemplated does

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not conflict in any material respect with or constitute a material breach or material default under the terms and conditions of any documents, agreements or other writings to which it is a party.

10.2 Customer's Representation

. Customer represents and warrants that the execution and delivery of this Agreement and the consummation of the transaction herein contemplated does not conflict in any material respect with or constitute a material breach or material default under the terms and conditions of any documents, agreements or other writings to which it is a party.

Article 11 Interchange Settlement

FDR and Customer agree that Sponsor Banks will handle and settle Interchange Settlement pursuant to the terms and conditions governing Interchange Settlement as set forth in the Sponsor Bank Agreements. Upon the request of FDR, Customer shall pay FDR any amount due to FDR pursuant to a Sponsor Bank Agreement that has not been paid by a Sponsor Bank. For the avoidance of doubt, the parties acknowledge and agree that FDR and Sponsor Banks will handle and settle Interchange Settlement only for so long as Customer is processing through the MasterCard or VISA organizations and that it will be necessary to amend this Agreement if at any time Customer desires to process through a Network.

Article 12 Service Levels

While this Agreement is in effect, FDR shall at all times provide the Services in accordance with the service levels set forth in Exhibit F (the "Service Levels"). FDR agrees to provide Customer with a monthly report setting forth the Service Levels and FDR's performance during the just concluded calendar month relative to the Service Levels. Upon request, FDR will review such reports with Customer monthly. Customer hereby agrees that due to the difficulty of determining and calculating its damages upon FDR's failure to perform in accordance with the Service Levels, the remedies of payments and termination as described in Exhibit F, upon such FDR failure are its sole and exclusive remedies for breach of this Article 12 or the breach of the Service Levels and that Customer hereby elects to waive any and all other remedies Customer may be entitled to under this Agreement, at law, or in equity, as a result of the breach of this Article 12 or the breach of the Service Levels.

Article 13 Miscellaneous

13.1 Assignment

. Except as otherwise provided herein, the rights and obligations of Customer are personal and not assignable, either voluntarily or by operation of law, without the prior written consent of FDR. Subject to the foregoing, all provisions contained in this Agreement shall extend to and be binding upon the parties hereto or their respective successors and permitted assigns.

13.2 Business Continuity Plan

. FDR has created a business continuity plan (the "Business Continuity Plan") and will provide Customer with a written summary of same upon written request. FDR reserves the right to change such Business Continuity Plan and, upon

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request, will explain all changes. No change shall degrade the quality of the Business Continuity Plan in a manner which has a material, adverse impact on the Services. FDR will make certain revisions to its Business Continuity Plan which will meet or exceed regulatory agency contingency planning criteria. FDR's Business Continuity Plan includes a schedule for recovering critical business functions.

13.3 State Law

. Except as provided in Exhibit D, this Agreement shall be governed by the laws of the State of Nebraska as to all matters including validity, construction, effect, performance and remedies without giving effect to the principles of choice of law thereof. With respect to any claim arising out of this Agreement, Customer irrevocably waives any objection which it may have at any time to the venue of any suit, action or proceeding arising out of or relating to this Agreement brought in the courts of the State of Nebraska and the United States District Court located in the city of Omaha, Nebraska and Customer further waives any claim such suit, action or proceeding is brought in an inconvenient forum and further irrevocably waives the right to object, with respect to such suit, action or proceeding brought in any such court, that such court does not have jurisdiction over Customer. For purposes of any such suit, action or proceeding Customer agrees that any process to be served in connection therewith shall, if delivered, sent or mailed in accordance with Section 13.4, constitute good, proper and sufficient service thereof.

13.4 Notice

. All notices which either party may be required or desire to give to the other party shall be in writing and shall be given by personal service, telecopy, registered mail or certified mail (or its equivalent), or overnight courier to the other party at its respective address or telecopy telephone number set forth below. Mailed notices and notices by overnight courier shall be deemed to be given upon actual receipt by the party to be notified. Notices delivered by telecopy shall be confirmed in writing by overnight courier and shall be deemed to be given upon actual receipt by the party to be notified.

If to FDR:

First Data Resources Inc.
10825 Farnam Drive
Omaha, Nebraska 68154
Attn: President
Telecopy Number: 402-222-7334

With a copy to:

First Data Resources Inc.
10825 Farnam Drive
Omaha, Nebraska 68154
Attn: General Counsel
Telecopy Number: 402-222-7700

If to Customer:

NBO Systems, Inc.
3676 West California Ave. Bldg D
Salt Lake City, Utah 84104
Attn: CEO
Telecopy Number: 801.973-4188

With a copy to:

Squire, Sanders & Dempsey LLP
801 S. Figueroa, 14th Floor
Los Angeles, CA 90017
Attn: Russell M. Frandsen
Telecopy Number: 213-891-9680

A party may change its address or addresses set forth above by giving the other party notice of the change in accordance with the provisions of this section.

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13.5 Waiver

. The failure of either party at any time to require performance by the other party of any provision of this Agreement shall not affect in any way the full right to require the performance at any subsequent time. The waiver by either party of a breach of any provision of this Agreement shall not be taken or held to be a waiver of the provision itself.

13.6 Relationship of Parties

. Nothing contained in this Agreement shall be deemed to create a partnership, joint venture or similar relationship between the parties. The parties' relationship shall be that of independent parties contracting for services. Neither party shall hold itself out as having the authority to bind the other. All personnel and other agents employed by either party in connection with this Agreement are such party's or its agent's employees and not employees or agents of the other party.

13.7 Third Party Beneficiaries

. This Agreement is entered into solely for the benefit of FDR and Customer and shall not confer any rights upon any Entity not a party to this Agreement.

13.8 Subcontractors

. FDR may subcontract all or any part of the Services, but, notwithstanding any such subcontract, FDR shall remain primarily responsible for performance of the Services.

13.9 Force Majeure and Restricted Performance

. If performance by a party of any service or obligation under this Agreement, including Start-Up or Deconversion, is prevented, restricted, delayed or interfered with by reason of labor disputes, strikes, acts of God, floods, lightning, severe weather, shortages of materials, rationing, utility or communication failures, failure of MasterCard or VISA, failure or delay in receiving electronic data, earthquakes, war, acts of terrorism, revolution, civil commotion, acts of public enemies, blockade, embargo, or any law, order, proclamation, regulation, ordinance, demand or requirement having legal effect of any government or any judicial authority or representative of any such government, or any other act, omission or cause whatsoever, whether similar or dissimilar to those referred to in this clause, which are beyond the reasonable control of such party, then such party shall be excused from the performance to the extent of the prevention, restriction, delay or interference.

13.10 Severability

. If any provision of this Agreement is held invalid or unenforceable for any reason, the invalidity shall not affect the validity of the remaining provisions of this Agreement, and the parties shall substitute for the invalid provisions a valid provision which most closely approximates the intent and economic effect of the invalid provision.

13.11 Audit

. From time to time during the Term of this Agreement, FDR will allow a third party, selected by FDR, to perform an audit of the electronic data processing environment maintained by FDR to provide the services contemplated under this Agreement. FDR shall provide Customer with a copy of the results of the audit if Customer requests a copy in writing.

13.12 Risk of Loss

. Customer shall be responsible for any and all risk of loss to any tangible item (a) provided by FDR for Customer (including without limitation statements and embossed cards) upon the delivery of such items to the U.S. Postal Service or such other courier as Customer may select and (b) provided by Customer to FDR until actual receipt of such items

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by FDR. It is expressly understood that the U.S. Postal Service and any courier selected by Customer are the agents of Customer and not FDR.

13.13 Equal Employment Opportunity

. FDR will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, disability, age or veteran status as ordered by the Secretary of Labor pursuant to Section 202 of Executive Order 11246, Section 503 of the Rehabilitation Act of 1973, and Section 402 of the Vietnam Era Veterans Readjustment Assistance Act of 1974.

13.14 Entire Agreement

. This Agreement, including Exhibits and the executed Affiliate Agreements, if any, sets forth all of the promises, agreements, conditions and understandings between the parties respecting the subject matter hereof and supersedes all negotiations, conversations, discussions, correspondence, memorandums and agreements between the parties concerning the subject matter.

13.15 Amendments

. This Agreement may not be amended except by a writing signed by authorized representatives of both parties to this Agreement.

13.16 Counterparts

. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

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IN WITNESS WHEREOF, the parties to this Agreement have caused it to be executed by their duly authorized officers as of the date first written above.

FIRST DATA RESOURCES INC.

By: /s/ Stephen T. Selzer

Name: Stephen T. Selzer

Title: E.V.P.

NBO SYSTEMS INC.

By: /s/ Randy J. Steck

Name: Randy J. Steck

Title: COO

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EXHIBIT A

SERVICES/PRICING

I. General Provisions Applicable to the Services

A. FDR will provide the data processing and related services as described in FDR's User Manuals and customer bulletins as updated by FDR from time to time.

B. The Services are further described in Section II of this Exhibit A.

C. Customer shall have the right to use or decline any of the Services listed below on a line by line basis.

II. Processing Fees

A. Price Schedule

Item Number	Item Name	Item Definition	Price per Item
TBD	Cardholder Support Services Set-up	One time fee includes development and programming for a GUI platform (desktop solution), training curriculum and procedure manual development and additional programming to incorporate Customer into FDR's existing stored value telephone customer service call queue.	2,500.00 /one-time
231	Cardholder Support Services Executive Level Complaint Letter Processing	Charge for executive level complaint letter processing performed by FDR. This service is comprised of the processing of executive level complaint letters, attorney letters, Better Business Bureau letters or letters received from regulatory agencies, for an additional charge. The processing includes drafting a written response and submitting it Customer for review and approval. Upon Customer's approval, FDR will mail the response to the inquiring party.	92.50 /item
234	Cardholder Support Services Record Filming	Charge incurred for record filming services provided by FDR. FDR will prep, film and index written cardholder correspondence received by FDR from Customer's Cardholders, Customer, or its agents.	0.20000 /item
235	Cardholder Support Services Records Retrieval	This element identifies the charge for retrieval of cardholder records. FDR will retrieve cardholder statements and correspondence from film, microfiche, and/or CD-ROM, as requested by cardholders or as needed for internal account research.	\$2.25 /request
1150	NetSage	Web site generated NetSage occurrences.	0.04000 /utterance
TBD	Web Transaction Fee	Web site generated occurrences excluding account enrollment, e-chats, activation and fund loads, which are billed separately. Standard web occurrences covered under this element include changing vital statistics and viewing statements.	0.04000 /Transaction
TBD	SageMail	Web site generated SageMail emails.	0.04000 /email
1151	Web Load	Web site generated Load.	0.25000 /Load

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1152	Stored Value Web Hosting Fee	Hosting and storage area network ("SAN") services for all stored value accounts.	[* * *]
1153	Web Enrollment	Account enrolling via the web.	[* * *]
1155	Web Activation	Account activating via the web.	[* * *]
1156	Stored Value Report Subscription Fee	Processing and sending metrics and use reports to clients	[* * *]
1157	Stored Value Card Web Application - Set-up	Configuration of existing stored value web sites to support issuer branding, color palates, terms and conditions, privacy statements, and selection of existing web supported transactions.	[* * *]
n/a	CD-ROM Services	The storage, on Compact Disc-Read Only Memory ('CD-ROM'), of statements and reports for purposes of record retention, accessing and archival purposes. Customer, at its option, may elect to utilize the CD ROM Services and/or On-Line Report Services for the same items. Notwithstanding anything in this Agreement to the contrary, Customer is responsible for determining the acceptance of the CD-ROM Services under state and Federal regulations, including but not limited to obligations to retain information for a specified period of time, signature verification and the admissibility of documents into evidence. It is Customer's responsibility to keep records on other media, if such are required under state and Federal regulations because of the limited acceptance or admissibility of the CD-ROM Services or the technology to be used under this Agreement to provide the CD-ROM Services. Customer shall provide at its expense the minimum personal computer configuration set forth below: 386/486 Processor with Hard Drive (486 preferred) 8 MB RAM (12 MB preferred) 3.1 Windows Mouse 14" VGA Color Monitor (SVGA preferred) CD-ROM Drive (double speed) Laser Printer	[* * *]
4353	CD-ROM Bundle-Summary	A CD-ROM Bundle which summarizes previously produced CD-ROM Bundles.	[* * *]
4354	CD-ROM Report Data Page	Each data page of report information on CD-ROM which is provided to Customer or to a party on behalf of Customer. A CD-ROM Bundle, for purposes of the reports on CD-ROM services, consists of two (2) copies, one for Customer, and one for archive.	[* * *]
6147	Cardholder Support Services-Representative Training	Fees incurred by FDR for the initial training of the representatives performing Cardholder Support Services. Additional fees for representative training due to required additions to staff because of anticipated higher call/work volume, change in hours of operation, and procedural changes or updates. Training fees incurred by FDR for representatives required due to staff attrition will be absorbed by FDR and will not be assessed to Customer.	[* * *]

7201	FDR Chronicle Record on File	Each record of data, in a narrative not to exceed 2,000 bytes, which, during a calendar month, is stored within or added (either manually or via the FDR System) to a Cardholder Amount, for use as a display of account contact or for history tracking. The First Data Chronicle Memo is customizable through the use of memo types, specific memo retention, display filters, sort criteria, Customer-defined memo formats and memo text standardization,	[* * *]
7204	Amount On File	Each account of a Cardholder of Customer (including but not limited to charged oft authorization only and debit amounts) that remains on Customer's master file at FDR on the last processing day of the calendar month as defined on the CD-121 Ledger Activity Report or the equivalent report.	[* * *]
7205	Cardholder Statement	Each periodic summarization of activity (whether printed or otherwise) associated with a Transaction Card issued by Customer, including but not limited to single statements, dual statements, and reprints of information from a CIS Statement currently stored on-line on the FDR System. Service includes statement messaging on original statements and preparation required for delivery.	[* * *]

7216	Non-Monetary Transaction	Each entry of non-monetary information subsequently posted or unposted to a Cardholder masterfile of Customer, or an inquiry into the computer records of Customer and its Cardholders (potential and existing) by the use of a terminal, through an ATM, or by tape.	[* * *]
7244	ODS Select Transaction	ODS Select Transactions (read-only, View 'Select' transactions entered by Customer in conjunction with Client Developed Applications). If Customer uses ODS at its location, Customer must execute appropriate end-user software licensing terms.	[* * *]
7279	Account Level Action-Accounts Reviewed	Each Cardholder Account on File reviewed in connection with Account Level Action (ALA). ALA allows Customer the ability to have a set of several non-monetary transactions automatically initiated at the level of the individual Cardholder Account based upon decision tables built by Customer.	[* * *]
7281	Account Level Action-Action Set Selected	Each set of non-monetary transactions generated for a Cardholder Account in connection with an ALA account review.	[* * *]
7311	CIS - Online Statement	Each set of statement information regarding Customer's Cardholder Accounts that is stored on the FDR system and accessible by Customer via Customer's CRT terminals. CIS Statement information includes the information set forth on a Cardholder Statement such as, but not limited to, the name, address, account number, statement date, payment date, cycle days, annual percentage rates, and monthly periodic rates.	[* * *]
7312	CIS - Details	Each item of information regarding transactions that have posted or will post to a Cardholder Statement such as charges, payments, credits and authorizations not aged off the Cardholder's file, Cardholder payment history, and real-time authorizations.	[* * *]

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7900	Lost/Stolen Account Processing	Automatic actions, relating to the processing of a Cardholder's Account statused as lost or stolen, required to prompt Customer fraud/security representatives, record the representatives directive(s) and request that a Cardholder Account number be listed in the appropriate Combined Warning Bulletin; automatically report the cardholder's Account number to Visa and MasterCard's Authorization Exception System, if applicable; systematically, based upon Customer's pre-defined parameters, initiate the set-up of a new Cardholder Account; reconcile transactions posted but not yet statemented at the time of the Cardholder's reporting, including but limited to the transfer of valid transactions to the Cardholder's replacement account and identification and recording of non-valid transactions as fraudulent; automatically request approved reissue of account plastic(s) and suspend reissue of account(s) not approved for review by Customer; and automatically update the Cardholder's phone number in the Cardholder masterfile from the lost/stolen report.	[* * *]
7909	Lost/Stolen Account Manage-ment	Each transaction posting to a Cardholder Account of Customer statused as lost or stolen which is automatically identified and reported to an on line work queue from which Customer may initiate on-line transactions to produce a transaction adjustment, a chargeback, or a ticket retrieval request; issue an affidavit of fraud or forgery to Customer's Cardholder; and/or report a fraudulent transaction to Visa or MasterCard.	[* * *]
7207	Letter	Each letter prepared by FDR's computer, in accordance with Customer's Product Control File settings or CRT entry requests made by employees of Customer. Each such Letter shall have on-line composition and editorial features and options including signatures, logos, multiple type faces and additional page letter generation. Service includes any preparation required for delivery.	[* * *]
7208	Letter - Insert	Each inserting of advertising or other item of information not contained on a Letter, including but not limited to generic reply envelopes, into a windowed envelope containing a Letter.	[* * *]
7210	Letter - Priority Mailing	Each Letter, with or without Letter Insert, which is handled separately from Customer's first class mailings to provide next day delivery of said item.	[* * *]
7212	Letter - Group Samples	Each individual or set of Letters prepared by FDR's computer, in accordance with Customer's Product Control File settings or CRT entry requests made by employees of Customer, which is printed and mailed to Customer in a draft format for Customer's review and approval.	[* * *]
7213	Letter - Set-up, Revision or Deletion	Each addition, deletion or change, performed by FDR on behalf of Customer, of a Customer's Letter format or inputs including but not limited to digitized signatures and logos of Customer.	[* * *]
7214	Cardholder Notice	Each brief notification to a Cardholder of Customer prepared by FDR's computer at the request of Customer based upon Customer's Product Control File or a CRT entry request made by an employee of Customer, including but not limited to delinquency notices, delinquency statements, overlimit notices and first activity notices. This service includes any preparation required for delivery.	[* * *]
7215	Monetary Transaction	Each posting of a monetary transaction to Customer's Cardholder Accounts, including but not limited to sales, returns, cash advances, payments, reversals, adjustments and annual charges.	[* * *]

3510	Authorizations Cardholder	Each instance in which the Cardholder records of Customer are accessed for an authorization, including but not limited to personal identification number (PIN) verification and Cardholder address verification services, or when the authorization request is switched to Customer's location to access the off-site Cardholder masterfile of Customer.	[* * *]
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7217	Issuer Chargeback	Each return of a Ticket and receipt of the amount thereof from an Issuer to an Acquirer as provided for in the then- current MasterCard and VISA international rules and regulations, or applicable domestic regulations. Issuer Chargebacks subsequently reversed by the Acquirer will be forwarded by FDR to Customer for resolution via the On-Line Direct Sell Chargeback System	[* * *]
7248	CS VRU Calls (w/o transport)	This element identifies the charge for inbound telephone calls handled by a voice response unit (VRU). Below is a "volume-sensitive" price grid as defined in Exhibit A, Section II(b). Monthly Volume in Minutes: [* * *]	[* * *]
7248	CS VRU Calls (w/ transport)	This element identifies the charge for inbound telephone calls handled by a voice response unit (VRU). Below is a "volume-sensitive" price grid as defined in Exhibit A, Section II(b). [* * *]	[* * *]
7249	CS Handled Minutes	This element identifies the charge for inbound calls handled by a First Data customer service representative (CSR). Talk time and wrap-up time are included in the charge. Below is a "volume-sensitive" price grid as defined in Exhibit A, Section II(b). [* * *]	[* * *]

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7365	Dispute Chargeback &	Each new dispute inquiry which is received by FDR for processing. FDR will respond to incoming mail inquiries (with the exception of when VISA/MasterCard regulations do not require the dispute to be in written form) regarding charges posted to Customer's Cardholder Accounts that are not recognizable to the Cardholder, duplicate charges, or charges for which the Cardholder either (i) disputes the quality of goods or services received, (ii) makes a claim of non-receipt of goods or services, or (iii) otherwise asserts a claim of a billing error. The inquiries processed within the Dispute/Chargebacks area exclude inquiries relating to collections or potential fraud activity. FDR provides research of inquiries; performs sales draft retrieval requests, and handling of disputes through all phases (chargeback, representment, pre-arbitration, compliance and good faith).	[* * *]
7232	CIMS - Regular Workcase	Each Workcase that, for whatever reason, requires review, task completion and/or follow-up by Customer's personnel in order to resolve a Customer Inquiry. The average number of CIMS Regular Workcases for a month is calculated by adding together the ending number of Regular Workcases of month 'a' after purge plus the ending number of Regular Workcases of the subsequent month (month 'b') before purge and then dividing the total number by 2. This calculation will equal the average number of Regular Workcases processed on the system for month 'b'.	[* * *]
7255	CIMS - Regular Workcase Actions	Each (i) task which is performed in the resolution of a Regular Workcase or (ii) brief communication that contains directive, advisory or informative matter stored within an Action Workcase that is entered by Customer's personnel.	[* * *]
TBD	Collection Chargeback	Each chargeback received by FDR in connection with a closed Cardholder Account of Customer and processed by FDR. FDR will perform monetary entries, not related to customer service, to chargeback eligible charges received after certain Cardholder Accounts have been closed. Unauthorized sales and cash advances will be systemically placed in a revolving queue within the FDR System after the nightly FDR System update in the event such sales or cash advances exceed the provider floor limit and meet criteria set forth in Customer's product control file ('PCF'). FDR will process Cardholder Accounts in the queue with status codes of B, C, E, F, I, and Z, in accordance with the Procedures Manual.	[* * *]
7366	Cardholder Support Services - Mail Customer Service	This element identifies the charge for cardholder mail processing performed by FDR. FDR will provide the resolution of written cardholder inquiries, notices, and includes account maintenance performed on the FDR System for monetary and non-monetary changes and non-solicitation account data entry of changes to cardholder information.	[* * *]
7600	Embossing Set Up	Each instance in which a change is made to any or all of (i) Customer's prin level (if prin level billing for set-ups is required), (ii) the plastic stock number, (iii) card carrier, (iv) tipping foil, (v) card activation flag and sticker and/or (vi) ultragraphic color in connection with Customer's plastic cards.	[* * *]

TBD	PlastiCard Bulk Fulfillment	Each plastic for which FDR has mechanically raised personalized characters prepared at the request of Customer. Includes up to three lines of alpha-numeric font and one line of OCR font on a ".030" millimeter plastic, the recording and verifying of data on the transaction card's magnetic stripe (high coercivity and low coercivity encoding), the tipping of a plastic through the placement of a contrasting color plastic film on the raised embossed characters, bulk packaging and labeling to be sent to Customer designated location(s).	[* * *]
7605	Vault Storage	Inventory and storage of plastics procured from a source other than First Data.	[* * *]
7624	CVV Generation Verification	The calculation and encoding and/or indent printing of the VISA Card Verification Value (CVV) or MasterCard Card Validation Code (CVC).	[* * *]
7609	Plasticard Manual Emboss Rush Same Day	Rush servicing of a Customer request for an embossed Cardholder plastic received from hardcopy, faxed or mailed reports or requests where FDR mails or delivers the plastic to a courier during the same day as the Customer's request is received. Service includes manual embossing, carrier printing, hand inserting and other services required to prepare the plastic for delivery, and applies to any plastic piece handled separately from Customer's PlastiCard Standard Embossing Services.	[* * *]
7611	Automatic Rush Embossing	Each rush servicing of a Customer request for a Cardholder embossed plastic and/or PIN/Post Mailers through use of on-line rush program on the FDR System. Cards ordered day 1 will be mailed day 2.	[* * *]
9951	Half Bowe	This element identifies the charge to affix a plastic to a letter or form that has been printed with personalized cardholder information using the PlastiCard Presentation product (PEP).	[* * *]

B. Fenceposts

If the ratio set forth below is exceeded, Customer shall pay FDR the amount set forth below for each item in excess of the quantity set forth below.

CIS - Online Statement (IN 7311) - assumes two months plus cycle-to-date per AA. For additional months of online storage in excess of this quantity, a charge will be due calculated as follows:

[* * *]

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AA = Active Account = means any designated Cardholder Account that had, during the period of determination as to whether such designated Cardholder Account is an Active Account, a balance or for which a debit, credit, or payment has taken place during such period.

MAA = Monthly Active Account = the number of Active Accounts on the last day of the previous month as set forth on the CD121 from the last day of the previous month or its equivalent.

C. Volume-Sensitive Grid/Tiered Prices

(i) "Volume-Sensitive" pricing is the billing of the entire periodic volume used for a service at the same price based on a grid. The grid states a different rate for various levels of usage and can be based on monthly or yearly volumes. The amount billed will be the grid price based on the applicable volume, multiplied by the total volume of the applicable item used or generated during the period. By way of example:

Monthly Volume	Price Per Item
[* * *]	[* * *]
[* * *]	[* * *]

In the above example, (a) if the volume for the month is [* * *]or under, the billed amount would be the total volume of items multiplied by \$.02, and (b) if the volume for the month is over [* * *], the billed amount would be the total volume of items multiplied by \$.01. For a Total Monthly volume of [* * *]).

(ii) "Tiered" pricing is the billing of each tier (increment) of periodic volume used for a service at a different price based on a grid. The grid states a different rate for each increment of the overall usage and can be based on monthly or yearly volumes. The amount billed will be the sum of: (i) the price corresponding to the first increment of volume in the grid, multiplied by that portion of the total volume of the applicable item used or generated during the period which portion falls within the range indicated in the first increment of volume in the grid, (ii) the price corresponding to each subsequent increment of volume in the grid, multiplied by that portion of the total volume which falls within its corresponding range (as applicable). By way of example:

Monthly Volume	Price Per Item
[* * *]	[* * *]
[* * *]	[* * *]

[* * *]

(iii) The FDR billing system allows an automatic billing of the appropriate monthly Volume-Sensitive or Tiered pricing. Annual Volume-Sensitive or Tiered pricing requires manual tracking and potential adjustments at the end of the Processing Year, when annual volumes can be determined.

D. Explanation of Pricing Terms

For purposes of this Exhibit A: (i) "quote" means this Agreement does not contemplate the use of this service or product, but FDR shall, on the request of the Customer, provide a price for such service or product, (ii) "n/a" means the applicable description is an overall description of the applicable service for reference only and does not describe a particular billing element, and (iii) "included" means the charge for the service or product is included in the price of other items in this Exhibit A.

III. Special Fees

A. Customer shall pay FDR the following in connection with FDR's purchase, installation and management, as applicable, of telecommunications connectivity and equipment on Customer's behalf:

Item Number	Item	Definition	Price Per Item
4600	Installation/Professional Services	Standard Installation Standard Installation with Dial-Up Backup Line Complex Installation This fee includes: - Customer telecommunications requirements	[* * *]

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		<ul style="list-style-type: none"> review network design - Capacity planning - Redundancy planning - BCP planning - Performance requirements - Equipment configurations - Design review - Coordination of carrier connectivity and access - FDR delivery services and professional services - Design review - Project management services - Validation and testing of project design, hardware and software technology - Physical installation of design configuration - Post installation certification, testing and review <p>This charge applies whether or not FDR contracts with vendors of connectivity and equipment on behalf of Customer. NOTE: This service does not include VTAM (Virtual Telecommunication Access Mode) programming, transmission programming, client site installation, or Logical Units (LU)/Physical Units (PU) changes which will be billed separately.</p>	
4610	Monthly Access Fee	<p>This fee includes:</p> <ul style="list-style-type: none"> -4611 Connectivity expense from the carrier -4612 Taxes or other government charges assessed by the carrier -4613 Use of originating equipment and other backbone infrastructure at FDR's location 	Quote

		-4614 Maintenance by the carrier or other third party of originating equipment and other backbone infrastructure at FDR's location FDR may increase the Monthly Access Fee upon thirty (30) days prior written notice to Customer following: (A) FDR's renegotiation of FDR's contract with a vendor of telecommunications connectivity or equipment or (B) imposition of increased taxes or other government imposed charges on telecommunication connectivity or equipment. If Customer objects to an increase in the Monthly Access Fee, Customer may contract directly with vendors of telecommunication connectivity and/or equipment to provide connectivity and equipment. It is FDR's intention to adjust the Monthly Access Fee downward when possible to reflect industry trends, but FDR cannot guarantee the amount or timing of any downward adjustment.	
4611	Terminating Equipment Fee	This fee includes use of terminating equipment provided by FDR at Customer's location and maintenance by a third party or FDR of this terminating equipment (equipment is owned by FDR)	Quote

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		and will be returned to FDR by Customer upon expiration or termination of this Agreement).	
4601	Monthly Management Fee (FDR Leased Line)	This fee applies when FDR contracts with vendors of telecommunications connectivity and/or equipment on behalf of Customer. This fee includes: -4611 [* * *]	[* * *]
	Monthly Management Fee (Customer Leased Line)	This fee applies when FDR does not contract with vendors of telecommunications connectivity on behalf of Customer. Line Size	
4602		DSO	[* * *]
4603		Fractional T1 (128K - <F1)	[* * *]
4604		T1	[* * *]
4605		3 Meg	[* * *]
4606		6 Meg	[* * *]
4607		>6 Meg	[* * *]
		This fee includes: -4611 Physical inspection of Customer owned or leased equipment, including looking for errors on front panels, power availability, cable connectivity and overall cabinet changes -4612 In-house wiring between the carrier demarcation point and Customer's equipment -4613 Providing access and supervision for Customer's vendors that need access at an FDR facility to provide maintenance on Customer owned or leased equipment -4614 Hardware testing with Customer and/or telecommunications provider If FDR does not contract with vendors of telecommunications connectivity and/or equipment on behalf of Customer, Customer (and not FDR) shall be responsible for maintenance of such connectivity and/or equipment.	
4608 4609	Expedite Fees	The expedited connectivity installation fee is a fee for providing connectivity installation faster than the normal timeframe. The expedited network change fee is a fee for providing network changes (such as router changes or access changes) faster than the normal timeframe. These fees apply whether or not FDR contracts with vendors of connectivity and equipment on behalf of Customer.	[* * *]

For purposes of this Section III-A of Exhibit A, a "Complex Installation" is an installation of

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telecommunication connectivity or equipment that includes any of the following:

Encryption

: The transformation of data into a form unreadable by anyone without a secret decryption key. Its purpose is to ensure privacy by keeping the information hidden from anyone for whom it is not intended.

Inverse Multiplexing

: The process of splitting a single high-speed channel into multiple signals, transmitting each of the multiple signals over a separate facility operating at a lower rate than the original signal, and then recombining the separately-transmitted portions into the original signal at the original rate.

Multiplexing

: To transmit two or more signals over a single channel.

Channelization

: The process of sub-dividing the bandwidth of a circuit into smaller increments called channels.

NAT (Network Address Translation)

: An Internet standard that enables a local area network (LAN) to use one set of IP addresses for internal traffic and a second set of addresses for external traffic. This allows a company to shield internal addresses from the public Internet.

QOS (Quality of Service)

: QOS allows network devices to prioritize the delivery of TCP/IP data packets based upon a pre-defined set of criteria, thus helping to ensure that the most critical data reaches its destination, even in situations where the network is operating at maximum capacity.

For purposes of this Section III-A of Exhibit A, a "Standard Installation" is an installation of telecommunication connectivity or equipment that is not a Complex Installation.

B. Customer shall be responsible for and billed directly for any MasterCard, VISA or other Transaction Card dues, fees and assessments. Customer shall reimburse FDR for Base Access Fees and INET/INAS Fees which maybe incurred by FDR on behalf of Customer.

C. Customer shall pay all courier expenses associated with the transportation of reports and documents from Customer to FDR and from FDR to Customer.

D. (i) FDR agrees to act as an agent on behalf of Customer and Customer shall reimburse FDR at cost (after applying any applicable rebates, refunds and discounts) for the purchase on Customer's behalf of the postage required to mail statements, notices, letters and other materials mailed by FDR on behalf of Customer. While this Agreement is in effect, Customer shall pay FDR daily pursuant to this Agreement at the then current first class, single piece postage rate for all mailings mailed by FDR for Customer during that day. Within ten (10) days after the end of the month, FDR shall (i) calculate, for each discount category offered by the United States Postal Service ("USPS") which is used by Customer, the percentage of mailings with respect to all customers of FDR that qualified for such discount and the number of first class mailings mailed by FDR for Customer during such month and (ii) include a credit on Customer's monthly invoice for the amount Customer is entitled to receive under this section. Such credit shall be calculated by applying such percentage for each USPS discount category against Customer's total mailings in such category to determine the appropriate USPS discount Customer is entitled to receive.

(ii) Notwithstanding anything in paragraph (i) above, FDR agrees to act as an agent on behalf of Customer and Customer shall reimburse FDR at-cost (after applying any applicable pre-sorting rebates, refunds and discounts) for the purchase on Customer's behalf of the postage required to mail Cardholder plastics mailers on behalf of Customer. While this Agreement is in effect, Customer shall pay FDR daily pursuant to this Agreement at the then current first class, single piece postage rate for all Cardholder plastics mailers mailed by FDR for Customer during that day.

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Within ten (10) days after the end of the month, FDR shall (i) calculate, for the pre-sorting discount category offered by the United States Postal Service ("USPS"), the percentage of mailings with respect to all customers of FDR that qualified for such discount and the number of Cardholder plastics mailers mailed by FDR for Customer during such month and (ii) include a credit on Customer's monthly invoice for the amount Customer is entitled to receive under this section. Such credit shall be calculated by applying such percentage for the USPS pre-sorting discount category against Customer's total Cardholder plastics mailings in such category to determine the appropriate USPS discount Customer is entitled to receive.

E. For each Reward processed by FDR, Customer shall reimburse FDR for the amount of the Reward payment to the Merchant, plus any additional fees or charges to which FDR is entitled under applicable MasterCard and VISA rules and regulations in connection with the processing of such Reward. A Reward shall mean each monetary payment made to a Merchant for the recovery of a statused Transaction Card of Customer, which payment is processed by FDR in accordance with the reward schedule established by MasterCard and VISA for card pick-up. (IN - 7915)

F. For any computer programming, development or consulting services performed by FDR on behalf of Customer in connection with this Agreement subsequent to the completion of Start-Up or for Custom Computer Programming in connection with Start-Up, Customer shall pay FDR at a rate of two hundred twenty five dollars (\$225.00) per hour for such services.

G. Customer shall be responsible for any interchange fees or switch fees assessed by any debit network utilized by Customer.

H. Customer shall reimburse FDR for any ad hoc services provided to Customer by FDR (including, but not limited to destroyed forms and product service selects) at FDR's then current published rates for such services.

I. Customer shall reimburse FDR at FDR's quoted prices for envelopes, card carriers, plastics or similar purchases made by FDR on Customer's behalf as requested by Customer.

IV. Other Terms and Provisions Applicable to the Services

A. **Stored Value Card Services.** FDR shall provide Stored Value Card support services related to web site development, set-up, hosting and support, web based enrollment and account loading and telephonic customer service set-up and support, telecommunication support and training each to the extent (and at the prices) further described herein. FDR shall also provide data processing, authorization, embossing and related services in connection with such Stored Value Card Accounts to the extent (and at the prices) described herein. These Services include:

1. Stored Value Card CCS (Customer) Services. FDR shall provide Customer with customer service, technical systems support services and other related services in connection with Customer's Stored Value Card Accounts (hereinafter collectively referred to as the "CCS Services") pursuant to the following:

(A) CUSTOMER SERVICE

(1) Telephone Customer Service.

(a) Telephone Customer Service is comprised of direct Cardholder interface with an FDR representative for card activation, general account inquiries (balance, last five transactions, product information), and problem resolution relating to the Stored Value Card Accounts.

(b) FDR will answer incoming automated call distribution ("ACD") telephone inquiries from Cardholders 24 hours per day, 7 days per week. In the event

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Customer desires to change the hours of operation listed above, FDR shall review the pricing herein and provide new pricing (if applicable) to Customer. Any changes to the hours of operation and new pricing associated with such changes shall be mutually agreed upon in writing by the parties. The timing of the implementation of changes to the hours of operation shall also be mutually agreed upon in writing.

(c) Telephone Customer Service will be provided for English and Spanish language calls only and does not include support for calls in any other language.

(d) The pricing for Telephone Customer Service is set forth in this Exhibit A and includes the preparation and delivery of FDR's standard daily and monthly call statistic reporting package. If other reports are requested outside of the standard reporting package, Customer will be assessed fees at FDR's then current rates for the development, production and delivery of such reports.

(e) The inbound telephone support described in this section specifically excludes cross-selling, sales and marketing services.

(2) Additional CCS Services. In addition to Telephone Customer Service, FDR shall provide the following CCS Services as specifically defined in the pricing section of this Exhibit: Dispute/Chargeback Processing and Collection Chargeback Processing.

NOTE: FDR shall provide the Services described in paragraph (2) of this subsection (A) during the hours of 8:00 a.m. through 5:00 p.m. CTZ, Monday through Friday, excluding holidays observed by FDR.

(B) PROCEDURES MANUAL

On or before the Service Commencement Date, Customer and FDR shall mutually agree upon a policies and procedures manual governing the provision of the Services by FDR hereunder (the "Procedures Manual"). FDR shall thereupon perform the Services pursuant to the Procedures Manual. Should the parties not reach a mutual agreement with respect to the Procedures Manual on or before the Service Commencement Date, then the dispute resolution process set forth in this Agreement shall be initiated. FDR and Customer agree to review the Procedures Manual periodically and, if necessary or appropriate, to revise or update the Procedures Manual as mutually agreed. In particular, Customer will, as part of its responsibilities under Section 2.5,

review the Procedures Manual to ensure that the Procedures Manual, and FDR's performance of the Services pursuant thereto, comply with all Legal Requirements. FDR will implement mutually agreed upon changes to the Procedures Manual thirty (30) days following mutual agreement by the parties, or upon other time frames as mutually agreed by the parties.

(C) POINT OF CONTACT

Customer hereby agrees to define a point of contact with overall responsibility who shall provide FDR with guidance with respect to servicing requirements which are outside the scope of the Procedures Manual.

(D) REPORTS

The pricing for Telephone Customer Service set forth herein includes the preparation and delivery of FDR's standard daily and monthly call statistic reporting package. If other reports are requested outside of the standard reporting package, Customer will be assessed fees at FDR's then current rates for the development, production and delivery of

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such reports.

(E) TRAINING

FDR shall develop the training materials utilized by FDR for training of representatives who perform the CCS Services. FDR will provide "train-the-trainer" time to FDR training staff. Fees and costs incurred by FDR relating to the initial training of representatives who provide the CCS Services will be assessed to Customer at the rates set forth herein; additionally, training costs that may be incurred by FDR due to increased call volume, changes to hours of operation, and procedural and system changes will be billed to Customer at the rates set forth herein. FDR will absorb costs relating to additional CSR training due to staff attrition and re-training.

3. Stored Value Card Web Application Services.

(A) WEB APPLICATION SERVICES AND RELATED TERMS

FDR has developed and will provide to Customer the Stored Value Card web application services, which include the specific applications and related services described in this subsection 3 (collectively, the "Web Application" or "Web Application Services"), FDR, in cooperation with certain third party vendors (collectively, the "FDR Vendors"), shall provide Customer with an interne web site dedicated to Customer's Stored Value Card Program (the "Stored Value Card Web Site"), including a Stored Value Card home page, Administrator's page, card activation process page, Stored Value Card account information (balance, status and transaction data) page, stop loads, profile management, and Frequently Asked Questions ("FAQ") page. In the event that Customer elects to utilize, in its Stored Value Card Web Site, any logos, trademarks, service marks or other proprietary items of Customer (hereinafter referred to as "Customer's Proprietary Marks"), then Customer hereby authorizes FDR and any FDR Vendors to display such Customer's Proprietary Marks for purposes of the Stored Value Card Web Site.

(B) Proprietary Information.

(i) The Web Application is composed of confidential and proprietary information of FDR and FDR Vendors, as applicable, and shall be subject to all rights and obligations relating to confidential and proprietary information contained in this Agreement. Customer shall maintain the non-public and proprietary character of the Web Application. Upon any termination of the Agreement or the Web Application Services, Customer shall immediately return to FDR or destroy any and all information in any media relating to the Web Application.

(ii) In the event of termination or expiration of FDR's agreement with any FDR Vendor, FDR may terminate the provision of the Web Application Services by giving Customer thirty (30) days' notice.

(C) Other Web Application Services Provided by FDR.

(i) FDR shall provide the following to Customer in connection with the support and maintenance of the Web Application:

- - application and operating environment support
- - mandatory version upgrades
- - basic use reporting

(ii) At Customer's request, FDR may provide Customer-specific development, programming and consulting services relating to the Web Application

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Services (collectively, "Development and Consulting Services"). Hourly rates for Development and Consulting Services will be quoted at time of request.

(D) Web Site Security. The Internet web site provided to Customer by FDR shall include multiple hardware firewalls. FDR's stored value system will at all times utilize a minimum encryption level of 128 bits, and information and system protection may be enhanced to the extent offered by any exchange of additional software based security certificates between Customer and FDR. Regularly scheduled maintenance services will employ virus detection and diagnostic software.

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EXHIBIT B

DEFINITIONS

The following definitions apply to the terms set forth below when used in this Agreement:

"AAA" is defined in Exhibit D to this Agreement.

"Acquire" (and with the correlative meaning "Acquisition") means to acquire, directly or indirectly, an interest through purchase, exchange or other acquisition of assets, stock or other equity interests, or to merge or consolidate or any similar transaction.

"Acquirer" means an Entity which has an arrangement with a Merchant to obtain Transaction Card Tickets from the Merchant and present the Transaction Card Tickets through an Interchange to an Issuer.

"Affiliate" means, with respect to Customer or FDR, any Entity which, directly or indirectly, owns or Controls, is owned or Controlled by, or is under common ownership or common Control with Customer or FOR, as applicable.

"Agreement" shall mean this Stored Value Card Service Agreement as amended from time to time including any Exhibits attached hereto from time to time, if any.

"Arbitration Demand" is defined in Exhibit D to this Agreement.

"Arbitration Panel" is defined in Exhibit D to this Agreement.

"Balance Sheet Expenses" means the amounts maintained on the balance sheet of FDR with respect to this Agreement, including (i) costs or expenses which FDR incurs, or for which it reimburses Customer, and capitalizes on its balance sheet in connection with setting up Customer on, or converting Customer to, the FDR System and (ii) amounts paid or credit to be applied against future processing fees to be paid by Customer and capitalized by FDR on its balance sheet as a signing fee, sign-up bonus, start-up bonus, conversion bonus, renewal bonus or similar payment or credit paid or credited by FDR to Customer at the time of the execution, renewal or extension of this Agreement.

"Basic Qualifications" is defined in Exhibit D to this Agreement. "BIN" means a Bank Identification Number issued by VISA.

"Business Continuity Plan" is defined in Section 13.2 of this Agreement.

"Cardholder" means an individual or Entity which has a Cardholder Account with an Issuer.

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"Cardholder Account" means an arrangement between an individual or an Entity and an Issuer which provides that the individual or Entity may use one or more Transaction Cards issued by the Issuer. The term "Account" in no manner implies a banking relationship between the Customer and the Cardholder/endorser/end user, or the like.

"Change of Control" shall mean a change in the direct or indirect ownership of a majority of an Entity's (including Customer and any Affiliate of Customer) outstanding capital stock (or other form of ownership) or a majority of the voting power in any election of directors.

"Control" (and with the correlative meaning "Controlled") means the power to direct the management or affairs of an Entity and "ownership" means the beneficial ownership of more than 50% of the equity securities of the Entity.

"CPI" is defined in Section 3.1 of this Agreement.

"Custom Computer Programming Services" means computer programming services required by Customer for programs and features, that are in addition to the standard computer programming services required for the preparation of the computer programs required to enable Customer to become operational on the FDR System.

"Customer's Accounts" means the Cardholder Accounts of Customer sponsored via one or more Sponsor Banks.

"Customer's Proprietary Information" is defined in Section 9.1 of this Agreement.

"Deconversion" means the removal of information concerning Customer's Accounts from the FDR System.

"Dispute" is defined in Section 4.1 of this Agreement.

"Disputing Party" is defined in Exhibit D to this Agreement.

"Enhancements" is defined in Section 2.3 of this Agreement.

"Entity" means a corporation, partnership, sole proprietorship, joint venture, or other form of organization.

"FDR's Proprietary Information" is defined in Section 9.2 of this Agreement.

"FDR System" means the computer equipment, computer software and related equipment and documentation used at any time and from time to time by FDR to provide the Services.

"ICA" means an InterBank Card Association number issued by MasterCard.

"Indemnified Party" is defined in Exhibit E to this Agreement.

"Indemnifying Party" is defined in Exhibit E to this Agreement.

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"Insolvency Event" occurs, with respect to any party, when such party:

(i) is dissolved, becomes insolvent, generally fails to pay or admits in writing its inability generally to pay its debts as they become due;

(ii) makes a general assignment, arrangement, or composition agreement with or for the benefit of its creditors; or

(iii) files a petition in bankruptcy or institutes any action under federal or state law for the relief of debtors or seeks or consents to the appointment of an administrator, receiver, custodian, or similar official for the wind up of its business (or has such a petition or action filed against it and such petition action or appointment is not dismissed or stayed within thirty (30) days).

"Interchange" means the contracts, agreements, rules, regulations and procedures governing the relationships between, or the actions in accordance with the contracts, agreements, rules, regulations and procedures by, any two or more Entities in connection with the Interchange Settlement.

"Interchange Settlement" means the process by which FDR, on behalf of either or both of Customer or Sponsor Bank, (a) facilitates payment for MasterCard and/or VISA Transaction Card Tickets presented by Acquirers to Customer or Sponsor Bank, (b) receives payment for MasterCard and/or VISA Transaction Card Tickets presented by Customer or Sponsor Bank to Issuers and (c) remits and receives payments for chargebacks and other Interchange fees and expenses of or payable by Customer or Sponsor Bank.

"Issuer" means an Entity that has a Cardholder Account with a Cardholder.

"Legal Requirements" is defined in Section 2.5 of this Agreement.

"MasterCard" means MasterCard International Incorporated or its successors or assigns.

"Merchant" means an Entity that has the right to acquire or otherwise acquires a Transaction Card Ticket as payment for goods, services, or otherwise.

"Minimum Processing Fees" is defined in Section 3.4 of this Agreement.

"Network" means an online debit electronic funds transfer network.

"Original Term" is defined in Section 7.1 of this Agreement.

"Personal Information" is defined in Section 2.7 of this Agreement.

"Processing Fees" means all fees and charges incurred for services performed at the prices set forth in Exhibit A to this Agreement (including any Year 1 Minimum Processing Fee or Minimum Processing Fee shortfall payments), as adjusted from time to time by FDR consistent with this Agreement, with the exception of Special Fees and specifically excluding all charges for taxes and interest.

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"Processing Year" is defined in Section 7.1 of this Agreement.

"Processing Year 1" is defined in Section 7.1 this Agreement.

"Renewal Term" is defined in Section 7.2 of this Agreement.

"Services" is defined in Section 2.1 of this Agreement.

"Special Fees" means the telecommunications costs, postage costs, courier costs and costs of forms, and any other charges described in Section III of Exhibit A to this Agreement.

"Sponsor Bank" is defined in Section 2.8 of this Agreement.

"Sponsor Bank Agreement" is defined in Section 2.8 of this Agreement.

"Start-Up" means the services required to prepare the FDR System for the commencement of Services by FDR pursuant to the Start-Up Plan.

"Start-Up Plan" means the written plan for accomplishing the Start-Up as prepared by FDR and Customer pursuant to Section 2.4 of this Agreement.

"Term" means the Original Term together with any Renewal Term or any other extension of this Agreement.

"Total Annual Processing Fees" is defined in Section 3.4 of this Agreement.

"Transaction Card" means a payment card issued pursuant to a license from MasterCard, VISA or any other card issuing organization for which FDR currently provides service support.

"Transaction Card Ticket" means a record (whether paper, magnetic, electronic or otherwise) which is created to evidence the use of a Transaction Card as payment for goods, services, cash advances or otherwise or for a credit or refund or otherwise.

"User Manuals" means each of the FDR user manuals.

"VISA" means, individually or collectively, as appropriate, VISA U.S.A. Inc. or VISA INTERNATIONAL or either of their successors or assigns.

"Year 1 Minimum Processing Fee" is defined in Section 3.4 of this Agreement.

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EXHIBIT C

SPONSOR BANK AGREEMENT

This Sponsor Bank Agreement (this "Agreement") is entered into as of this ____ day of ____, 2003 (the "Effective Date") between _____ (the "Sponsor Bank") and First Data Resources Inc. ("FDR"). Capitalized terms used and not otherwise defined in this Agreement are defined in Attachment 1 to this Agreement.

1. **Sponsor Bank.** Sponsor Bank hereby agrees to act as a sponsor bank for certain Cardholder Accounts of _____ ("Customer"). These Cardholder Accounts of Customer are being processed by FDR pursuant to a Service Agreement dated as of _____, 2003 between FDR and Customer, as amended (the "Service Agreement"). Sponsor Bank agrees that FDR is taking directions in connection with FDR's data processing and other services with respect to these Cardholder Accounts from Customer and not from Sponsor Bank. Sponsor Bank irrevocably designates Customer as Sponsor Bank's agent for purposes of giving instructions to FDR regarding use of data and other matters.

2. **Compliance.** Sponsor Bank agrees to comply with all federal, state and local laws and regulations, the operating rules, regulations and procedures promulgated by MasterCard and VISA from time to time and the FDR Settlement Rules adopted by FDR from time to time.

3. **Term and Termination.** (a) This Agreement shall be effective as of the Effective Date, and shall remain in effect until the earlier of (i) the expiration or termination of the Service Agreement, or (ii) the termination of Sponsor Bank's relationship with Customer, at which time, this Agreement shall automatically terminate.

(b) Notwithstanding the foregoing, FDR shall have the right to terminate this

Agreement under any of the following conditions:

- (i) immediately upon notice to Sponsor Bank upon the failure by Sponsor Bank to be a member, or failure by Sponsor Bank otherwise to maintain good standing with, either VISA or MasterCard, as applicable, at any time during the Term;
- (ii) the occurrence of an Insolvency Event with respect to the Sponsor Bank;
- (iii) immediately upon notice to Sponsor Bank if FDR has been required by a governmental or regulatory body or agency or by VISA or MasterCard to terminate settlement on behalf of Sponsor Bank;
- (iv) if Sponsor Bank fails to pay any Daily Amount when required as provided in this Agreement and does not cure the failure within four (4) hours after written notice of the failure or immediately without notice if FDR has the right more than three times in any twelve month period to give notice under this paragraph whether or not the notice is given;

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(v) upon twenty-four (24) hours notice by FDR if FDR has terminated Interchange Settlement of transactions on behalf of Sponsor Bank as described in Section 4(g) of this Agreement; or

(vi) if Sponsor Bank fails to pay any amount due under this Agreement (other than a Daily Amount) within fifteen (15) days after written notice to Sponsor Bank of its failure to pay the amount.

(c) Upon expiration or termination of this Agreement, FDR shall have no further obligation to settle with Sponsor Bank and all outstanding unpaid amounts, due and owing to FDR shall become immediately due and payable. Termination of this Agreement shall not affect the following:

(i) any obligation or liability owing or which becomes owing under this Agreement whether the obligations arise prior to or after the date of termination, including the obligations to make the payments provided in this Agreement, including Section 4(k) of this Agreement; or

(ii) the provisions of Sections 4(k), 4(1), 5, 6, 7, 8, 9 and 11 of this

Agreement.

4. Settlement. (a) In order for FDR to provide services to Customer pursuant to the Service Agreement, it is necessary for FDR to handle and settle Interchange Settlement with respect to the Cardholder Accounts of Customer through the international Interchange networks of MasterCard and VISA. It shall be the responsibility of Sponsor Bank to provide ICA and BIN numbers from MasterCard and VISA, respectively, for use by FDR in the settlement of transactions for Sponsor Bank. Sponsor Bank understands that FDR handles the Interchange Settlement with MasterCard and VISA for its clients, including Sponsor Bank on a net settlement basis (the "Settlement System"). To facilitate the Settlement System, FDR has established, will establish or will direct Sponsor Bank to establish and may in the future establish or direct Sponsor Bank to establish one or more interchange settlement Central Clearing Accounts (collectively the "Settlement Account") at one or more banks.

(b) FDR shall calculate and inform Sponsor Bank on each business day of the amount of funds to be transferred (the "Daily Amount") as the result of (a) current transaction processing, and (b) funding required for incoming transactions of Sponsor Bank. If the Daily Amount is negative, Sponsor Bank shall transfer to the Settlement Account, by the close of business of the applicable federal reserve bank where the applicable Settlement Account(s) may exist, an amount equal to the Daily Amount. If the Daily Amount is positive, FDR will transfer to Sponsor Bank, or will cause MasterCard or VISA to transfer to Sponsor Bank, immediately available funds equal to the Daily Amount prior to the close of business of the Federal Reserve System in New York on such date.

(c) The Daily Amount shall equal (a) the Net Settlement Amount for Sponsor Bank, plus (b) the amount necessary to fund incoming Interchange transactions not yet processed, determined in accordance with the FDR Settlement Rules, minus (c) the amount

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previously advanced by Sponsor Bank with respect to prior incoming Interchange transactions for which processing is complete.

(d) In the event of the failure of Sponsor Bank on any business day when required by the terms of this Agreement or the FDR Settlement Rules, to transfer the Daily Amount to the Settlement Account, FDR may refuse, without incurring any liability to Sponsor Bank, to act as Sponsor Bank's agent in discharging any VISA or MasterCard Interchange obligations of Sponsor Bank and shall have the right to immediately notify MasterCard and VISA that it will no longer cause the MasterCard or VISA Interchange obligations of Sponsor Bank to be discharged. In addition to the foregoing, FDR may take such actions with respect to Sponsor Bank's obligations under the Settlement System as FDR deems reasonable to protect FDR or its customers from any loss arising from Sponsor Bank's nonpayment of the Daily Amount.

(e) In addition to any other provisions in this Agreement, in the event of Sponsor Bank's failure to transfer or make available the Daily Amount for any business day, Sponsor Bank shall pay to FDR a late payment fee (the "Settlement Late Payment Fee") which shall be equal to the amount Sponsor Bank would have been required to pay as a late payment fee under MasterCard and VISA rules. The amount shall be calculated in accordance with the rules and shall continue to accrue until FDR shall have received the Daily Amount from Sponsor Bank. Settlement Late Payment Fees shall be paid to FDR

based upon the rules even though FDR may have elected to make settlement with MasterCard or VISA in a timely manner on behalf of Sponsor Bank. If FDR has received funds from VISA or MasterCard as a result of Interchange Settlement on behalf of Sponsor Bank and fails to make available the Daily Amount to Sponsor Bank, FDR shall pay to Sponsor Bank a late payment fee based on the Daily Amount calculated in the same manner as the Settlement Late Payment Fee.

(f) The obligation of FDR to discharge any VISA or MasterCard Interchange obligations of Sponsor Bank or Sponsor Bank's affiliates shall be solely as an agent of Sponsor Bank in accordance with the terms and provisions of this Agreement and the FDR Settlement Rules. FDR shall have no independent obligation with respect to the discharge of the Interchange obligations of Sponsor Bank.

(g) In the event that MasterCard or VISA shall notify FDR of any violation of the rules and regulations of MasterCard or VISA, relating to Sponsor Bank or transactions processed for Sponsor Bank, FDR shall have the right, without liability to Sponsor Bank or Customer, to terminate Interchange Settlement of transactions on behalf of Sponsor Bank under this Agreement until the time as FDR shall have been notified by MasterCard or VISA that the violation has been corrected.

(h) Sponsor Bank acknowledges that performance of Interchange Settlement involves the settlement of certain of Sponsor Bank's transactions jointly and on a combined net basis with the settlement of transactions of other customers of FDR. Accordingly, the payment or receipt by FDR of settlement monies on behalf of Sponsor Bank may be dependent on equivalent payments or receipts being received or made by or for other customers of FDR and in respect of transactions involving Transaction Cards issued by such other customers. FDR and

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Sponsor Bank will cooperate and use all reasonable resources to identify the reason for any settlement failure and shall attempt to work to its resolution.

(i) FDR shall be entitled without further inquiry to execute or otherwise act upon (a) instructions or information or purported instructions or information received through the MasterCard and VISA payment systems and (b) instructions or information, or purported instructions or information received in accordance with the MasterCard and VISA rules or settlement manuals otherwise than through the payment systems or in accordance with the FDR Settlement Rules notwithstanding that it may afterwards be discovered that the instructions or information were not genuine or were not initiated by Sponsor Bank. Such execution or action shall constitute a good discharge to FDR, and FDR shall not be liable for any liability, damage, expense, claim or loss (including loss of business, loss of profit or exemplary, punitive, special, indirect or consequential damages of any kind) whatsoever arising in whatever manner, directly or indirectly, from or as a result of the execution or action.

(j) Sponsor Bank agrees to discharge its Interchange Settlement obligations to FDR under this Agreement in full and on first written demand waiving any defense, setoff or right of counterclaim (without prejudice to the ability of Sponsor Bank to pursue these independently) and notwithstanding any act or omission or alleged act or omission or any insufficiency or deficiency that there is or has been or that may be alleged in the performance by FDR of its obligations under this Agreement or otherwise. FDR agrees, however, that it shall not set off against any payment to be made by it to Sponsor Bank or on its behalf pursuant to this Agreement in connection with Interchange Settlement any amount due and payable by Sponsor Bank to FDR (without prejudice to the ability of FDR to pursue these independently) other than amounts due and payable by Sponsor Bank or on its behalf to FDR pursuant to this Agreement in connection with Interchange Settlement.

(k) If Sponsor Bank terminates this Agreement or if Sponsor Bank ceases to obtain processing services from FDR under this Agreement in a manner which results in fees or charges relating to Sponsor Bank's accounts or Customer's accounts continuing to be included as a part of FDR's net settlement with MasterCard or VISA, FDR may obtain daily payment from the Settlement Account established under Section 4(a) of this Agreement or Sponsor Bank will provide FDR immediately upon notice with access to an account of Sponsor Bank's funds, not requiring signature, which FDR may draw upon in order to receive payment for such fees and charges. FDR will provide Sponsor Bank with documentation for all fees and charges paid on behalf of Sponsor Bank

(l) Sponsor Bank will notify FDR in writing at least one hundred twenty (120) days prior to any transfer or closing of all Cardholder Accounts of Customer on the FDR System associated with a BIN or ICA belonging to Sponsor Bank or the redirection of any BIN or ICA by Sponsor Bank to another processing system. Such notice shall include an instruction to FDR to initiate a systematic removal from the FDR System of account information associated with that BIN or ICA, which Customer shall be obligated to pay for in accordance with the Service Agreement. Sponsor Bank will comply with all rules, regulations and policies of MasterCard and VISA with respect to removal or deletion of unused or abandoned BINS or ICAs. In the event that Sponsor Bank fails to comply with such rules, regulations and policies, or fails to provide the foregoing notice to FDR, Sponsor Bank hereby authorizes FDR, as its

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agent, to (i) request MasterCard or VISA to delete the BIN or ICA, and (ii) remove all account information associated with the BIN or ICA from the FDR System at Customer's expense, in accordance with the Service Agreement. Sponsor Bank shall be responsible, and will reimburse FDR, for any loss, expense or other cost associated with or arising from abandoned or unused BINS and ICAs, including trailing activity, fraudulent use or other similar costs.

5. Separate Actions. Sponsor Bank agrees that separate action or actions may be brought by FDR against Sponsor Bank, whether action is brought separately against or through Customer or whether Customer and FDR join in any such action or actions. Sponsor Bank waives any right to require FDR to proceed against Customer, and Sponsor Bank waives any defense arising by reason of any disability or other defense of Customer or by reason of the cessation from any cause whatsoever of the liability of Customer.

6. **Limitation on Liability.** FDR's cumulative liability to Sponsor Bank for any loss or damage, direct or indirect, for any cause whatsoever arising out of or related to the Service Agreement or this Agreement with respect to claims (whether third-party claims, indemnity claims or otherwise) relating to events in any calendar year shall not under any circumstances exceed fifty thousand dollars (\$50,000). In addition, the cumulative liability of FDR in any calendar year to Sponsor Bank and Customer in the aggregate shall not exceed the amount of Processing Fees (as defined in the Service Agreement) paid to FDR by Customer pursuant to the Service Agreement for services performed during the immediately preceding calendar year. IN NO EVENT SHALL FDR BE LIABLE UNDER ANY THEORY FOR ANY LOST PROFITS, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES.

7. **Indemnification.** (a) Sponsor Bank shall indemnify and hold harmless FDR and its directors, officers, employees, agents and affiliates from and against any and all third party claims, liabilities, losses and damages (including reasonable attorney fees, expert witness fees, expenses and costs of settlement) arising out of or with respect to this Agreement, to the extent that the claim, liability, loss or damage is caused by, relates to or arises out of the breach by Sponsor Bank of any of its duties or obligations under this Agreement.

(b) Subject to the provisions of Article 6, FDR shall indemnify and hold harmless Sponsor Bank and its directors, officers, employees and agents from and against any and all third party claims, liabilities, losses or damages (including reasonable attorney fees, expert witness fees, expenses and costs of settlement) arising out of or with respect to this Agreement to the extent that the claim, liability, loss or damage is caused by, relates to or arises out of the breach by FDR of any of its duties or obligations under this Agreement.

(c) In the event a claim, suit or proceeding by a third party for which indemnification may be available under this Agreement is made or filed against a party or any Entity, the party against which the claim, suit or proceeding is made (the "Indemnified Party"), shall promptly notify the other party (the "Indemnifying Party") in writing of the claim, suit or proceeding. The Indemnifying Party, within thirty (30) days, or such shorter period as is required to avoid any prejudice in the claim, suit or proceeding, after the notice, may elect to defend, compromise, or settle the third party claim, suit or proceeding at its expense. In any third party claim, suit or proceeding which the Indemnifying Party has elected to defend,

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compromise or settle, the Indemnifying Party shall not after the election be responsible for the expenses, including counsel fees, of the Indemnified Party but the Indemnified Party may participate therein and retain counsel at its own expense. In any third party claim, suit or proceeding the defense of which the Indemnifying Party shall have assumed, the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the matter without the consent of the Indemnifying Party and the Indemnifying Party will not consent to the entry of any judgment or enter into any settlement affecting the Indemnified Party to the extent that the judgment or settlement involves more than the payment of money without the written consent of the Indemnified Party. The Indemnified Party shall provide to the Indemnifying Party all information, assistance and authority reasonably requested in order to evaluate any third party claim, suit or proceeding and effect any defense, compromise or settlement.

(d) Any claim for indemnification under this Agreement must be made prior to the earlier of:

(i) one year after the party claiming indemnification becomes aware of the event for which indemnification is claimed, or

(ii) one year after the end of the Term.

8. **Confidentiality.** (a) Upon Sponsor Bank's request, FDR shall return to Sponsor Bank upon the expiration or termination of this Agreement and payment by Sponsor Bank of all amounts due hereunder all or any requested portion of the proprietary and confidential data of Sponsor Bank ("Sponsor Bank's Proprietary Information").

(b) Sponsor Bank acknowledges and agrees that all product and system developments, enhancements, improvements and modifications provided by FDR that may be utilized for the benefit of Customer or Sponsor Bank shall remain the sole and exclusive property of FDR. Neither Customer nor Sponsor Bank shall obtain any proprietary rights in any proprietary or confidential information which has been or at any time after the date of this Agreement is disclosed, directly or indirectly, to Customer, Sponsor Bank or any of their respective affiliates by FDR or its affiliates, including without limitation any data or information that is a trade secret or competitively sensitive material whether owned or licensed or otherwise provided by FDR, user manuals, screen displays and formats, computer software, methodologies, systems, products, system architecture and documentation, in each case, whether owned, licensed or otherwise provided or used by FDR, software performance results, flow charts, and other specifications (whether or not electronically stored), data and data formats (collectively, "FDR's Proprietary Information") whether any of the materials are developed or purchased specifically for performance of the Service Agreement or this Agreement or otherwise. Sponsor Bank agrees to, and shall cause its affiliates to, return to FDR all of FDR's Proprietary Information upon the expiration or termination of this Agreement.

(c) Except as required by law, Sponsor Bank shall keep confidential and not disclose, and shall cause its affiliates and their respective directors, officers, employees, representatives, agents and independent contractors to keep confidential and not disclose, any of the terms and conditions of the Service Agreement or this Agreement to any Person without the

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prior written consent of the other party; provided, however, that FDR may disclose this Agreement to Customer.

- (d) FDR and Sponsor Bank each agree to maintain Sponsor Bank's Proprietary Information and FDR's Proprietary Information, respectively, in strict confidence from the date of disclosure. Without limiting the generality of the foregoing, FDR and Sponsor Bank agree:
- (i) not to disclose or permit any other person access to Sponsor Bank's Proprietary Information or FDR's Proprietary Information, as appropriate, except that disclosure or access shall be permitted to an affiliate, employee, officer, director, agent, representative, external or internal auditors or independent contractor of the party requiring access to the same in the course of his or her employment or services;
- (ii) to ensure that its affiliates, employees, officers, directors, agents, representatives and independent contractors are advised of the confidential nature of Sponsor Bank's Proprietary Information or FDR's Proprietary Information, as appropriate, and are precluded from taking any action prohibited under this Article 8; provided that in any event Sponsor Bank and FDR shall each be liable for any breach of this Article 8 by their respective affiliates, employees, officers, directors, agents, representatives and independent contractors; and
- (iii) not to alter or remove any identification, copyright or proprietary rights notice which indicates the ownership of any part of Sponsor Bank's Proprietary Information or FDR's Proprietary Information, as appropriate.
- (e) Despite the foregoing, Sponsor Bank agrees that Sponsor Bank's Proprietary Information may be made available to VISA, MasterCard or to supervisory or regulatory authorities of Sponsor Bank upon the written request of any of the foregoing.
- (f) Nothing in this Article 8 shall restrict either party with respect to information or data identical or similar to that contained in Sponsor Bank's Proprietary Information or FDR's Proprietary Information, as appropriate, but which: (i) the receiving party can demonstrate was rightfully possessed by it before it received the information from the disclosing party; (ii) was in the public domain prior to the date of this Agreement or subsequently becomes publicly available through no fault of the receiving party or any Person or Entity acting on its behalf; (iii) was previously received by the receiving party from a third party or is subsequently furnished rightfully to the receiving party by a third party (no affiliate of FDR or Sponsor Bank shall be considered to be a third party) not known to be under restrictions on use or disclosure; (iv) is independently developed by such party; (v) is required to be disclosed by law, regulation or court order, provided that the disclosing party will exercise reasonable efforts to notify the other party prior to disclosure; or (vi) is required to be disclosed to comply with or to enforce the terms of this Agreement.
- (g) If either party breaches this Article 8, the non-breaching party will suffer irreparable harm and the total amount of monetary damages for any injury to such party will be impossible to calculate and therefore an inadequate remedy. Accordingly, the non-breaching

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party may (i) seek temporary and permanent injunctive relief against the breaching party or (ii) exercise any other rights and seek any other remedies to which the non-breaching party may be entitled to at law, in equity and under this Agreement for any violation of this Article 8.

(h) FDR and Sponsor Bank acknowledge the sensitivity and confidentiality of personal consumer financial information which may be contained in Sponsor Bank's Proprietary Information, including all personally identifiable information relating to an individual consumer in connection with a Cardholder Account, any application for a Cardholder Account or the marketing or promotion of a Cardholder Account ("Personal Information"). In addition to the obligations of the parties under Section 8, FDR and Sponsor Bank acknowledge the protections afforded by law to such Personal Information and each agrees to comply with all such legal requirements applicable to it in the performance of its obligations under this Agreement. Specifically, Sponsor Bank represents and warrants to FDR that Sponsor Bank has provided or caused to be provided all required notices, opt-outs, opt-ins or other similar rights to consumers with respect to any Personal Information delivered, transmitted or disclosed in any other fashion (i) by Customer or its agents or representatives or Sponsor Bank or its agents or representatives to FDR or its agents and representatives, (ii) by FDR to any third party at the direction of Customer or Sponsor Bank, and (iii) with respect to each of the Services provided by FDR under this Agreement.

9. Informal Dispute Resolution. Any controversy or claim between FDR and Sponsor Bank arising from or in connection with this Agreement whether based on contract, tort, common law, equity, statute, regulation, order or otherwise ("Dispute"), shall be resolved as follows:

- (a) upon written request of either FDR or Sponsor Bank, the parties shall each appoint a representative to meet and attempt to resolve such Dispute;
- (b) the designated representatives shall meet as often as the parties reasonably deem necessary to discuss the problem in an effort to resolve the Dispute without the necessity of any formal proceeding; and
- (c) arbitration pursuant to Attachment 2 to this Agreement for the resolution of a Dispute may not be commenced until the earlier of:
- (i) the date that the designated representatives conclude in good faith that amicable resolution through continued negotiation of the matter does not appear likely; or
- (ii) thirty (30) days after the date that either party requested negotiation of the Dispute pursuant to Section 9(a) of this Agreement.

(d) Notwithstanding the foregoing, this Section 9 shall not be construed to prevent a party from instituting formal proceedings at any time to avoid the expiration of any applicable limitations period, to preserve a superior position with respect to other creditors or to seek temporary or preliminary injunctive relief pursuant to Section 8(g).

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(e) If Sponsor Bank and FDR are unable to resolve any Dispute in the manner set forth in Section 9(a) through (c), such Dispute shall be submitted to arbitration in the manner set forth in Attachment 2 to this Agreement.

10. **Force Majeure.** If performance by FDR of any service or obligation under the Service Agreement or this Agreement is prevented, restricted, delayed or interfered with by reason of labor disputes, strikes, acts of God, floods, lightning, severe weather, shortages of materials, rationing, catastrophic utility or communication failures, failure of VISA or MasterCard, failure or delay in receiving electronic data, earthquakes, war, acts of terrorism, revolution, acts of public enemies, blockade, embargo, or any law, order, proclamation, regulation, ordinance, demand or requirement having legal effect of any government or any judicial authority or representative of any such government, or any other act or omission whatsoever, whether similar or dissimilar to those referred to in this clause, which are beyond the reasonable control of FDR, then FDR shall be excused from the performance to the extent of the prevention, restriction, delay or interference.

11. **Disclaimer.** FDR SPECIFICALLY DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARISING OUT OF OR RELATED TO THIS AGREEMENT. THIS AGREEMENT IS A SERVICE AGREEMENT AND THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE SHALL NOT APPLY TO IT.

12. **Assignment.** Sponsor Bank acknowledges and agrees that it may not transfer or assign its rights under this Agreement without the prior written consent of FDR.

13. **Notice.** All notices which either party may be required or desire to give to the other party shall be in writing and shall be given by personal service, telecopy, registered mail or Customer mail (or its equivalent), or overnight courier to the other party at its respective address or telecopy telephone number set forth below. Mailed notices and notices by overnight courier shall be deemed to be given upon actual receipt by the party to be notified. Notices delivered by telecopy shall be confirmed in writing by overnight courier and shall be deemed to be given upon actual receipt by the party to be notified.

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If to FDR:

First Data Resources Inc.
10825 Farnam Drive
Omaha, Nebraska 68154
Attn: President
Telecopy Number: 402-222-7334

With a copy to:

First Data Resources Inc.
10825 Farnam Drive
Omaha, Nebraska 68154
Attn: General Counsel
Telecopy Number: 402-222-7700

If to Sponsor Bank:

With a copy to:

FDR and Sponsor Bank will send a copy of any and all notices pertaining to this Agreement to Customer at the following address:

NBO Systems, Inc.
3676 West California Avenue, Building D
Salt Lake City, Utah 84104
Attn: CEO
Telecopy Number: 801-973-4188

A party may change its address or addresses set forth above by giving the other party notice of the change in accordance with the provisions of this section.

14. **Entire Agreement.** This Agreement, along with the Service Agreement, sets forth the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings among the parties with respect to the subject matter hereof. This Agreement may not be amended except in a writing signed by authorized officers of each of the parties hereto. This Agreement is entered into solely for the benefit of FDR and Sponsor Bank and shall not confer any rights upon any Person not a party to this Agreement.

15. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

16. **Governing Law.** This Agreement shall be governed by the laws of the State of Nebraska without giving effect to principles of choice of law thereof

IN WITNESS WHEREOF, the parties to this Agreement have caused it to be executed by their duly authorized officers as of the day and year first written above.

[SPONSOR BANK]

By: _____

Title: _____

FIRST DATA RESOURCES INC.

By: _____

Title: _____

EXHIBIT C - ATTACHMENT 1

DEFINITIONS

"**AAA**" is defined Attachment 2.

"**Acquirer**" means a Person which has an arrangement with a Merchant to obtain Transaction Card Tickets from the Merchant and present the Transaction Card Tickets through an Interchange to an Issuer.

"**Arbitration Demand**" is defined in Attachment 2.

"**Basic Qualifications**" is defined in Exhibit C Attachment 2.

"**Cardholder**" means a Person which has a Cardholder Account with an Issuer.

"**Cardholder Account**" means an arrangement between a Person and an Issuer which provides that the Person may use one or more Transaction Cards issued by such Issuer. The term "Account" in no manner implies a banking relationship between the Customer and the Cardholder/endorser/end user, or the like.

"**Daily Amount**" is defined in Section 4(b).

"**Dispute**" is defined in Section 9.

"**Disputing Party**" is defined in Attachment 2.

"**FDR's Proprietary Information**" is defined in Section 8(b).

"**FDR Settlement Rules**" means the policies, rules and procedures adopted by FDR from time to time in effect from time to time to provide for the payment of amounts due as the result of Interchange Settlement (including the FDR user manual related to settlement which is in effect from time to time).

"**FDR System**" means the computer equipment, computer software and related equipment and documentation used at any time and from time to time by FDR to provide Transaction processing and related services.

"**Indemnified Party**" is defined in Section 7.

"**Indemnifying Party**"

is defined in Section 7.

"**Insolvency Event**" occurs, with respect to any party, when such party: (i) is dissolved, becomes insolvent, generally fails to pay or admits in writing its inability generally to pay its debts as they become due; (ii) makes a general assignment, arrangement, or composition agreement with or for the benefit

of its creditors; or (iii) files a petition in bankruptcy or institutes any action under federal or state law for the relief of debtors or seeks or consents to the appointment of an administrator, receiver, custodian, or similar official for the wind up of its

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business (or has such a petition or action filed against it and such petition action or appointment is not dismissed or stayed within thirty (30) days).

"Interchange" means the contracts, agreements, rules, regulations and procedures governing the relationships between, or the actions in accordance with the contracts, agreements, rules, regulations and procedures by, any two or more Persons in connection with Interchange Settlement.

"Interchange Settlement" means the process by which FDR, on behalf of Sponsor Bank (i) facilitates payment for Transaction Card Tickets presented by Acquirers, (ii) directs the payments for Transaction Card Tickets to Issuers, and (iii) arranges for the remittance of and receives payments for, chargebacks and other Interchange fees and expenses payable by Sponsor Bank.

"Issuer" means a Person that has a Cardholder Account with a Cardholder. "MasterCard" means MasterCard International, Inc., and its successors and assigns.

"Merchant" means any provider of goods and/or services that accepts Transaction Cards as a payment vehicle.

"Net Settlement Amount" means the net dollar amount for each business day of FDR of all (a) transactions processed for Sponsor Bank for the day determined in accordance with the applicable rules of MasterCard, VISA and the FDR Settlement Rules, (b) Interchange Fees and expenses relating to Sponsor Bank, and (c) account expenses including overdraft charges, activity charges, wire transfer fees and other charges relating to Sponsor Bank.

"Person" means any general partnership, limited partnership, corporation, limited liability company, bank or other financial institution, joint venture, trust, business trust, governmental agency, cooperative, association, individual or other entity, and the heirs, executors, administrators, legal representatives, successors and assigns of such Person as the context may require.

"Settlement Account" is defined in Section 4(a).

"Settlement Late Payment Fee" is defined in Section 4(e).

"Settlement System" is defined in Section 4(a).

"Sponsor Bank's Proprietary Information" is defined in Section 8(a).

"Term" shall mean the period from the Effective Date until the expiration or termination of this Agreement.

"Transaction" means the purchase by a Cardholder of goods and/or services from a Merchant by use of a Transaction Card and/or any Cardholder obtaining a cash advance from a Merchant.

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"Transaction Card" means a Card issued pursuant to a license from VISA or MasterCard or other card issuing organization for which FDR currently provides service support.

"Transaction Card Ticket" means a record (whether paper, magnetic, electronic or otherwise) which is created to evidence the use of a Transaction Card as payment for goods, services, cash advances or otherwise or for credit or refund or otherwise.

"Visa" means, individually or collectively, as appropriate, VISA U.S.A., Inc., and/or VISA International, Inc., and either of their successors or assigns.

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EXHIBIT C - ATTACHMENT 2

ARBITRATION

Arbitration

(a) If the parties are unable to resolve any Dispute as contemplated by Section 9 of this Agreement, such Dispute shall be submitted to mandatory and binding arbitration at the election of either party (the "Disputing Party"). Except as otherwise provided in Attachment 2, the arbitration shall be pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "AAA").

(b) To initiate the arbitration, the Disputing Party shall notify the other party in writing (the "Arbitration Demand"), which shall (i) describe in reasonable detail the nature of the Dispute, (ii) state the amount of the claim, (iii) specify the requested relief and (iv) name an arbitrator who (A) has been licensed to practice law in the U.S. for at least ten years, (B) is not then an employee of Sponsor Bank or FDR or an employee of an affiliate of either, and (C) is experienced in representing clients in connection with commercial agreements (the "Basic Qualifications"). Within fifteen (15) days after the other party's receipt of the Arbitration Demand, such other party shall file, and serve on the Disputing Party, a written statement (i) answering the claims set forth in the Arbitration Demand and including any affirmative defenses of such party; (ii) asserting any counterclaim, which shall (A) describe in reasonable detail the nature of the Dispute relating to the counterclaim, (B) state the amount of the counterclaim, and (C) specify the requested relief; and (iii) naming a second arbitrator satisfying the Basic Qualifications. Promptly, but in any event within fifteen (15) days thereafter, the two arbitrators so named will select a third neutral arbitrator from a list provided by the AAA of potential arbitrators who satisfy the Basic Qualifications and who have no past or present relationships with the parties or their counsel, except as otherwise disclosed in writing to and approved by the parties. The arbitration will be heard by a panel of the three arbitrators so chosen (the "Arbitration Panel"), with the third arbitrator so chosen serving as the chairperson of the Arbitration Panel. Decisions of a majority of the members of the Arbitration Panel shall be determinative.

(c) The arbitration hearing shall be held in such neutral location as the parties may mutually agree. The Arbitration Panel is specifically authorized to render partial or full summary judgment as provided for in the Federal Rules of Civil Procedure. In the event summary judgment or partial summary judgment is granted, the non-prevailing party may not raise as a basis for a motion to vacate an award that the Arbitration Panel failed or refused to consider evidence bearing on any dismissed claim or issue. The Federal Rules of Evidence shall apply to the arbitration hearing. The party bringing a particular claim or asserting an affirmative defense will have the burden of proof with respect thereto. The arbitration proceedings and all testimony, filings, documents and information relating to or presented during the arbitration proceedings shall be deemed to be information subject to the confidentiality provisions of this Agreement. The Arbitration Panel will have no power or authority, under the Commercial Arbitration Rules of the AAA or otherwise, to relieve the parties from their agreement hereunder

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to arbitrate or otherwise to amend or disregard any provision of this Agreement, including, without limitation, the provisions of this Attachment 2.

(d) Should an arbitrator refuse or be unable to proceed with arbitration proceedings as called for by this Attachment 2, the arbitrator shall be replaced by the party who selected such arbitrator, or if such arbitrator was selected by the two party-appointed arbitrators, by such two party-appointed arbitrators selecting a new third arbitrator in accordance with Attachment 2. Each such replacement arbitrator shall satisfy the Basic Qualifications. If an arbitrator is replaced pursuant to this paragraph (d) after the arbitration hearing has commenced, then a rehearing shall take place in accordance with the provisions of Attachment 2 and the Commercial Arbitration Rules of the AAA.

(e) At the time of granting or denying a motion for summary judgment as provided for in (c) and within fifteen (15) days after the closing of the arbitration hearing, the Arbitration Panel shall prepare and distribute to the parties a writing setting forth the Arbitration Panel's finding of facts and conclusions of law relating to the Dispute, including the reasons for the giving or denial of any award. The findings and conclusions and the award, if any, shall be deemed to be information subject to the confidentiality provisions of this Agreement.

(f) The Arbitration Panel is instructed to schedule promptly all discovery and other procedural steps and otherwise to assume case management initiative and control to effect an efficient and expeditious resolution of the Dispute. The Arbitration Panel is authorized to issue monetary sanctions against either party if, upon a showing of good cause, such party is unreasonably delaying the proceeding.

(g) Any award rendered by the Arbitration Panel will be final, conclusive and binding upon the parties and any judgment hereon may be entered and enforced in any court of competent jurisdiction.

(h) Each party will bear one-half of all fees, costs and expenses of the arbitrators, and notwithstanding any law to the contrary, each party will bear all the fees, costs and expenses of its own attorneys, experts and witnesses; provided, however, that in connection with any judicial proceeding to compel arbitration pursuant to this Agreement or to confirm, vacate or enforce any award rendered by the Arbitration Panel, the prevailing party in such a proceeding will be entitled to recover reasonable attorneys' fees and expenses incurred in connection with such proceeding, in addition to any other relief to which it may be entitled.

Judicial Procedure

. Nothing in this Attachment 2 shall be construed to prevent any party from seeking from a court a temporary restraining order or other temporary or preliminary relief pending final resolution of a Dispute pursuant to this Attachment 2.

Federal Arbitration Act

. The parties acknowledge and agree that performance of the obligations under this contract necessitates the use of instrumentalities of interstate commerce and, notwithstanding other general choice of law provisions in this Agreement, the parties agree that the Federal Arbitration Act shall govern and control with respect to relevant provisions of this Attachment 2.

EXHIBIT D**ARBITRATION****Arbitration**

(a) If the parties are unable to resolve any Dispute as contemplated by Section 4.1 of this Agreement, such Dispute shall be submitted to mandatory and binding arbitration at the election of either party (the "Disputing Party"). Except as otherwise provided in this Exhibit D, the arbitration shall be pursuant to the Commercial Arbitration Rules of the American Arbitration Association (the "AAA").

(b) To initiate the arbitration, the Disputing Party shall notify the other party in writing (the "Arbitration Demand"), which shall (i) describe in reasonable detail the nature of the Dispute, (ii) state the amount of the claim, (iii) specify the requested relief and (iv) name an arbitrator who (A) has been licensed to practice law in the U.S. for at least ten years, (B) is not then an employee of Customer or FDR or an employee of an Affiliate of either and (C) is experienced in representing clients in connection with commercial agreements (the "Basic Qualifications"). Within fifteen (15) days after the other party's receipt of the Arbitration Demand, such other party shall file, and serve on the Disputing Party, a written statement (i) answering the claims set forth in the Arbitration Demand and including any affirmative defenses of such party; (ii) asserting any counterclaim, which shall (A) describe in reasonable detail the nature of the Dispute relating to the counterclaim, (B) state the amount of the counterclaim and (C) specify the requested relief, and (iii) naming a second arbitrator satisfying the Basic Qualifications. Promptly, but in any event within fifteen (15) days thereafter, the two arbitrators so named will select a third neutral arbitrator from a list provided by the AAA of potential arbitrators who satisfy the Basic Qualifications and who have no past or present relationships with the parties or their counsel, except as otherwise disclosed in writing to and approved by the parties. The arbitration will be heard by a panel of the three arbitrators so chosen (the "Arbitration Panel"), with the third arbitrator so chosen serving as the chairperson of the Arbitration Panel. Decisions of a majority of the members of the Arbitration Panel shall be determinative.

(c) The arbitration hearing shall be held in such neutral location as the parties may mutually agree. The Arbitration Panel is specifically authorized to render partial or full summary judgment as provided for in the Federal Rules of Civil Procedure. In the event summary judgment or partial summary judgment is granted, the non-prevailing party may not raise as a basis for a motion to vacate an award that the Arbitration Panel failed or refused to consider evidence bearing on any dismissed claim or issue. The Federal Rules of Evidence shall apply to the arbitration hearing. The party bringing a particular claim or asserting an affirmative defense will have the burden of proof with respect thereto. The arbitration proceedings and all testimony, filings, documents and information relating to or presented during the arbitration proceedings shall be deemed to be information subject to the confidentiality provisions of this Agreement. The Arbitration Panel will have no power or authority, under the Commercial Arbitration Rules of the AAA or otherwise, to relieve the parties from their agreement hereunder

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to arbitrate or otherwise to amend or disregard any provision of this Agreement, including, without limitation, the provisions of this Exhibit D.

(d) Should an arbitrator refuse or be unable to proceed with arbitration proceedings as called for by this Exhibit D, the arbitrator shall be replaced by the party who selected such arbitrator, or if such arbitrator was selected by the two party-appointed arbitrators, by such two party-appointed arbitrators selecting a new third arbitrator in accordance with Exhibit D. Each such replacement arbitrator shall satisfy the Basic Qualifications. If an arbitrator is replaced pursuant to this paragraph (d) after the arbitration hearing has commence, then a rehearing shall take place in accordance with the provisions of this Exhibit D and the Commercial Arbitration Rules of the AAA.

(e) At the time of granting or denying a motion for summary judgment as provided for in (c) and within fifteen (15) days after the closing of the arbitration hearing, the Arbitration Panel shall prepare and distribute to the parties a writing setting forth the Arbitration Panel's finding of facts and conclusions of law relating to the Dispute, including the reasons for the giving or denial of any award. The findings and conclusions and the award, if any, shall be deemed to be information subject to the confidentiality provisions of this Agreement.

(f) The Arbitration Panel is instructed to schedule promptly all discovery and other procedural steps and otherwise to assume case management initiative and control to effect an efficient and expeditious resolution of the Dispute. The Arbitration Panel is authorized to issue monetary sanctions against either party if, upon a showing of good cause, such party is unreasonably delaying the proceeding.

(g) Any award rendered by the Arbitration Panel will be final, conclusive and binding upon the parties and any judgment hereon may be entered and enforced in any court of competent jurisdiction.

(h) Each party will bear one-half of all fees, costs and expenses of the arbitrators, and notwithstanding any law to the contrary, each party will bear all the fees, costs and expenses of its own attorneys, experts and witnesses; provided, however, that in connection with any judicial proceeding to compel arbitration pursuant to this Agreement or to confirm, vacate or enforce any award rendered by the Arbitration Panel, the prevailing party in such a proceeding will be entitled to recover reasonable attorneys' fees and expenses incurred in connection with such proceeding, in addition to any other relief to which it may be entitled.

Judicial Procedure

. Nothing in this Exhibit D shall be construed to prevent any party from seeking from a court a temporary restraining order or other temporary or preliminary relief pending final resolution of a Dispute pursuant to this Exhibit D.

Federal Arbitration Act

. The parties acknowledge and agree that performance of the obligations under this contract necessitates the use of instrumentalities of interstate commerce and, notwithstanding other general choice of law provisions in this Agreement, the parties agree that the Federal Arbitration Act shall govern and control with respect to relevant provisions of this Exhibit D.

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EXHIBIT E

INDEMNIFICATION

Customer's Indemnification

. Customer shall indemnify and hold harmless FDR and its directors, officers, employees, agents and affiliates from and against any and all third party claims, liabilities, losses and damages (including reasonable attorney fees, expert witness fees, expenses and costs of settlement) arising out of or with respect to this Agreement, to the extent that the claim, liability, loss or damage is caused by, relates to or arises out of (a) the breach by Customer of any of its duties or obligations under this Agreement or the breach by any Sponsor Bank of any duties or obligations under a Sponsor Bank Agreement or (b) a claim or action against FDR for any actual or alleged infringement of any patent, copyright, trade secret or other proprietary rights of any person in connection with (i) the development of software or systems to support an enhancement requested by Customer or Sponsor Bank using designs or specifications provided by Customer or Sponsor Bank in connection with the production by FDR of cards, statements or other items for Customer or Sponsor Bank using artwork, designs or concepts provided by Customer, (ii) any components of a smart card or chip card personalized or otherwise processed by FDR on behalf of Customer or Sponsor Bank or (iii) if all or part of the FDR System may be used in either a way that does not infringe a business method patent or other proprietary rights of a third party or in a way that does infringe such right, any claim alleging infringement by the FDR System due to the way Customer or Sponsor Bank chooses to configure the FDR System.

Customer shall not have any obligation to indemnify FDR against any claim, liability, loss or damage FDR or its directors, officers, employees, agents or affiliates may suffer arising solely out of FDR's negligent performance of any of the services provided under this Agreement.

FDR's Indemnification

. FDR shall indemnify Customer and its directors, officers, employees and agents from and against any and all third party claims, liabilities, losses or damages (including reasonable attorney fees, expert witness fees, expenses and costs of settlement) arising out of or with respect to this Agreement to the extent that the claim, liability, loss or damage is caused by, relates to or arises out of (a) the breach by FDR of any of its duties or obligations under this Agreement or (b) a claim or action against Customer for actual or alleged infringement of any patent, copyright, trade secret or other proprietary rights of any person by the FDR System or any part thereof, except to the extent such claim is caused by or relates to (i) Customer's failure to use the FDR System as permitted under this Agreement, (ii) Customer's use of the FDR System in combination with other software or systems not expressly authorized by FDR, (iii) the development of software by FDR to support an enhancement requested by Customer using designs or specifications provided by Customer or the production by FDR of cards, statements or other items for Customer using artwork, designs or concepts provided by Customer, (iv) any component of a smart card or chip card personalized or otherwise processed by FDR on behalf of Customer or (v) if all or part of the FDR System may be used in either a way that does not infringe a business method patent or other proprietary rights of a third party or in a way that does infringe such right, any claim alleging infringement by the FDR System due to the way Customer chooses to configure the FDR System. The provisions of this paragraph shall not be applicable in the case of such liability, claim, demand or dispute that

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arises out of negligence or willful misconduct of Customer or Sponsor Bank, their assigns or their respective agents or employees.

Notification

. In the event a claim, suit or proceeding by a third party for which indemnification may be available under this Agreement is made or filed against a party or any Entity, the party against which the claim, suit or proceeding is made (the "Indemnified Party"), shall promptly notify the other party (the "Indemnifying Party") in writing of the claim, suit or proceeding. The Indemnifying Party, within thirty (30) days, or such shorter period as is required to avoid any prejudice in the claim, suit or proceeding, after the notice, may elect to defend, compromise, or settle the third party claim, suit or proceeding at its expense. In any third party claim, suit or proceeding which the Indemnifying Party has elected to defend, compromise or settle, the Indemnifying Party shall not after the election be responsible for the expenses, including counsel fees, of the Indemnified Party but the Indemnified Party may participate therein and retain counsel at its own expense. In any third party claim, suit or proceeding the defense of which the Indemnifying Party shall have assumed, the Indemnified Party will not consent to the entry of any judgment or enter into any settlement with respect to the matter without the

consent of the Indemnifying Party and the Indemnified Party will not consent to the entry of any judgment or enter into any settlement affecting the Indemnified Party to the extent that the judgment or settlement involves more than the payment of money without the written consent of the Indemnified Party. The Indemnified Party shall provide to the Indemnifying Party all information, assistance and authority reasonably requested in order to evaluate any third party claim, suit or proceeding and effect any defense, compromise or settlement.

Claims Period

. Any claim for indemnification under this Agreement must be made prior to the earlier of:

- (a) One year after the party claiming indemnification becomes aware of the event for which indemnification is claimed, or
- (b) One year after the earlier of the termination of this Agreement or the expiration of the Term.

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EXHIBIT F

SERVICE LEVELS

I. **Service Levels.** FDR shall perform Services at the following service levels (each a "Service Level").

(1) Telephone Customer Service Response Time - Not less than 80% of all incoming calls answered will be answered within thirty (30) seconds. (This service level will be effective commencing sixty (60) days following the date on which FDR first begins performing telephone customer service pursuant to this Agreement.)

Forecasting

(a) For purposes of the Telephone Customer Service Service Level above (the "Service Level"), Customer shall provide FDR with a rolling ninety (90) day estimated forecast of inbound calls to be handled by FDR. Additionally, Customer will provide FDR a thirty (30) day estimated daily forecasted volume of incoming Cardholder calls by half-hour intervals at least forty-five (45) days prior to the applicable month. If a thirty (30) day daily forecast is not provided by Customer at least forty-five (45) days in advance, the previous month's actual daily call volume will be used as the final thirty (30) day daily forecast for the applicable calendar month. The final forecast will be used for the purposes of Service Level qualification and the minimum monthly fee calculation.

(b) If the actual daily volume of incoming calls on any day varies from that day's forecasted daily volume by more than five percent (5%), or if the actual volume of incoming calls on a per half-hour interval basis varies from the forecasted volume for the applicable half-hour interval by more than ten percent (10%), FDR's performance for the applicable day or applicable half-hour, respectively, shall be excluded from the monthly or daily calculation of FDR's performance relative to the Service Level.

(c) In the event that the current monthly call volume forecast exceeds the previous month's actual call volume by ten percent (10%) or more, the Service Level shall be inapplicable for the entire calendar month. Additionally, if the actual daily call volume received varies by more than ten percent (10%) from that day's forecasted volume for ten (10) or more days within a calendar month, the Service Level shall be inapplicable for the entire calendar month.

(d) In the event that the monthly actual call volume received is less than ninety percent (90%) of the final forecasted monthly volume, Customer will be assessed fees equal to the difference of fees generated by the actual call volume received and fees that would have been generated by ninety percent (90%) of the forecasted volume multiplied by the actual average

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monthly handle time per call multiplied by the applicable price per handle minute set forth in Exhibit 'B'.

(2) Dispute/Chargeback Processing - FDR will complete the following functions in timeframes specified below.

Dispute Acknowledgment	100% within 30 days.
Representments*	100% of Representments Resolved within 60 days.
Disputes*	100% of Disputes Resolved within 90 days.

*Excludes international items

(3) Web Application Service Levels

The production Web Site will be available for inquiry 24 hours per day 7 days per week (excluding scheduled maintenance) 99.75% of the total minutes in the month.

(4) Authorization System Availability

The authorization on-line system will be available via primary, backup, or tertiary to respond to authorization inquiries 24 hours per day, 7 days per week for at least 99.75% of the total minutes in the month.

Applications not supported on the backup or tertiary authorization on-line systems are excluded from this measurement. This includes Address Verification Service (AVS), Card Activation, Instant Credit, Hot Calls, Lost/Stolen, Warning Bulletins, referral memory, name match, REF referral queue, batch auths, and ODS authorization RPC.

(5) On-Line System Availability

The time the production on-line system is available for clients to access cardholder/merchant information on line.

The production on-line system will be available for inquiry and update 24 hours per day, 7 days per week (excluding nightly batch processing and scheduled maintenance) 99.75% of the total minutes in the month.

Note: ODS on-line regions (availability) are included in this measure.

(6) Embossing Accuracy

Accuracy is defined as the correct processing of information from the Cardholder system to create the plastic. The card carrier will be printed on the correct form and include the correct inserts and envelopes. A mailing piece will be counted as an error if the Cardholder reports one or more identified problems with it to FDR.

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Plastics embossed and mailed to the Cardholder are accurate for 99.5% of all items.

(7) Embossing Daily Plastics Orders - Three-Day Turnaround - Timeliness

Three-Day Turnaround - Cardholder embossing orders entered electronically will be mailed within three business days for 95.0% of each month's volume; 100% of the month's volume will be mailed by day 4.

Holds and plastic destruction requests by the Customer are excluded from this standard.

(8) Embossing Rush Special Requests Orders Timeliness

Cardholder embossing orders entered electronically will be mailed within one business day following cycle for 99.0% of each month's volume and within two business days following cycle for 100% of each month's volume.

Plastic holds and destruction requests by the client are excluded from this standard.

(9) Postings, Monetary

Monetary transactions entered on-line or files received in the FDR Data Center by 6:00 PM CTZ will be processed in that night's production processing cycle for 100% of the production cycles for the month. Designated holidays are exempt.

Excluded from this measurement are Batch Auths, which will have a separate standard and Electronic Ticket Capture (ETC) which has a product defined cut-off.

If any monetary file volume exceeds one million transactions, the client must notify FDR at least three hours prior to the designated cut-off time of the files transmission. The transmission must be received in the FDR Data Center at least 1.5 hours prior to the normal cut-off time for the file to be processed in that night's production processing cycle.

Physical tapes must be received in the Input/Output Control area thirty minutes prior to the designated cut-off time.

Files received from the client with client-caused issues (e.g. out of balance or invalid fields/transactions) which prohibit processing in that night's production processing cycle are excluded from this performance standard.

Non-monetary transactions entered on-line or files received in the FDR Data Center by 5:00 PM CTZ will be processed in that night's production processing cycle for 95% of the production cycles for the month and by the next night's production processing cycle for 100% of the production cycles for the month. Designated holidays are exempt.

If any non-monetary file volume exceeds one million transactions, the client must notify FDR at least three hours prior to the designated cut-off time of the files transmission.

The transmission must be received in the FDR Data Center at least 1.5 hours prior to the normal cut-off time for the file to be processed in that night's production processing cycle.

Physical tapes must be received in the Input/output Control area thirty minutes prior to the designated cut-off time.

II. Remedies for Failed Performance

(1) FDR will pay Customer [* * *] for each of the sixth (6th), seventh (7th) and eighth (8th) failed Service Levels that occur in a calendar month.

(2) FDR will pay Customer [* * *] for each of the ninth (9th) and tenth (10th) failed Service Levels that occur in a calendar month.

(3) If FDR fails any single Service Levels for three (3) consecutive months, then FDR will pay Customer [* * *].

(4) Termination. If FDR fails six (6) or more Service Levels for each of four (4) consecutive months, then Customer may terminate this Agreement by giving FDR written notice of the Service Level failures, identifying each of the failures and the months in which they occurred, within ninety (90) days after the last Service Level failure.

SPONSOR BANK AGREEMENT

This Sponsor Bank Agreement (this "Agreement") is entered into as of this 1st day of April, 2003 (the "Effective Date"), between BANKFIRST (the "Sponsor Bank") and First Data Resources Inc. ("FDR"). Capitalized terms used and not otherwise defined in this Agreement shall have the meaning given in the service agreement dated as of December 18, 1998, between FDR and Sponsor Bank, as amended (the "Processing Agreement").

1. **Sponsor Bank.** Sponsor Bank hereby agrees to act as a sponsor bank for certain Cardholder Accounts of NBO Systems, Inc. ("Customer"). These Cardholder Accounts of Customer are being processed by FDR pursuant to a Service Agreement dated as of April 1, 2003, between FDR and Customer, as amended (the "Service Agreement"). Sponsor Bank agrees that FDR is taking directions in connection with FDR's data processing and other services with respect to these Cardholder Accounts from Customer and not from Sponsor Bank. Sponsor Bank irrevocably designates Customer as Sponsor Bank's agent for purposes of giving instructions to FDR regarding use of data and other matters. Sponsor Bank shall not be responsible to FDR for payment of processing fees due to FDR by Customer pursuant to the Service Agreement whether or not those amounts are paid by Customer.

2. **Compliance.** (a) Sponsor Bank agrees to comply with all federal, state and local laws and regulations, the operating rules, regulations and procedures promulgated by MasterCard and VISA from time to time and the FDR Settlement Rules adopted by FDR from time to time.

(b) FDR shall comply with all federal, state and local laws and regulations, the operating rules, regulations and procedures promulgated by MasterCard and VISA to the extent applicable to FDR as a third party provider of data processing services.

3. **Term and Termination.** (a) This Agreement shall be effective as of the Effective Date, and shall remain in effect until the earlier of (i) the expiration or termination of the Service Agreement, or (ii) the termination of Sponsor Bank's relationship with Customer, at which time, this Agreement shall automatically terminate (the "Term").

(b) Notwithstanding the foregoing, FDR shall have the right to terminate this Agreement under any of the following conditions:

(i) immediately upon notice to Sponsor Bank upon the failure by Sponsor Bank to be a member, or failure by Sponsor Bank otherwise to maintain good standing with, either VISA or MasterCard, as applicable, at any time during the Term;

(ii) the occurrence of an Insolvency Event with respect to the Sponsor Bank;

(iii) immediately upon notice to Sponsor Bank if FDR has been required by a governmental or regulatory body or agency or by VISA or MasterCard to terminate settlement on behalf of Sponsor Bank;

(iv) if Sponsor Bank fails to pay any Daily Amount when required as provided in this Agreement and does not cure the failure within four (4) hours after written notice of the failure or immediately without notice if FDR has the right more than three times in any twelve month period to give notice under this paragraph whether or not the notice is given;

(v) upon twenty-four (24) hours notice by FDR if FDR has terminated Interchange Settlement of transactions on behalf of Sponsor Bank in accordance with the terms and conditions described in Section 12.7 of the Processing Agreement; or

(vi) if Sponsor Bank fails to pay any amount due under this Agreement (other than a Daily Amount) within fifteen (15) days after written notice to Sponsor Bank of its failure to pay the amount.

(c) Upon expiration or termination of this Agreement, FDR shall have no further obligation to settle with Sponsor Bank and all outstanding unpaid amounts, due and owing to FDR shall become immediately due and payable. Termination of this Agreement shall not affect the following:

(i) any obligation or liability owing or which becomes owing under this Agreement whether the obligations arise prior to or after the date of termination, including the obligations to make the payments provided in this Agreement, including payments in accordance with the terms and conditions described in Section 12.11 of the Processing Agreement;

(ii) the provisions of Sections 4(b), 5, 6, 7, 8, 9 and 11 of this Agreement; or

(iii) Sponsor Banks obligations in accordance with the terms and conditions described in Section 12.11 of the Processing Agreement.

4. **Settlement.** (a) Sponsor Bank and FDR each agree to handle and settle Interchange Settlement with respect to Visa or MasterCard transactions relating to the Cardholder Accounts of Customer in accordance with the terms and conditions described in Article 12 of the Processing Agreement,

(b) Sponsor Bank will notify FDR in writing at least one hundred twenty (120) days prior to any transfer or closing of all Cardholder Accounts of Customer on the FDR System associated with a BIN or ICA belonging to Sponsor Bank or the redirection of any BIN or ICA by Sponsor Bank to another processing system. Such notice shall include an instruction to FDR to initiate a systematic removal from the FDR System of account information associated with that BIN or ICA, which Customer shall be obligated to pay for in accordance with the Service Agreement. Sponsor Bank will

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comply with all rules, regulations and policies of MasterCard and VISA with respect to removal or deletion of unused or abandoned BINS or ICAs. In the event that Sponsor Bank fails to comply with such rules, regulations and policies, or fails to provide the foregoing notice to FDR, Sponsor Bank hereby authorizes FDR, as its agent, to (i) request MasterCard or VISA to delete the BIN or ICA, and (ii) remove all account information associated with the BIN or ICA from the FDR System at Customer's expense, in accordance with the Service Agreement. Sponsor Bank shall be responsible, and will reimburse FDR, for any loss, expense or other cost associated with or arising from abandoned or unused BINs and ICAs, including trailing activity, fraudulent use or other similar costs.

5. **Separate Actions.** Sponsor Bank agrees that separate action or actions may be brought by FDR against Sponsor Bank, whether action is brought separately against or through Customer or whether Customer and FDR join in any such action or actions. Sponsor Bank waives any right to require FDR to proceed against Customer, and Sponsor Bank waives any defense arising by reason of any disability or other defense of Customer or by reason of the cessation from any cause whatsoever of the liability of Customer.

6. **Limitation on Liability.** FDR's cumulative liability to Sponsor Bank for any loss or damage, direct or indirect, for any cause whatsoever arising out of or related to the Service Agreement or this Agreement with respect to claims (whether third-party claims, indemnity claims or otherwise) relating to events in any calendar year shall not under any circumstances exceed one hundred thousand dollars (\$100,000). In addition, the cumulative liability of FDR in any calendar year to Sponsor Bank and Customer in the aggregate shall not exceed the amount of Processing Fees (as defined in the Service Agreement) paid to FDR by Customer pursuant to the Service Agreement for services performed during the immediately preceding calendar year. IN NO EVENT SHALL FDR BE LIABLE UNDER ANY THEORY FOR ANY LOST PROFITS, EXEMPLARY, PUNITIVE, SPECIAL, INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES.

7. **Indemnification.** (a) Sponsor Bank shall indemnify and hold harmless FDR and its directors, officers, employees, agents and affiliates from and against any and all third party claims, liabilities, losses and damages (including reasonable attorney fees, expert witness fees, expenses and costs of settlement) arising out of or with respect to this Agreement, to the extent that the claim, liability, loss or damage is caused by, relates to or arises out of the breach by Sponsor Bank of any of its duties or obligations under this Agreement.

(b) Subject to the provisions of Article 6, FDR shall indemnify and hold harmless Sponsor Bank and its directors, officers, employees and agents from and against any and all third party claims, liabilities, losses or damages (including reasonable attorney fees, expert witness fees, expenses and costs of settlement) arising out of or with respect to this Agreement to the extent that the claim, liability, loss or damage is caused by, relates to or arises out of the breach by FDR of any of its duties or obligations under this Agreement.

(c) Any claim for indemnification under this Agreement must be made prior to the earlier of:

(i) one year after the party claiming indemnification becomes aware of the event for which indemnification is claimed, or

(ii) one year after the end of the Term.

8. **Confidentiality.** Sponsor Bank and FDR each agree to handle and safeguard the proprietary information of Sponsor Bank and FDR disclosed in connection with this Agreement in accordance with the terms and conditions described in Article 10 of the Processing Agreement.

9. **Informal Dispute Resolution.** Sponsor Bank and FDR each agree to handle any controversy or claim with respect to this Agreement in accordance with the terms and conditions described in Sections 13.13 through 13.16 of the Processing Agreement.

11. **Disclaimer.** FDR SPECIFICALLY DISCLAIMS ALL WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARISING OUT OF OR RELATED TO THIS AGREEMENT. THIS AGREEMENT IS A SERVICE AGREEMENT AND THE PROVISIONS OF THE UNIFORM COMMERCIAL CODE SHALL NOT APPLY TO IT.

12. **Assignment.** Sponsor Bank acknowledges and agrees that it may not transfer or assign its rights under this Agreement without the prior written consent of FDR.

13. **Notice.** All notices which either party may be required or desire to give to the other party shall be in writing and shall be given by personal service, telecopy, registered mail or certified mail (or its equivalent), or overnight courier to the other party at its respective address or telecopy telephone number set forth below. Mailed notices and notices by overnight courier shall be deemed to be given upon actual receipt by the party to be notified. Notices delivered by telecopy shall be confirmed in writing by overnight courier and shall be deemed to be given upon actual receipt by the party to be notified.

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If to FDR:	With a copy to:
First Data Resources Inc. 10825 Farnam Drive Omaha, Nebraska 68154 Attn: President Telecopy Number: 402-222-7334	First Data Resources Inc. 10825 Farnam Drive Omaha, Nebraska 68154 Attn: General Counsel Telecopy Number: 402-222-7700
If to Sponsor Bank:	With a copy to:
BANKFIRST 2600 W. 49th St. Sioux Falls, SD 57105 Attn: George Lund Telecopy Number: 605-361-2111	BANKFIRST 2600 W. 49th St. Sioux Falls, SD 57105 Attn: Brad Hanson Telecopy Number: 605-782-3804

FDR and Sponsor Bank will send a copy of any and all notices pertaining to this Agreement to Customer at the following address:

NBO Systems, Inc.
3676 West California Avenue, Building D
Salt Lake City, Utah 84104
Attn: CEO
Telecopy Number: 801-973-4188

A party may change its address or addresses set forth above by giving the other party notice of the change in accordance with the provisions of this section.

14. **Entire Agreement.** This Agreement, along with the Service Agreement, sets forth the entire understanding of the parties with respect to the subject matter hereof and supersedes all prior agreements or understandings among the parties with respect to the subject matter hereof. This Agreement may not be amended except in a writing signed by authorized officers of each of the parties hereto. This Agreement is entered into solely for the benefit of FDR and Sponsor Bank and shall not confer any rights upon any Entity not a party to this Agreement.

15. **Counterparts.** This Agreement may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

16. **Governing Law**. This Agreement shall be governed by the laws of the State of Nebraska without giving effect to principles of choice of law thereof.

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IN WITNESS WHEREOF, the parties to this Agreement have caused it to be executed by their duly authorized officers as of the day and year first written above.

BANKFIRST

By: /s/ [illegible]

Title: Senior Vice President

FIRST DATA RESOURCES INC.

By: /s/ Stephen T. Selzer

Title: EVP

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CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

CARD SPONSORSHIP AGREEMENT

The Card Sponsorship Agreement (the "Agreement") dated as of April 9, 2003, and is between NBO Systems, Inc whose address is 3676 W. California Ave. Bldg. D, Salt Lake City, Utah 84104 ("Client") and BANKFIRST, whose address is 2600 W. 49th Street, Sioux Falls, South Dakota 57105 ("Bank").

RECITALS

(a) Bank is a member of Visa / MasterCard and is in the business of issuing Cards and establishing Settlement Accounts for the settlement of Card transactions.

(b) Client intends to offer stored value cards, issued by Bank, to consumers as an alternative to credit cards, cash or checks.

NOW, THEREFORE,

in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I - DEFINITIONS

SECTION 1.1 Definitions

Except as otherwise specifically indicated, the following terms shall have the following meanings in this Agreement (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Card" means a pre-paid magnetic stripe-based stored value card issued by Bank to a Cardholder pursuant to this Agreement, used for the purchase of goods and services by accessing the available balance in a Cardholder Account through a System.

(b) "Cardholder" means (i) a person who is issued a Card, and (ii) uses the Card to originate a transaction.

(c) "Cardholder Account" means the stored value account which is associated with a Card, and includes the record of debits and credits with respect to transactions originated by a Cardholder.

(d) "Card Account Income" means all revenue received from a Cardholder including but not limited to interest income, transaction fees, balance inquiry fees, and other fees as specified in the Cardholder Agreement from time to time.

(e) "Cardholder Agreement" means the agreement between Bank and a Cardholder governing the terms and use of a Card.

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(f) "Governmental Requirements" means collectively all statutes, codes, ordinances, laws, regulations, rules, orders and decrees of all governmental authorities (including without limitation federal, state and local governments, governmental agencies and quasi-governmental agencies).

(g) "Graphic Standards" means all standards, policies, and other requirements adopted by a System from time to time with respect to use of its Marks.

(h) "Interchange or Interchange Fee" means the fee paid to the issuer of a Card by an acquiring financial institution for a transaction, as established by a System.

(i) "Mark" means the service marks and trademarks of a System and Bank, including but not limited to, the names and other distinctive marks or logos, which identify a System and Bank.

(j) "Membership" means the membership in a System and licensing rights thereto obtained by Bank.

(k) "Processing Services" means those services, which are necessary to issue a Card and process a transaction in accordance with the Rules of any System and Regulatory Authority. Such services shall include but not be limited to: set-up and maintenance of the Cardholder Account, transaction authorization, processing, clearing and Settlement, System access, Cardholder dispute resolution, System compliance, regulatory compliance, security and fraud control, and activity reporting.

(l) "Program" means any Card based system designed to provide an electronic means of providing access for stored value financial transactions utilizing a Settlement Account and when available, a specific list of Cardholders pursuant to this agreement.

- (m) "Program Revenues" means all Card Account Income and Interchange Fee revenues generated by or accruing under a Program.
- (n) "Regulation E means (i) the regulations, all amendments thereto and official interpretations thereof (12 C.F.R. Part 205) issued by the Board of Governors of the Federal Reserve System implementing Title IX (Electronic Funds Transfer Act) of the Consumer Credit Protection Act as amended (15 U.S.C. 1693 et. seq.), and (ii) the Electronic Funds Transfer Act and any amendments thereto.
- (o) "Regulation Z" means the regulations, all amendments thereto and official interpretations thereof (12 C.F.R., Part 226) issued by the Board of Governors of the Federal Reserve System.
- (p) "Regulatory Authority" means, as the context requires, any System; the State of South Dakota; the Federal Deposit Insurance Corporation; the Federal Reserve Board; and any Federal or state agency having jurisdiction over Bank or Client.

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(q) "Rules" means the by-laws and operating rules of any System, the published regulations of any Regulatory Authority, any Federal or State statutes, and the published policies and procedures of Bank, as promulgated by Bank's Board of Directors in good faith to ensure the continued safety and soundness of Bank.

(r) "Settlement" means the movement of funds between Bank and System members in accordance with the Rules.

(s) "Settlement Account" means the account maintained by Bank used for Settlement of all transactions initiated by use of a Card by or on behalf of a Cardholder.

(t) "System" means MasterCard, VISA, Cirrus, Plus, and/or any other card network system of transmitting Items and Settlement thereof.

ARTICLE II - GENERAL DESCRIPTION OF PROGRAMS

SECTION 2.1 Purpose

The purpose of this Program is to offer stored value VISA and/or MasterCard or Maestro cards, issued by Bank, as an alternative to traditional credit cards, cash and checks. It is designed to offer consumers a convenient and secure payment mechanism. The Cards may be used to pay for purchases, and other expenses that are allowed by law.

SECTION 2.2 Card Activation

Cards will be distributed in custom packing with several inserts including a Cardholder Agreement describing the program and card use. Cards will be activated at the point of distribution through a secure connection to the processor, using Client provided equipment.

ARTICLE III - DUTIES OF CLIENT

SECTION 3.1 Marketing

Client shall, from time to time, promote and market Cards to prospective customers. Except as may be agreed by the parties from time to time during the term of this Agreement, each party shall be responsible for its own costs and expenses associated with marketing of any Card under this Agreement. Client has no authority to use any Marks unless Bank is appropriately identified. Bank shall have the right to approve or disapprove of any marketing materials bearing Bank's name or any Mark prior to distribution or broadcast of such materials. Bank shall not delay or withhold its approval unreasonably.

SECTION 3.2 Implementation

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This Agreement sets forth the general terms and conditions applicable to all the Programs. Client will receive written approval from Bank prior to issuing Cards under various Programs. Bank reserves the right to refuse service to any consumer that, in its opinion, presents excessive financial or reputation risk.

SECTION 3.3 Printing of Cards and Cardholder Agreements

All Cards and Cardholder Agreements shall identify Bank as the issuer and include such other names and Marks as may be required to conform to Graphic Standards, Regulatory Authority and Rules. The design for the co-branded Card and Cardholder Agreement shall be subject to Bank's prior approval, which shall not be unreasonably withheld or delayed, and must comply with all applicable laws, regulations, and Rules.

SECTION 3.4 Accesses to Program Documents and Information

Bank shall have access to all information and documents it reasonably requests concerning the Client's prospects in order to issue prepaid cards.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF CLIENT

SECTION 4.1 Representations and Warranties

Client represents and warrants to Bank as follows:

- (a) This Agreement is valid, binding and enforceable against Client in accordance with its terms.
- (b) Client is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland and is authorized to do business in each state in which the nature of Client's activities makes such authorization necessary.
- (c) Client has the full power and authority to execute and deliver this Agreement and to perform all its obligations under this Agreement. The provisions of this Agreement and the performance by Client of its obligations under this Agreement are not in conflict with Client's Articles of Incorporation, bylaws or any other agreement, contract, lease or obligation to which Client is a party or by which it is bound.
- (d) Neither Client nor any principal of Client has been subject to the following:
 - (i) Criminal conviction (except minor traffic offenses and other petty offenses);
 - (ii) Federal or state tax lien;

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(iii) Administrative or enforcement proceedings commenced by the Securities and Exchange Commission, any state securities regulatory authority, Federal Trade commission, federal or state bank regulator, or any other state or federal regulatory agency or

(iv) Restraining order, decree, injunction, or judgment in any proceeding or lawsuit, alleging fraud or deceptive practice on the part of Client or any principal thereof.

For this subparagraph, the word "principal" shall include any person directly or indirectly owning ten percent (10%) or more of Client, any officer or director of the company, or any person actively participating in the control of Client's business.

(e) There is not pending or threatened against Client, any litigation or proceeding, judicial, tax or administrative, the outcome of which might materially adversely affect the continuing operations of Client. Attached to this Agreement is a list and brief description of all pending lawsuits in which Client is a party.

(f) Client has delivered to Bank complete and correct copies of its balance sheets and related statements of income and cash flow. Client's financial statements, subject to any limitation stated therein, which have been or which hereafter will be furnished to Bank to induce it to enter into this Agreement do or will fairly represent the financial condition of the company, and all, other information, reports and other papers furnished Bank will be, at the time the same are furnished, accurate and complete in all material respects and complete insofar as completeness may be necessary to give Bank a true and accurate knowledge of the subject matter. The financial statements are in accordance with the books and records of Client were prepared in accordance with generally accepted accounting principles ("GAAP") as in effect from time to time in the United States, as consistently applied, and in accordance with all pronouncements of the Financial Accounting Standards Board. The Bank will make available a standard financial package that it provides its key vendors in accordance with its other practices.

ARTICLE V - COVENANTS OF CLIENT

SECTION 5.1 Covenants

Client covenants and agrees with Bank as follows:

- (a) It will comply with all applicable laws, the Rules and any rules, orders and regulations issued by the Regulatory Authorities that relate to the matters and transactions contemplated by this Agreement.
- (b) It will promptly give written notice to Bank of any material adverse change in the business, properties, assets, operations or condition, financial or otherwise, of Client and any pending, or a threat of, litigation involving a sum of \$50,000 or more and of all tax deficiencies and other proceedings before governmental bodies or officials affecting

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(c) As soon as possible, and in any event within 90 days after the end of Client's fiscal year, commencing January 1, 2002, it will provide Bank with its audited balance sheets and related statements of income and cash flow and all notes and schedules thereto as of the end of such period.

(d) As requested, a summary of written consumer complaints received by Client, relating to the Card or its use, will be immediately referred to Bank. Such referral shall include the name and address of the complaining Cardholder(s) and a brief summary of the Cardholder's complaint(s).

(e) Client will not, without Bank's prior consent, solicit consumers using the BANKFIRST name or the approved Program name, through the use of any party who is not directly employed by and under the immediate supervision and control of Client and its affiliates.

ARTICLE VI - DUTIES OF BANK

SECTION 6.1 Sponsorship Certification and Administrative Fees

Client shall not be responsible for any annual membership fees relating to Bank Membership with any System.

SECTION 6.2 Memberships in System

Bank shall retain its Membership in System in good standing and shall abide in all material respects by all the rules and regulations applicable to Bank; provided, however, that Bank shall not be obligated to maintain such Membership. If Bank elects to terminate its membership in any System, or if a System elects to terminate Bank's Membership in spite of Bank's compliance with the applicable Rules, Bank shall give notice to Client as soon after it provides notice to or receives notice from the System according to the Rules. In the event of such termination, Bank will provide conversion assistance required to move Client program to another Bank.

SECTION 6.3 Notices

Bank shall deliver to Client a copy of all material notices or correspondence that it receives from any System, or any other third party, relating to this agreement, within five (5) business days of receipt of such notice or correspondence.

SECTION 6.4 Processing Services

Bank shall use the services of First Data Resources (FDR) to switch or process Card transactions. Bank will operate and provide services to Client in accordance with the Sponsor Bank Agreement between Bank and FDR dated April 1, 2003.

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ARTICLE VII - COMPENSATION AND EXPENSES

SECTION 7.1 Expenses of Bank

Bank shall be solely responsible for the following expenses:

Except as otherwise provided in this Agreement, all annual Membership fees related to Bank's license with and Membership in any System utilized by a Program, and any fees and penalties assessed by any such System or Regulatory Authority due to Bank's actions or of any third party retained by Bank.

SECTION 7.2 Compensation of Bank & Client

[* * *.]

Payments to Client will be made on the 30th day of each month for the prior month's revenues and will be net of any expenses due from Client.

SECTION 7.3 Expenses of Client

Client shall be solely responsible for the following:

- (a) Advertising and other expenses associated with the marketing of prepaid cards to its consumers or prospect base or any party under its control or any party for which it is providing services.
- (b) All fines and penalties assessed by any Regulatory Authority (other than Bank) due to Client's actions, inactions, or omissions.
- (c) All expenses associated with and losses from over limit processing, cardholder or value load fraud and under floor limit processing.
- (d) Client agrees to indemnify and hold harmless BANKFIRST for any fraud committed by non-Bank employees, Cardholders or others who may use Cards inappropriately or in violation of the Cardholder Agreement or any relevant laws, ordinances or statutes. Client will immediately transfer, or cause to be transferred, to the Funding Account the amount of any overdraft or unauthorized transaction with respect to a

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Card.

ARTICLE VIII - LIMITATION OF LIABILITY

SECTION 8.1 No Special Damages

Neither party shall be liable to the other for any special, indirect, incidental, consequential, punitive or exemplary damages, including, but not limited to, lost profits, even if such party has knowledge of the possibility of such damages provided, however, that the limitations set forth in this Section shall not apply to or in any way limit the indemnity obligations under this Agreement.

SECTION 8.2 Disclaimers of Warranties

Bank specifically disclaims all warranties of any kind, express or implied, arising out of or related to this Agreement, including without limitation, any warranty of marketability, fitness for a particular purpose or non-infringement, each of which is hereby excluded by agreement of the parties.

SECTION 8.3 Liabilities of Client for System and Regulatory Claims

Client shall be liable to Bank for any and all liabilities and every loss, claim, demand, and cause of action (including, without limitation, the cost of investigating the claim, the cost of litigation and reasonable attorneys' fees, whether or not legal proceedings are instituted and whether paid or incurred, as the case may be) by or on behalf of any Cardholder as a result of Client's failure to comply with the Rules or applicable Regulatory Authority.

ARTICLE IX - TERM OF PROGRAMS AND AGREEMENT

SECTION 9.1 Term and Termination of Agreement Without Cause

The term of this Agreement shall commence on the Effective Date and continue for five (5) years (the "Initial Term") from the first day that Processing Services are actually delivered by Bank unless terminated earlier as provided below. After the Initial Term, the Agreement shall automatically extend for additional periods of one year each (a "Renewal Term"). During a Renewal Term, either party may terminate this Agreement for any reason by providing written notice to the other at least 120 days in advance of termination or as provided below.

SECTION 9.2 Termination of Agreement For Cause

(a) Either Bank or Client shall have the right to terminate this Agreement upon occurrence of one or more of the following events:

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(i) Failure by the other party to observe or perform, in any material respect, that party's obligations to the other party hereunder, so long as the failure is not due to the actions or failure to act of the terminating party, but only if the failure continues for a period of (A) thirty (30) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure not involving the payment of money, or (B) ten (10) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure to pay any amount then due hereunder;

(ii) In the event any financial statement, written warranty, or certificate furnished to it by the other party in connection with or arising out of this Agreement is materially adverse to the terminating party and intentionally untrue as of the date made or delivered.

(iii) The other party (A) voluntarily commencing any proceeding or filing any petition seeking relief under Title 11 of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, liquidation or similar law, (B) applying for or consenting to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property or assets, (C) making a general assignment for the benefit of creditors, or (D) taking corporate action for the purpose of effecting any of the foregoing; or

(iv) The commencement of an involuntary proceeding or the filing of an involuntary proceeding or the filing of an involuntary petition in a court of competent jurisdiction seeking (A) relief in respect of the other party, or of a substantial part of its property or assets under Title of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (B) the appointment of a receiver, trustee, custodian, sequestrator or similar office for the other party or for a substantial part of its property or assets, or (C) the winding up or liquidation, of the other party, if such proceeding or petition shall continue un-dismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for sixty (60) days.

(v) Upon any change to or enactment of any law or regulation which would have a material adverse effect upon the Program.

(vi) Violation of any federal or state law relating to the performance of this Agreement.

(vii) Upon direction from any Regulatory Authority to cease or materially limit performance of the obligations under this Agreement.

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SECTION 9.3 Survivals of Payments and Survival of Obligations Upon Termination of Agreement

This Agreement shall continue in full force and Bank shall continue to provide the services currently then being provided until such time as all Cards are so canceled, but in no event exceeding one year from. notice of cancellation. If such termination is made by Bank pursuant to Section 9.2, Bank will be

entitled to withhold and pay directly all Program expenses from Program Revenues including the costs of servicing the existing Cardholders by a servicing organization reasonably selected by Bank. In such event, Bank shall have no further obligation to accept any Cardholder accounts from Client.

ARTICLE X - CONFIDENTIALITY

SECTION 10.1 Confidential Information

The term "Confidential Information" shall mean this Agreement and all proprietary information, data, trade secrets, business information and other information of any kind whatsoever which (a) a party ("Discloser") discloses, in writing, orally or visually, to the other Party ("Recipient") or to which Recipient obtains access in connection with the negotiation and performance of this Agreement, and which (b) relates to (i) the Discloser, (ii) in the case of Client, Bank and its customers and or associates, or (iii) Consumers who have made confidential or proprietary information available to Client. The definition of Confidential Information shall include Customer Information as described below.

SECTION 10.2 Customer Information

Client acknowledges that Bank has a responsibility to its customers to keep information about its customers and their accounts strictly confidential and Bank acknowledges that Client has a responsibility to its consumers to keep their information strictly confidential (collectively, "Customer Information"). In addition to the other requirements set forth in this Section regarding Confidential Information, Customer Information shall also be subject to the additional restrictions set forth in this Subsection. The Recipient shall not disclose or use Customer Information other than to carry out the purposes for which the Discloser or one of its affiliates disclosed such Customer Information to Recipient. Recipient shall not disclose any Customer Information other than on a "need to know" basis and then only to: (a) affiliates of Discloser; (b) its employees or officers; (c) affiliates of Recipient provided that such affiliates shall be restricted in use and redisclosure of the Customer Information to the same extent as Recipient; (d) to carefully selected subcontractors provided that such subcontractors shall have entered into a confidentiality agreement no less restrictive than the terms hereof, (e) to independent contractors, agents, and consultants hired or engaged by Recipient, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; or (f) pursuant to the exceptions set forth in 15 USC 6802(e) and accompanying regulations which disclosures are made in the ordinary course of business. The restrictions set forth herein shall apply during the term

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and after the termination of this Agreement. For the purposes of this Section, Cardholders shall be considered customers of Bank.

Each Party must comply with all federal and state privacy laws.

SECTION 10.3 Disclosure to Employees and Agents.

Each of the Parties, as Recipient, hereby agrees on behalf of itself and its employees, officers, affiliates and subcontractors that Confidential Information will not be disclosed or made available to any person for any reason whatsoever, other than on a "need to know basis" and then only to: (a) its employees and officers; (b) subcontractors and other third-parties specifically permitted under this Agreement, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; (c) independent contractors, agents, and consultants hired or engaged by Bank, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; and (d) as required by law or as otherwise permitted by this Agreement, either during the term of this Agreement or after the termination of this Agreement. Prior to any disclosure of Confidential Information as required by law, the Recipient shall (i) notify the Discloser of any, actual or threatened legal compulsion of disclosure, and any actual legal obligation of disclosure immediately upon becoming so obligated, and (ii) cooperate with the Discloser's reasonable, lawful efforts to resist, limit or delay disclosure. Nothing in this Section shall require any notice or other action by Bank in connection with request or demands for Confidential Information with request by bank examiners.

SECTION 10.4 Return of Materials

Upon the termination or expiration of this Agreement, or at any time upon the request of a Party, the other Party shall return all Confidential Information, including Customer Information, in the possession of such Party or in the possession of any third Party over which such Party has or may exercise control.

SECTION 10.5 Exceptions

With the exception of the obligations related to Customer Information, the obligations of confidentiality in this Section shall not apply to any information which a party rightfully has in its possession when disclosed to it by the other party, information which a party independently develops, information which is or becomes known to the public other than by breach of this Section or information rightfully received by a party from a third party without the obligation of confidentiality.

SECTION 10.6 Media Releases

All media releases, public announcements and public disclosures by either party, or their representatives, employees or agents, relating to this Agreement or the name or logo of Bank, any Bank affiliate or supplier, including, without limitation, promotional or

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marketing material, but not including any disclosure required by legal, accounting or regulatory requirements beyond the reasonable control of the releasing party, shall be coordinated with and approved by the other party in writing prior to the release thereof.

ARTICLE XI - INSURANCE

SECTION 11.1 Insurance

Client shall maintain, throughout the term of this Agreement, appropriate comprehensive general liability insurance policies (which shall include contractual liability), the limit of which shall be no less than a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage.

ARTICLE MI - GENERAL PROVISIONS

SECTION 12.1 Indemnification

(a) Client covenants and agrees to indemnify and hold harmless Bank, its parent, subsidiaries or affiliates, and their respective officers, directors, employees and permitted assigns, as such, against any direct losses or expenses arising from any legal action, claim, demand or proceedings brought against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Client, any act or omission of Client or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Client or any third party retained by it; provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Bank, (ii) negligence, willful misconduct or bad faith by Bank, or (iii) the failure of Bank to comply with, or to perform its obligations under, this Agreement

(b) Bank covenants and agrees to indemnify and hold harmless Client and its parent, subsidiaries or affiliates, and their respective officers, directors, employees, and permitted assigns, as such, against any direct, losses or expenses arising from any legal action, claim, demand, or proceedings brought against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Bank, any act or omission of Bank or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Bank or any third party retained by it (except to the extent that Client has agreed to fulfill such obligation under this Agreement); provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Client or its representatives, (ii) negligence, willful misconduct or bad faith by Client or its representatives, or (iii) the failure of Client or its representatives to comply with, or to perform its obligations under, this Agreement.

(c) If any claim or demand is asserted against any party or parties (individually or collectively, the "Indemnified Party") by any person who is not a party to this

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Agreement in respect of which the Indemnified Party may be entitled to indemnification under the provisions of subsections (a) or (b) above, written notice of such claim or demand shall promptly be given to any party or parties (individually or collectively, the "Indemnifying Party") from whom indemnification may be sought. The Indemnifying Party shall have the right, by notifying the Indemnified Party within ten (10) days of its receipt of the notice of the claim or demand, to assume the entire control (subject to the right of the Indemnified Party to Participate at the Indemnified Party's expense and with counsel of the Indemnified Party's choice) of the defense, compromise or settlement of the matter, including, at the Indemnifying Party's expense, employment of counsel of the Indemnifying Party's choice. If the Indemnifying Party gives notice to any Indemnified Party that the Indemnifying Party will assume control of the defense, compromise or settlement of the matter the Indemnifying Party will be deemed to have waived all defenses to the claims for indemnification by the Indemnified Party with respect to that matter. Any damages to the assets or business of the Indemnified Party caused by a failure of the Indemnifying Party to defend, compromise or settle a claim or demand in a reasonable and expeditious manner, after the indemnifying Party has given notice that it will assume control of the defense, compromise or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obligated to indemnify the Indemnified Party.

(d) The provisions of this Section 12.1 and of Section 12.2 shall survive termination or expiration of this Agreement.

SECTION 12.2 Disclosure

(a) Each party shall promptly notify the other of any action, suit, proceeding, facts and circumstances, and the threat of reasonable prospect of same, which might give rise to any indemnification hereunder or which might materially and adversely affect either party's ability to perform this Agreement.

(b) Each party represents and warrants to the other that it has no knowledge of any pending or threatened suit, action, arbitration or other proceedings of a legal, administrative or regulatory nature, or any governmental investigation, against it or any of its affiliates or any officer, director, or employee which has not been previously disclosed in writing and which would materially and adversely affect its financial condition, or its ability to perform this Agreement.

SECTION 12.3 Legal Compliance

Each party represents and warrants to the other that it is familiar with the requirements of all applicable consumer protection laws applicable to it which relate to the Program and its obligations hereunder, and agrees that it will comply, in all material respects, with all such laws and regulations and all other applicable laws and regulations relating to its activities under this Agreement, now and in the future.

SECTION 12.4 Licenses

Bank shall obtain and maintain at its sole expense a principal license with each applicable System, and shall timely pay all fees, dues, and assessments associated therewith. Similarly, Bank shall be entitled to any distributions that any System may make to its members, except as otherwise expressly provided in this Agreement.

SECTION 12.5 Relationship of Parties

Bank and Client agree they are independent contractors to each other in performing their respective obligations hereunder. Nothing in this Agreement or in the working relationship being established and developed hereunder shall be deemed, nor shall it cause, Bank and Client to be treated as partners, joint ventures, or otherwise as joint associates for profit.

SECTION 12.6 Regulatory Examinations and Financial Information

Client agrees to submit to any examination which may be required by any Regulatory Authority (other than Bank) with audit and examination authority over Bank, to the fullest extent of such Regulatory Authority. Client shall also provide to Bank any information, which may be required by any Regulatory Authority in connection with their audit or review of Bank or the Program and shall reasonably cooperate with such Regulatory Authority in connection with any audit or review of Bank. Client shall furnish Bank, at Client expense, with audited financial statements prepared by a certified public accountant. Client shall also provide such other information as Bank, Regulatory Authorities, or the System may from time to time reasonably request with respect to the financial condition of Client and such other information as Bank may from time to time reasonably request with respect to third parties contracted with Client.

SECTION 12.7 Governing Law

This Agreement shall be governed by the internal laws, and not by the laws regarding conflicts of laws, of the State of South Dakota. Each Party hereby submits to the jurisdiction of the courts of such state, and waives any objection to venue with respect to actions brought in such courts.

SECTION 12.8 Severability

In the event that any part of this Agreement is deemed by a court, Regulatory Authority (other than Bank), or other public or private tribunal of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed to have been omitted from this Agreement. The remainder of this Agreement shall remain in full force and effect, and shall be modified to any extent necessary to give such force and effect to the remaining provisions, but only to such extent.

SECTION 12.9 Survival

All representations and warranties herein shall survive any termination or expiration of this Agreement.

SECTION 12.10 Successors and Third Parties

Except as limited by Section 12.11, this Agreement and the rights and obligations hereunder shall bind, and inure to the benefit of the parties and their successors and permitted assigns.

SECTION 12.11 Assignments

The rights and obligations of Client under this Agreement are personal and may not be assigned either voluntarily or by operation of law, without prior written consent from Bank.

SECTION 12.12 Notices

All notices, requests and approvals required by this Agreement shall be in writing addressed/directed to the other party at the address and facsimile set forth below, or at such other address of which the notifying party hereafter receives notice in conformity with this section. All such notices, requests, and approvals shall be deemed given upon the earlier of receipt of facsimile transmission during the normal business day or actual receipt thereof. All such notices, requests and approvals shall be addressed to the attention of:

Bank to: BANKFIRST

2600 W. 49th Street
Sioux Falls, SD 57105
Attention: George Lund
Facsimile Number: (605) 782-3800

Client to: NBO Systems, Inc.
3676 W. California Ave., Bldg. D
Salt Lake City, UT 84104
Attn: CEO
Facsimile Number: (801)973-4188

SECTION 12.13 Waivers

Neither party shall be deemed to have waived any of its rights, power, or remedies hereunder except in writing signed by an authorized agent or representative of the party to be charged. Either party may, by an instrument in writing, waive compliance by the other party with any term or provision of this Agreement on the part of the other party to be performed or complied with. The waiver by either party of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

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SECTION 12.14 Entire Agreement; Amendments

This Agreement constitutes the entire Agreement between the parties and supersedes all prior Agreements, understandings, and arrangements, oral or written, between the parties with respect to the subject matter hereof. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the party against whom enforcement of any such modification or amendment is sought.

SECTION 12.15 Counterparts

This Agreement may be executed and delivered by the parties in counterpart, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, this Agreement is executed by the parties' authorized officers or representatives and shall be effective as of the date first above written.

CLIENT

By: /s/ Randy J. Steck

Title: COO

Randy J. Steck

BANKFIRST

By: /s/ Brad Hanson

Title: SVP

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First Amendment to Card Sponsorship Agreement

This Amendment made this 23rd day of July 2003, shall be deemed the First Amendment to the Card Sponsorship Agreement dated April 9, 2003 previously made by and between NBO Systems, Inc. (hereinafter referred to as "Client") and BANKFIRST (hereinafter referred to as "Bank").

Whereas, Client and Bank have entered into the above-referenced Card Sponsorship Agreement; and

Whereas, Client and Bank now desire to amend the Card Sponsorship Agreement;

Therefore, in consideration of the mutual promises and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Client and Bank agree to amend their Card Sponsorship Agreement as follows:

Add "SECTION 3.5 Initial Program Deposit" as follows: **SECTION 3.5 Initial Program Deposit**

Client shall make an initial deposit of [***] with Bank prior to the Program launch to fund test accounts and cover initial card sales until the daily settlement process begins.

Add "SECTION 3.6 Value Loads" as follows:

SECTION 3.6 Value Loads

Client shall provide Bank with the total amount of the cumulative value loads daily.

Amend "SECTION 7.2 Compensation of Bank & Client" by adding at the end thereof the following:

Also on the 30th of each month for the previous month, Bank will pay Client an earnings credit. This earnings credit will be calculated using the current commercial money market rate on the 30th day of the month for which the earnings credit is being calculated, times the average monthly balance in the Funding Account.

Example: On May 30th, the average monthly balance in the funding account in the month of May will be reviewed and multiplied times the commercial money market rate posted on May 30th. This earnings credit will be paid to NBO on or before the 30th day of June.

In the event that there are insufficient funds in a particular account from which Client has requested an ACH, Client shall owe Bank an NSF fee of \$18. (This fee may be subject to increase by no more than 5% annually after the first twelve months from program launch date.) The total ACH amount requested plus the NSF fee will be deducted from another NBO corporate

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NBO First Amend 072103

account from which NBO has previously given Bank authority to transact ACH transactions. Client shall not deny Bank the right to transact such an ACH including the NSF fee.

Bank shall not be responsible for insufficient funds payments that any mall may receive from a customer purchasing an NBO Mall GiftCard product. Client shall hold Bank harmless and be responsible for the resolution of any such insufficient funds payment.

In witness whereof, the parties have executed this Agreement as of the date written above.

BANK
By: /s/ Brad Hanson
Brad Hanson, Senior Vice President

CLIENT
By: /s/ Randy J. Steck
Title: Randy Steck, COO

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NBO First Amend 072103

SECOND AMENDMENT TO CARD SPONSORSHIP
AGREEMENT

This SECOND AMENDMENT to the CARD SPONSORSHIP AGREEMENT (the "Agreement") is entered into this 26th day of January, 2004, by and between **BANKFIRST**, whose address is 2600 W. 49th Street, Sioux Falls, South Dakota 57105 ("**Bank**") and **NBO Systems, Inc.**, doing business at 3676 W. California Ave. Bldg. D, Salt lake City, Utah 84104 ("Company").

RECITALS

A. Company and Bank executed the Agreement on April 9, 2003.

B. Company and Bank wish to amend the terms of the Agreement as set forth below. The objective of this First Amendment is to clarify and enhance the pricing of the Card Sponsorship Agreement.

NOW, THEREFORE,

it is hereby agreed as follows: **AMENDMENTS**

1. SECTION 7.3 Expenses of Client shall be amended by the addition of the following sub-sections:

(e) The initial [* * *] ISO fee required by VISA, and the annual ISO registration fee for VISA due on January 1 of every year hereafter.

(f) The set up fee for a new mall(s) as follows:

[* * *]

2. Except as expressly provided in this Amendment, all other terms, conditions and provisions of the Card Sponsorship Agreement shall continue in full force and effect as provided therein.

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IN WITNESS WHEREOF,

Company and Bank have entered into this Amendment effective as of the date first set forth above.

NBO Systems, Inc.

By: /s/ Randy J. Steck

Title: COO

Date: 1/26/04

BANKFIRST

By: /s/ Brad Hanson

Title: SVP

Date: 1/27/04

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**ODFI Originator Agreement
[FINAL]**

The ODFI Originator Agreement (the "Agreement") dated as of March 19, 2004 and is between NBO Systems, Inc. whose address is 3676 W. California Ave. Bldg. D, Salt Lake City, Utah 84104 ("Client") and BANKFIRST, whose address is 2600 W. 49th Street, Sioux Falls, South Dakota 57105 ("Bank").

RECITALS

(a) Bank is a member bank of the Federal Reserve Bank of Minneapolis and is a member of the Upper Midwest Automated Clearing House Association ("UMACHA"). Bank is in the business of establishing Settlement Accounts for the settlement of Automated Clearing House ("ACH") transactions.

(b) Client wishes to initiate Debit and Credit Entries by means of the Automated Clearing House Network pursuant to the terms of this Agreement and the rules of NACHA (the "Rules"), and the Bank is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries.

NOW, THEREFORE,

in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I - DEFINITIONS

SECTION 1.1 Definitions

Except as otherwise specifically indicated, the following terms shall have the following meanings in this Agreement (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Entry" or "Entries" means the recording of a debit and/or a credit of a transaction.

(b) "Governmental Requirements" means collectively all statutes, codes, ordinances, laws, regulations, Rules, orders and decrees of all governmental authorities (including without limitation federal, state and local governments, governmental agencies and quasi-governmental agencies).

(c) "Mark" means the service marks and trademarks of a System and Bank, including but not limited to, the names and other distinctive marks or logos, which identify a System and Bank.

(d) "Membership" means the membership in a System and licensing rights

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thereto obtained by Bank.

(e) "Originator" means the party that creates an ACH item to be processed in the ACH system.

(f) "Processing Services" means those services, which are necessary to process an Entry in accordance with the Rules of any System and Regulatory Authority. Such services shall include but not be limited to: transaction authorization, processing, clearing and Settlement, System access, customer dispute resolution, System compliance, regulatory compliance, security and fraud control, and activity reporting.

(g) "Regulation E" means (i) the regulations, all amendments thereto and official interpretations thereof (12 C.F.R. Part 205) issued by the Board of Governors of the Federal Reserve System implementing Title IX (Electronic Funds Transfer Act) of the Consumer Credit Protection Act as amended (15 U.S.C. 1693 et. seq.), and (ii) the Electronic Funds Transfer Act and any amendments thereto.

(h) "Regulatory Authority" means, as the context requires, any System; the State of South Dakota; the Federal Deposit Insurance Corporation; the Federal Reserve Board; and any Federal or state agency having jurisdiction over Bank or Client.

(i) "Rules" means the by-laws and operating rules of any System, the published regulations of any Regulatory Authority including NACHA, any Federal or State statutes, and the published policies and procedures of Bank, as promulgated by Bank's Board of Directors in good faith to ensure the continued safety and soundness of Bank.

(j) "Settlement" means the movement of funds between Bank and System members in accordance with the Rules.

(k) "System" means Automated Clearing House (ACH), and/or any other card network system of transmitting Items and Settlement thereof.

ARTICLE II - GENERAL DESCRIPTION OF PROGRAMS

SECTION 2.1 Purpose

The purpose of this Agreement is to offer ACH processing functionality, as an alternative to traditional transfer of funds by credit cards, cash and paper checks. It is designed to offer consumers a convenient and secure payment mechanism.

ARTICLE III - DUTIES OF CLIENT

Client - BANKFIRST
3/19/2004

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SECTION 3.1 Marketing

Client shall, from time to time, promote and market ACH functionality to prospective customers. Except as may be agreed by the parties from time to time during the term of this Agreement, each party shall be responsible for its own costs and expenses associated with marketing of any ACH functionality under this Agreement. Client has no authority to use any Marks unless Bank is appropriately identified. Bank shall have the right to approve or disapprove any marketing materials bearing Bank's name or any of its Marks prior to distribution or broadcast of such materials. Bank shall not delay or withhold its approval unreasonably.

SECTION 3.2 ACH File Transmission

Bank reserves the right to refuse service to any consumer and or Transaction that, in its opinion, presents excessive financial or reputation risk. Client shall transmit valid Standard Entry Class Codes CIE, COR, PPD, TEL, and WEB debit and credit Entries to Bank in compliance with the formatting/security and other requirements set forth in Schedule B. The total dollar amount of Entries transmitted by Client to Bank on any one day shall not exceed [* * *]. On a quarterly basis during the term of this Agreement Bank and Client shall review the maximum dollar limit for the file of Entries and Bank shall, within two (2) business days of such determination to adjust the system to reflect the change. Both parties agree to act in good faith in determining a mutually agreed to dollar amount.

The limits in Section 3.2 shall apply to all Entries with the exception of the VISA Gift Card Program funding during the December calendar month. Bank and Client shall agree to a temporary increase in the maximum Entry directly resulting from Gift Card sales. In the event the temporary limit is insufficient to allow total funding, Bank will in its sole discretion review and approve or make the appropriate recommendation and advise Client accordingly.

SECTION 3.3 Accesses to Program Documents and Information

Bank shall have access to all information and documents it reasonably requests concerning the Client's processing and reporting of ACH Transactions in order to offer ACH connectivity.

SECTION 3.4 Audit

Bank shall have the right, during the term of this Agreement, upon reasonable notice and during normal business hours, to conduct a review of the books and records of the Client to determine or to verify the compliance of the Client with its obligations under this Agreement, including the payment of fees.

SECTION 3.5 Reserve Account

Client - BANKFIRST
3/19/2004

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Client shall own and maintain a demand deposit account ("Reserve Account") at the Bank. The Bank in its sole discretion may require Client to maintain at a minimum a balance in the Reserve Account equal to one days funding load request of the highest mall and/or merchant. Client is prohibited from sending Credit Entries relative to the VISA Gift Card Program. Client shall at all times maintain sufficient available funds in the Reserve Account to pay the amount of all Entries against Client, returned or reversed Entries, adjustment Entries, fees, and other amounts which Client is obligated to pay Bank under this Agreement. Bank in its sole discretion may require Client to have sufficient available funds in the Reserve Account to cover the amount of a credit Entry prior to Bank's transmittal of such Entry to an ACH. In the absence of such a requirement, Client shall be obligated to have such available funds in the Reserve Account on the Settlement Date with respect to such Entry. Bank in its sole discretion may defer any credit to the Reserve Account with respect to a debit Entry until it has received final settlement for such Entry. Any credit provided prior to that time shall be provisional and Bank shall have the right to immediate payment by Client upon Bank's receipt of notice that final settlement has not occurred. In addition, Bank shall have the

right to payment by Client of the amount of any returned or rejected Entry for which Client has previously received credit upon its receipt by Bank. Bank may, without prior notice or demand, obtain payment of any amount due and payable to it by Client by initiating an ACH debit Entry against the Reserve Account, and may initiate an ACH credit Entry to the Reserve Account for any amount to which Client is entitled. If there are insufficient funds available in the Reserve Account to pay amounts Client owes Bank under the Agreement, Client shall pay any amounts due immediately upon demand, and Client agrees that Bank may debit any account maintained by Client with Bank or that Bank may set off against any amount it owes to Client, in order to obtain payment of Client's obligations. In its sole discretion, Bank has the right to suspend or terminate this Agreement if there are insufficient funds to cover transactions/fees pursuant to Section 9.2.

Entries transmitted by Bank or credited to Client Reserve Account maintained with Bank will be reflected on Client's periodic statement issued by Bank with respect to the Reserve Account pursuant to the Agreement between Bank and Client. Client agrees to notify Bank promptly of any discrepancy between Client's records and the information shown on any periodic statement. If Client fails to notify Bank of any discrepancy within sixty (60) days of receipt of a periodic statement containing such information for Consumer transaction or five (5) business days for a corporate transaction, Client agrees that Bank shall not be liable for any other losses resulting from Client's failure to give such notice or any loss of interest or any interest equivalent with respect to an Entry shown on such periodic statement. If Client fails to notify Bank of any such discrepancy within ninety (90) days of receipt of such periodic statement, Client shall be precluded from asserting such discrepancy against Bank.

SECTION 3.6 Monitoring

Client shall be responsible to monitor the ACH activity. Monitoring of transaction activity shall include, but not be limited to, activity trends, large dollar activity, returns (number and percentage), and multiple load transactions on a daily basis.

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SECTION 3.7 Reporting

When and as reasonably requested by Bank, Client shall promptly provide to Bank pertinent data and other information which may be in the possession of or available to Client concerning the transactions. Client shall make such data and other information available to Bank at Client's sole cost and expense.

SECTION 3.8 Warranty of Transactions

Client shall warrant all ACH transactions that are originated by Client. **SECTION 3.9 Notice of Change (NOC) Processing**

Client shall process all NOC files/transactions within five (5) business days of receipt.

SECTION 3.10 Compliance with Security Procedure

Client shall comply with the security procedure requirements described in Schedule B with respect to Entries transmitted by Client to Bank. Client acknowledges that the purpose of such security procedure is for verification of authenticity and not to detect an error in the transmission or content of an Entry. No security procedure for the detection of any such error has been agreed upon between the Bank and Client.

Client is strictly responsible to establish and maintain the procedures to safeguard against unauthorized transmissions. Client warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices and related instructions provided by Bank in connection with the security procedures described in Schedule B. If Client believes or suspects that any such information or instructions have been discovered or accessed by unauthorized persons, Client agrees to notify Bank immediately followed by written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by Bank prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.

If an Entry (or a request for cancellation or amendment of an Entry) received by Bank purports to have been transmitted or authorized by Client, it will be deemed effective as Client's Entry (or request) and Client shall be obligated to pay Bank the amount of such Entry even though the Entry (or request) was not authorized by Client, provided Bank accepted the Entry in good faith and acted in compliance with the security procedures referred to in Schedule B with respect to such Entry.

If an Entry (or request for cancellation or amendment of an Entry) received by Bank was transmitted or authorized by Client, Client shall pay Bank the amount of the

Client - BANKFIRST
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Entry, whether or not Bank complied with the security procedures referred to in Schedule B with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would have been detected if Bank had complied with such procedure.

SECTION 3.11 Data Retention

Client shall retain data on file adequate to permit remaking of Entries for ninety (90) days following the date of their transmittal by Bank as provided herein, and shall provide such Data to Bank upon its request. Client shall retain any data regarding transactions processed pursuant to this agreement for a minimum of six (6) years.

SECTION 3.12 Evidence of Authorization

Client shall obtain all consents and authorizations required under the Rules and shall retain such consents and authorization for two years after they expire.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES

SECTION 4.1 Representations and Warranties Client

Client represents and warrants to Bank as follows:

- (a) This Agreement is valid, binding and enforceable against Client in accordance with its terms.
- (b) Client is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland and is authorized to do business in each state in which the nature of Client's activities makes such authorization necessary.
- (c) Client has the full power and authority to execute and deliver this Agreement and to perform all its obligations under this Agreement. The provisions of this Agreement and the performance by Client of its obligations under this Agreement are not in conflict with Client's Articles of Incorporation, bylaws or any other agreement, contract, lease or obligation to which Client is a party or by which it is bound.
- (d) Neither Client nor any principal of Client has been subject to the following:
 - (i) Criminal conviction (except minor traffic and other petty offenses);
 - (ii) Federal or state tax lien;
 - (iii) Administrative or enforcement proceedings commenced by the Securities and Exchange Commission, any state securities regulatory authority, Federal Trade commission, federal or state bank regulator,or any other state or federal regulatory agency; or

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- (iv) Restraining order, decree, injunction, or judgment in any proceeding or lawsuit, alleging fraud or deceptive practice on the part of Client or any principal thereof.

For this subparagraph, the word "principal" shall include any person directly or indirectly owning ten percent (10%) or more of Client, any officer or director of the Client, or any person actively participating in the control of Client's business.

- (e) There is not pending or threatened against Client, any litigation or proceeding, judicial, tax or administrative, the outcome of which might materially adversely affect the continuing operations of Client. Attached to this Agreement is a list and brief description of all pending lawsuits in which Client is a party.
- (f) Client has delivered to Bank complete and correct copies of its balance sheets and related statements of income and cash flow. Client's financial statements, subject to any limitation stated therein, which have been or which hereafter will be furnished to Bank to induce it to enter into this Agreement do or will fairly represent the financial condition of the Client, and all other information, reports and other papers furnished to Bank will be, at the time the same are furnished, accurate and complete in all material respects and complete insofar as completeness may be necessary to give Bank a true and accurate knowledge of the subject matter. The financial statements are in accordance with the books and records of Client were prepared in accordance with generally accepted accounting principles ("GAAP") as in effect from time to time in the United States, as consistently applied, and in accordance with all pronouncements of the Financial Accounting Standards Board. The Bank will make available a standard financial package that it provides its key vendors in accordance with its other practices.
- (g) Client agrees that at Bank's sole discretion, Bank, its authorized representatives, or agents and any government entity with regulatory or supervisory authority over Bank (collectively "the Auditing Party"), shall have the right to inspect, audit, and examine all of Client's facilities, records and personnel relating to the functionality described in this Agreement at any time during normal business hours upon reasonable notice. The Auditing Party shall have the right to make abstracts from Client's books, accounts, data, reports, papers, and computer records directly pertaining to the subject matter of this Agreement, and Client shall make all such facilities, records, personnel, books, accounts, data, reports, papers, and computer records available to the Auditing Party for the purpose of conducting such inspections and audits.

SECTION 4.2 Representations and Warranties Bank

Bank represents and warrants to Client as follows:

(a) This Agreement is valid, binding and enforceable against Bank in accordance with its terms.

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(b) Bank is a corporation duly incorporated, validly existing and in good standing under the laws of the State of South Dakota and is authorized to do business in each state in which the nature of Bank's activities makes such authorization necessary.

(c) Bank has the full power and authority to execute and deliver this Agreement and to perform all its obligations under this Agreement. The provisions of this Agreement and the performance by Bank of its obligations under this Agreement are not in conflict with Bank's Articles of Incorporation, bylaws or any other agreement, contract, lease or obligation to which Bank is a party or by which it is bound.

(d) There is not pending or threatened against Bank, any litigation or proceeding, judicial, tax or administrative, the outcome of which might materially adversely affect the continuing operations of Bank.

ARTICLE V - COVENANTS

SECTION 5.1 Covenants of Client

Client covenants and agrees with Bank as follows:

(a) It will comply with all applicable laws, the Rules and any rules, orders and regulations issued by the Regulatory Authorities that relate to the matters and transactions contemplated by this Agreement. In particular, Client will comply with the applicable requirements of: the U.S. PATRIOT Act, including Section 326 Customer Identification Programs; Gramm-Leach-Bliley Act (GLBA) including the Privacy Rules and Regulation P; and the Office of Foreign Asset Control (OFAC) directives.

(b) It will promptly give written notice to Bank of any material adverse change in the business, properties, assets, operations or condition, financial or otherwise, of Client and any pending, or a threat of, litigation involving a sum of \$50,000 or more and of all tax deficiencies and other proceedings before governmental bodies or officials affecting Client.

(c) As soon as possible, and in any event within 90 days after the end of Client's fiscal year, commencing January 1, 2004, it will provide Bank with its audited balance sheets and related statements of income and cash flow and all notes and schedules thereto as of the end of such period.

(d) All consumer complaints received by Client, relating to the ACH functionality or its use, will be immediately reported to Bank. Such report shall include the name and address of the complaining consumer and a brief summary of the consumer's complaint.

(e) Client will not, without Bank's prior consent, solicit consumers through the use of any party who is not directly employed by and under the immediate supervision and

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control of Client and its affiliates.

SECTION 5.2 Covenants of Bank

Bank covenants and agrees with Client as follows:

(a) It will comply with all applicable laws, the Rules and any rules, orders and regulations issued by the Regulatory Authorities that relate to the matters and transactions contemplated by this Agreement. In particular, Bank will comply with the applicable requirements of: the U.S. PATRIOT Act, including Section 326 Customer Identification Programs; Gramm-Leach-Bliley Act (GLBA) including the Privacy Rules and Regulation P; and the Office of Foreign Asset Control (OFAC) directives.

(b) It will promptly give written notice to Client of any material adverse change in the business, properties, assets, operations or condition, financial or otherwise, of Bank and any pending, or a threat of, litigation involving a sum of \$50,000 or more and of all tax deficiencies and other proceedings before governmental bodies or officials affecting Bank.

(c) All consumer complaints received by Bank, relating to the ACH functionality or its use, will be immediately reported to Client. Such report shall include the name and address of the complaining consumer and a brief summary of the consumer's complaint.

ARTICLE VI - DUTIES OF BANK

SECTION 6.1 Sponsorship Certification and Administrative Fees

Bank shall be responsible for any annual membership fees relating to Bank Membership with any System.

SECTION 6.2 Memberships in System

Bank shall retain its Membership in System in good standing and shall abide in all material respects by all the Rules and regulations applicable to Bank; provided, however, that Bank shall not be obligated to maintain such Membership. If Bank elects to terminate its membership in any System, or if a System elects to terminate Bank's Membership in spite of Bank's compliance with the applicable Rules, Bank shall give notice to Client as soon after it provides notice to or receives notice from the System according to the Rules.

SECTION 6.3 Notices

Bank shall deliver to Client a copy of all material notices or correspondence that it receives from any System, or any other third party, relating to this agreement, within five (5) business days of receipt of such notice or correspondence.

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SECTION 6.4 Processing Services

Bank shall provide for the processing of Entries received from Client to conform to the requirements set forth in this Agreement. Bank shall provide for transmitting of such Entries as an ODFI to the Federal Reserve System or through the use of an ACH Client Sender. Bank shall settle for such Entries as provided in the Rules.

Bank shall provide for the processing of the Entries as defined in Schedule B provided that the file was received on time, the Federal Reserve Bank is open for business, and the effective entry date is stated. If any of the requirements are not met in this Section 6.4, Bank shall use reasonable efforts to transmit such Entries to the ACH by the next deposit deadline of the ACH following that specific in Schedule B which is a business day and a day on which the ACH is open for business.

Bank shall not cancel or amend an Entry after it is delivered to Bank. Bank shall use reasonable efforts to act on a request by Client for reversal of a file of Entries according to the Rules; provided that Bank shall not be liable for interest or losses if such reversal is not effected. Any request by Client for reversal of a file of Entries must comply with the Delivery Requirements and Security Procedures as defined in Schedule B. Client shall reimburse Bank for any expenses, losses, or damages Bank may incur in effecting or attempting to effect Client's request for the reversal of a file of Entries. Bank is entitled to payment from Client in the amount of any such reversal of a debit file of Entries prior to acting on any request thereof.

SECTION 6.5 Error Resolution and Rejection of Entries

Bank shall be responsible to investigate all errors identified by the Client. Bank may reject any Entry which does not comply with requirements of Section 3.2 and Section 3.10 or which contains an Effective Entry Date more than three (3) days after the business day such Entry is received by Bank. Bank may reject an On-Us Entry for any reason for which an Entry may be returned under the Rules. Bank may reject an Entry if Client has failed to comply with its Reserve Account balance obligations under Section 3.5. Bank may reject any entry if Client does not adhere to security procedures as described in Schedule B. Bank shall notify Client by telephone, e-mail, or any other mutually agreed to means not later than the next business day after the effective Entry date. Notices of rejection shall be effective when given. Bank shall have no liability to Client by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

SECTION 6.6 File Return Notification

Bank will provide for the notification to Client either by telephone, electronically, or as otherwise agreed about the return of a file. Notification will be made within one (1) business day of receipt of such an Entry or File. Bank shall use its best efforts to provide for notification to Client on the date of the receipt but will have no obligation to reexecute

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or take other action with respect to a returned Entry or File. Notices of the return of a file shall be effective when given. Bank shall have no liability to Client by reason of the return of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

SECTION 6.7 Tapes and Records

All magnetic tapes, Entries, security procedures and related records used by Bank for transactions contemplated by this Agreement shall be and remain Bank's property. Bank may, at its sole discretion, make available such information upon Client's request. Any expenses incurred by Bank in making such information available to Client shall be paid by Client.

SECTION 6.8 On-Us Entries

Except as provided in this Section 6.8, in the case of an Entry received for credit to an account maintained with Bank (an "On-Us Entry"), Bank shall credit the Client's Reserve Account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in Section 6.4 are met. If these requirements are not met, Bank shall use reasonable efforts to credit the Client Reserve Account in the amount of such Entry no later than the next business day following such Effective Entry Date.

ARTICLE VII - COMPENSATION AND EXPENSES

SECTION 7.1 Expenses of Bank

Bank shall be solely responsible for the following expenses:

Except as otherwise provided in this Agreement, all annual Membership fees related to Bank's license with and Membership in any System utilized by the ACH processing, and any fees and penalties assessed by any such System or Regulatory Authority due to Bank's actions or of any third party retained by Bank.

SECTION 7.2 Compensation of Bank

Client shall pay Bank the charges for the services provided in connection with this Agreement, as set forth in Schedule A. All fees and services are subject to change upon 30 calendar days' prior written notice from Bank to Client. Such charges do not include and Client shall be responsible for payment of, any sales, use, excise, value added, utility or other similar taxes relating to such services, and any fees or charges provided for in the agreement between Bank and Client with respect to the Reserve Account.

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7.3 Expenses of Client

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Client shall be solely responsible for the following:

- (a) Advertising and other expenses associated with the marketing of ACH functionality or membership plans to its consumers or prospect base or any party under its control or any party for which it is providing services.
- (b) All fines and penalties assessed by any Regulatory Authority due to Client's actions, inactions, or omissions.
- (c) All expenses associated with and losses from non-sufficient fund payment requests, consumer fraud, or any other transactions initiated by the consumer where funds are not available and cash was provided/distributed to the consumer by Client.
- (d) All fees assessed by Bank for exceeding the error tolerance levels on files transmitted for ACH processing.

ARTICLE VIII - LIMITATION OF LIABILITY

SECTION 8.1 No Special Damages

Neither party shall be liable to the other for any special, indirect, incidental, consequential, punitive or exemplary damages, including, but not limited to, lost profits, even if such party has knowledge of the possibility of such damages provided, however, that the limitations set forth in this Section shall not apply to or in any way limit the indemnity obligations under this Agreement.

SECTION 8.2 Disclaimers of Warranties

Bank specifically disclaims all warranties of any kind, express or implied, arising out of or related to this Agreement, including without limitation, any warranty of marketability, fitness for a particular purpose or non-infringement, each of which is hereby excluded by agreement of the parties.

SECTION 8.3 Liabilities of Client for System and Regulatory Claims

Client shall be liable to Bank for any and all liabilities and every loss, claim, demand, and cause of action (including, without limitation, the cost of investigating the claim, the cost of litigation and reasonable attorneys' fees, whether or not legal proceedings are instituted and whether paid or incurred, as the case may be) as a result of Client's failure to comply with the Rules or applicable Regulatory Authority.

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ARTICLE IX - TERM OF PROGRAMS AND AGREEMENT

SECTION 9.1 Term and Termination of Agreement Without Cause

The term of this Agreement shall commence on the Effective Date and continue for three (3) years (the "Initial Term") from the first day that Processing Services are actually provided for by Bank unless terminated earlier as provided below. After the Initial Term, the Agreement shall automatically extend for additional periods of one year each (a "Renewal Term"). During a Renewal Term, either party may terminate this Agreement for any reason by providing written notice to the other at least 120 days in advance of termination or as provided below.

SECTION 9.2 Termination of Agreement For Cause

(a) Either Bank or Client shall have the right to terminate this Agreement upon occurrence of one or more of the following events:

(i) Failure by the other party to observe or perform, in any material respect, that party's obligations to the other party hereunder, so long as the failure is not due to the actions or failure to act of the terminating party, but only if the failure continues for a period of (A) thirty (30) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure not involving the payment of money, or (B) ten (10) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure to pay any amount then due hereunder; provided, however, that Bank, in its sole discretion, may terminate this Agreement without such a cure period if a substantially similar material failure has previously occurred;

(ii) In the event any financial statement, representation, warranty, statement or certificate furnished to it by the other party in connection with or arising out of this Agreement is materially adverse to the terminating party and intentionally untrue as of the date made or delivered.

(iii) The other party (A) voluntarily commencing any proceeding or filing any petition seeking relief under Title 11 of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, liquidation or similar law, (B) applying for or consenting to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property or assets, (C) making a general assignment for the benefit of creditors, or (D) taking corporate action for the purpose of effecting any of the foregoing; or

(iv) The commencement of an involuntary proceeding or the filing of an involuntary proceeding or the filing of an involuntary petition in a court of competent jurisdiction seeking (A) relief in respect of the other party, or of a substantial part of its property or assets under Title of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar

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law, (B) the appointment of a receiver, trustee, custodian, sequestrator or similar office for the other party or for a substantial part of its property or assets, or (C) the winding up or liquidation, of the other party, if such proceeding or petition shall continue un-dismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for sixty (60) days.

(v) Upon any change to or enactment of any law or regulation which would have a material adverse effect upon the processing described in this Agreement.

(vi) Violation of any federal or state law relating to the performance of this Agreement.

(vii) Upon direction from any Regulatory Authority to cease or materially limit performance of the obligations under this Agreement.

SECTION 9.3 Survivals of Payments and Survival of Obligations Upon Termination of Agreement

This Agreement shall continue in full force and Bank shall continue to provide the services currently then being provided until such time as all transactions are so processed, but in no event exceeding ninety (90) days from notice of cancellation. If such termination is made by Bank pursuant to Section 9.2, Bank will be entitled to withhold and pay directly all processing expenses from processing revenues including the costs of servicing the existing customers by a servicing organization reasonably selected by Bank. In such event, Bank shall have no further obligation to accept transactions from Client.

Any termination of this Agreement shall not affect any of Bank's rights and Client's obligations with respect to Entries initiated by Client prior to such termination, or the payment obligations of Client with respect to services performed by Bank prior to termination, or any other obligation that survive termination of this Agreement.

SECTION 9.4 Liquidated Damages

The Parties agree that the pricing under this Agreement was determined by mutual agreement based upon certain assumed volumes of processing activity and the length of the Term of this Agreement.

The Parties further agree that it would be difficult or impossible to ascertain Bank's actual damages for a termination or other breach of this Agreement by Client resulting in a termination of this Agreement before the end of the Term. The Parties further agree the Bank is entitled to : (i) all fees earned but not paid prior to the date of termination, (ii) any direct costs incurred as a result of the termination, deconversion and/or change-over; and (iii) depending on the Agreement, an amount equal to: (x) the contract minimum, if

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applicable; (y) 50% of the annual minimum for each full year remaining in the Agreement, prorated for partial years remaining; or (z) 50% of an average monthly fee, calculated by Bank by selecting and averaging any three consecutive months, multiplied by the number of months remaining in the Agreement. Client agrees this is a reasonable estimation of the actual damages Bank would suffer if Bank did not receive the expected benefits to be derived from this Agreement for the full Term.

Each Party acknowledges and agrees, after taking into account the terms of this Agreement and all relevant circumstances at the date hereof, that the Liquidated Damages payable under this Section 9.4 represents a reasonable and genuine pre-estimate of the damages which would be suffered by Bank in the event of early termination of this Agreement and does not constitute a penalty.

Nothing in this Agreement shall limit the right of any party to this Agreement to seek injunctive relief, to the extent available, with respect to breaches of this Agreement.

ARTICLE X - CONFIDENTIALITY

SECTION 10.1 Confidential Information

The term "Confidential Information" shall mean this Agreement and all proprietary information, data, trade secrets, business information and other information of any kind whatsoever which (a) a party ("Discloser") discloses, in writing, orally or visually, to the other Party ("Recipient") or to which Recipient obtains access in connection with the negotiation and performance of this Agreement, and which (b) relates to (i) the Discloser, (ii) in the case of Client, Bank and its customers and or associates, or (iii) Consumers who have made confidential or proprietary information available to Client. The definition of Confidential Information shall include Customer Information as described below.

SECTION 10.2 Customer Information

Client acknowledges that Bank has a responsibility to its customers to keep information about its customers and their accounts strictly confidential and Bank acknowledges that Client has a responsibility to its consumers to keep their information strictly confidential (collectively, "Customer Information"). In addition to the other requirements set forth in this Section regarding Confidential Information, Customer Information shall also be subject to the additional restrictions set forth in this Subsection. The Recipient shall not disclose or use Customer Information other than to carry out the purposes for which the Discloser or one of its affiliates disclosed such Customer Information to Recipient. Recipient shall not disclose any Customer Information other than on a "need to know" basis and then only to: (a) affiliates of Discloser; (b) its employees or officers; (c) affiliates of Recipient provided that such affiliates shall be restricted in use and redisclosure of the Customer Information to the same extent as Recipient; (d) to carefully selected subcontractors provided that such subcontractors shall

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have entered into a confidentiality agreement no less restrictive than the terms hereof; (e) to independent contractors, agents, and consultants hired or engaged by Recipient, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; or (f) pursuant to the exceptions set forth in 15 USC 6802(e) and accompanying regulations which disclosures are made in the ordinary course of business. The restrictions set forth herein shall apply during the term and after the termination of this Agreement.

Each Party must comply with all federal and state privacy laws.

SECTION 10.3 Disclosure to Employees and Agents.

Each of the Parties, as Recipient, hereby agrees on behalf of itself and its employees, officers, affiliates and subcontractors that Confidential Information will not be disclosed or made available to any person for any reason whatsoever, other than on a "need-to-know basis" and then only to: (a) its employees and officers; (b) subcontractors and other third-parties specifically permitted under this Agreement, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; (c) independent contractors, agents, and consultants hired or engaged by Bank, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; and (d) as required by law or as otherwise permitted by this Agreement, either during the term of this Agreement or after the termination of this Agreement. Prior to any disclosure of Confidential Information as required by law, the Recipient shall (i) notify the Discloser of any, actual or threatened legal compulsion of disclosure, and any actual legal obligation of disclosure immediately upon becoming so obligated, and (ii) cooperate with the Discloser's reasonable, lawful efforts to resist, limit or delay disclosure. Nothing in this Section shall require any notice or other action by Bank in connection with request or demands for Confidential Information with request by bank examiners.

SECTION 10.4 Return of Materials

Upon the termination or expiration of this Agreement, or at any time upon the request of a Party, the other Party shall return all Confidential Information, including Customer Information, in the possession of such Party or in the possession of any third Party over which such Party has or may exercise control.

SECTION 10.5 Exceptions

With the exception of the obligations related to Customer Information, the obligations of confidentiality in this Section shall not apply to any information which a party rightfully has in its possession when disclosed to it by the other party, information which a party independently develops, information which is or becomes known to the public other than by breach of this Section or information rightfully received by a party from a third party without the obligation of confidentiality.

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SECTION 10.6 Media Releases

All media releases, public announcements and public disclosures by either party, or their representatives, employees or agents, relating to this Agreement or the name or logo of either Party, any Bank affiliate or supplier, including, without limitation, promotional or marketing material, but not including any disclosure required by legal, accounting or regulatory requirements beyond the reasonable control of the releasing party, shall be coordinated with and approved by the other party in writing prior to the release thereof.

ARTICLE XI - INSURANCE

SECTION 11.1 Insurance

Each party shall maintain, throughout the term of this Agreement, appropriate comprehensive general liability insurance policies (which shall include contractual liability), the limit of which shall be no less than a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage.

ARTICLE XII - GENERAL PROVISIONS

SECTION 12.1 Indemnification

(a) Client covenants and agrees to indemnify and hold harmless Bank, its parent, subsidiaries or affiliates, and their respective officers, directors, employees and permitted assigns, as such, against any direct losses or expenses arising from any legal action, claim, demand or proceedings brought against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Client, any act or omission of Client or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Client or any third party retained by it; provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Bank, (ii) negligence, willful misconduct or bad faith by Bank, or (iii) the failure of Bank to comply with, or to perform its obligations under, this Agreement

(b) Bank covenants and agrees to indemnify and hold harmless Client and its parent, subsidiaries or affiliates, and their respective officers, directors, employees, and permitted assigns, as such, against any direct losses or expenses arising from any legal action, claim, demand, or proceedings brought against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Bank, any act or omission of Bank or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Bank or any third party retained by it (except to the extent that Client has agreed to fulfill such obligation under this Agreement); provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Client or its representatives, (ii) negligence, willful misconduct or bad faith by Client or its

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representatives, or (iii) the failure of Client or its representatives to comply with, or to perform its obligations under, this Agreement.

(c) If any claim or demand is asserted against any party or parties (individually or collectively, the "Indemnified Party") by any person who is not a party to this Agreement in respect of which the Indemnified Party may be entitled to indemnification under the provisions of subsections (a) or (b) above, written notice of such claim or demand shall promptly be given to any party or parties (individually or collectively, the "Indemnifying Party") from whom indemnification may be sought. The Indemnifying Party shall have the right, by notifying the Indemnified Party within ten (10) days of its receipt of the notice of the claim or demand, to assume the entire control (subject to the right of the Indemnified Party to Participate at the Indemnified Party's expense and with counsel of the Indemnified Party's choice) of the defense, compromise or settlement of the matter, including, at the Indemnifying Party's expense, employment of counsel of the Indemnifying Party's choice. If the Indemnifying Party gives notice to any Indemnified Party that the Indemnifying Party will assume control of the defense, compromise or settlement of the matter the Indemnifying Party will be deemed to have waived all defenses to the claims for indemnification by the Indemnified Party with respect to that matter. Any damages to the assets or business of the Indemnified Party caused by a failure of the Indemnifying Party to defend, compromise or settle a claim or demand in a reasonable and expeditious manner, after the indemnifying Party has given notice that it will assume control of the defense, compromise or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obligated to indemnify the Indemnified Party.

(d) The provisions of this Section 12.1 and of Section 12.2 shall survive termination or expiration of this Agreement.

SECTION 12.2 Disclosure

(a) Each party shall promptly notify the other of any action, suit, proceeding, facts and circumstances, and the threat of reasonable prospect of same, which might give rise to any indemnification hereunder or which might materially and adversely affect either party's ability to perform this Agreement.

(b) Each party represents and warrants to the other that it has no knowledge of any pending or threatened suit, action, arbitration or other proceedings of a legal, administrative or regulatory nature, or any governmental investigation, against it or any of its affiliates or any officer, director, or employee which has not been previously disclosed in writing and which would materially and adversely affect its financial condition, or its ability to perform this Agreement.

SECTION 12.3 Legal Compliance

Each party represents and warrants to the other that it is familiar with the requirements of all applicable consumer protection laws applicable to it which relate to the

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Program and its obligations hereunder, and agrees that it will comply, in all material respects, with all such laws and regulations and all other applicable laws and regulations relating to its activities under this Agreement, now and in the future.

SECTION 12.4 Relationship of Parties

Bank and Client agree they are independent contractors to each other in performing their respective obligations hereunder. Nothing in this Agreement or in the working relationship being established and developed hereunder shall be deemed, nor shall it cause, Bank and Client to be treated as partners, joint ventures, or otherwise as joint associates for profit.

SECTION 12.5 Regulatory Examinations and Financial Information

Client agrees to submit to any examination which may be required by any Regulatory Authority with audit and examination authority over Bank, to the fullest extent of such Regulatory Authority. Client shall also provide to Bank any information, which may be required by any Regulatory Authority in connection with their audit or review of Bank or the Program and shall reasonably cooperate with such Regulatory Authority in connection with any audit or review of Bank. Client shall furnish Bank, at Client expense, with audited financial statements prepared by a certified public accountant. Client shall also provide such other information as Bank, Regulatory Authorities, or the System may from time to time reasonably request with respect to the financial condition of Client and such other information as Bank may from time to time reasonably request with respect to third parties contracted with Client.

SECTION 12.6 Governing Law

This Agreement shall be governed by the internal laws, and not by the laws regarding conflicts of laws, of the State of South Dakota. Each Party hereby submits to the jurisdiction of the courts of such state, and waives any objection to venue with respect to actions brought in such courts.

SECTION 12.7 Severability

In the event that any part of this Agreement is deemed by a court, Regulatory Authority, or other public or private tribunal of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed to have been omitted from this Agreement. The remainder of this Agreement shall remain in full force and effect, and shall be modified to any extent necessary to give such force and effect to the remaining provisions, but only to such extent.

SECTION 12.8 Survival

All representations and warranties herein shall survive any termination or

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expiration of this Agreement.

SECTION 12.9 Successors and Third Parties

Except as limited by Section 12.10, this Agreement and the rights and obligations hereunder shall bind, and inure to the benefit of the parties and their successors and permitted assigns.

SECTION 12.10 Assignments

The rights and obligations of Client under this Agreement are personal and may not be assigned either voluntarily or by operation of law, without prior written consent from Bank.

SECTION 12.11 Notices

All notices, requests and approvals required by this Agreement shall be in writing addressed/directed to the other party at the address and facsimile set forth below, or at such other address of which the notifying party hereafter receives notice in conformity with this section. All such notices, requests, and approvals shall be deemed given upon the earlier of receipt of facsimile transmission during the normal business day or actual receipt thereof. All such notices, requests and approvals shall be addressed to the attention of:

Bank to: BANKFIRST

2600 W. 49th Street
Sioux Falls, SD 57105
Attention: General Counsel
Facsimile Number: (480) 308-5102
Client to:
NBO Systems, Inc.
3676 W. California Ave., Bldg.D
Salt Lake City, UT 84104
Attention: CEO
Facsimile Number: (801) 973-4188
Tax Identification Number: 55-0795927

SECTION 12.12 Waivers

Neither party shall be deemed to have waived any of its rights, power, or remedies hereunder except in writing signed by an authorized agent or representative of the party to be charged. Either party may, by an instrument in writing, waive compliance by the other party with any term or provision of this Agreement on the part of the other party to be performed or complied with. The waiver by either party of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

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SECTION 12.13 Entire Agreement; Amendments

This Agreement constitutes the entire Agreement between the parties and supersedes all prior Agreements, understandings, and arrangements, oral or written, between the parties with respect to the subject matter hereof. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the party against whom enforcement of any such modification or amendment is sought.

SECTION 12.14 Counterparts

This Agreement may be executed and delivered by the parties in counterpart, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

SECTION 12.15 Disputes

(a) Duty to Notify. In the event of any dispute, controversy, or claim arising out of or relating to this Agreement or the construction, interpretation, performance, breach, termination, enforceability or validity thereof (hereinafter, a "Dispute"), the party raising such Dispute shall notify the other promptly and no later than sixty (60) days from the date of its discovery of the Dispute. In the case of a Dispute relating to account or transaction statements or similar matter, the failure of a party to notify the other party of such Dispute within sixty (60) days from the date of its receipt shall result in such matter being deemed undisputed and accepted by the party attempting to raise such Dispute.

(b) Cooperation to Resolve Disputes. The parties shall cooperate and attempt in good faith to resolve any Dispute promptly by negotiating between persons who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for administration and performance of the provisions or obligations of this Agreement that are the subject of the Dispute.

(c) Arbitration. Any Dispute which cannot otherwise be resolved as provided in paragraph (b) above shall be resolved by arbitration conducted in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitral tribunal may be entered in any court having jurisdiction thereof. The arbitration tribunal shall consist of a single arbitrator mutually agreed upon by the parties, or in the absence of such agreement within 30 days from the first referral of the dispute to the American Arbitration Association, designated by the American Arbitration Association. The place of arbitration shall be Sioux Falls, South Dakota, unless the parties shall have agreed to another location within 15 days from the first referral of the dispute to the American Arbitration Association. The arbitral award shall be final and binding. The parties waive any right to appeal the arbitral award, to the extent a right to appeal may be lawfully waived. Each party retains the right to seek judicial assistance: (i) to compel arbitration, (ii) to obtain interim measures of protection prior to or pending arbitration, (iii) to seek injunctive relief in the courts of any jurisdiction as may be necessary and appropriate to protect the unauthorized disclosure of its proprietary or

Client - BANKFIRST
3/19/2004

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confidential information, and (iv) to enforce any decision of the arbitrator, including the final award. In no event shall either party be entitled to punitive, exemplary or similar damages.

(d) Confidentiality of Proceedings. The arbitration proceedings contemplated by this Section shall be as confidential and private as permitted by law. To that end, the parties shall not disclose the existence, content or results of any proceedings conducted in accordance with this Section, and materials submitted in connection with such proceedings shall not be admissible in any other proceeding, provided, however, that this confidentiality provision shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures required by any laws or regulations.

SECTION 12.16 Limitation of Liability

Neither Client, the Bank nor any of their respective directors, officers, employees, agents, representatives or controlling persons shall be liable for any action taken or for refraining from taking any action in good faith pursuant to this Agreement; provided, however, that this provision shall not protect Client or Bank against any breach of their respective representations, warranties or covenants made herein, or against any specific liability imposed pursuant hereto, or against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations or duties hereunder. Client and Bank may rely in good faith on any document, electronic file or other electronic or telephonic communication of any kind, which appears bona fide, submitted by any appropriate person respecting any matters arising hereunder.

IN WITNESS WHEREOF, this Agreement is executed by the parties' authorized officers or representatives and shall be effective as of the date first above written.

Client
By: /s/ Christopher Foley
Title: CFO
3/19/04

BANKFIRST
By: /s/ Brad Henson
Title: SVP

Client - BANKFIRST
3/19/2004

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Schedule A

BANKFIRST SERVICES AND FEES	
Standard Service Items	Fee
***	***
***	***
***	***

***	***
***	***
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***	***
***	***
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***	***

Client - BANKFIRST
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Schedule B

ACH File Requirements and File Processing Schedule

Bank Transmission Location

All file of Entries generated by Client must be transmitted to Bank.

Security Procedures

Bank requires the file of Entries being transmitted to comply with the industry standard security standards which at a minimum will be 128-bit, triple DES (Data Encryption Standard).

File Process Timing

- (a) The Client will provide the file(s) of Entries to the Bank at least one day prior to the settlement date..
- (b) The Bank operates under a "continuous balancing" mode which means they can accept a file of Entries from Client ongoing.
- (c) The Bank will transmit all approved files of Entries to the Federal Reserve for immediate settlement at 11 AM. CST. Immediate settlement occurs at 5 p.m. CST. Debit files transmitted after 11 AM CST will be automatically settled the following day.

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CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

ADDENDUM TO INTERNET GIFT CARD(S) AGREEMENT

THIS ADDENDUM ("Addendum") to the INTERNET GIFT CARD(S) AGREEMENT dated April 1, 2001, is entered into and is effective as of August 8, 2003 (the "Effective Date") by and between NBO Systems, Inc., a Maryland Corporation ("NBO"), with its principal place of business at 3676 W. California Avenue, Building D, Salt Lake City, Utah 84104, and GMRI, Inc., ("Operator"), with offices located at 6100 Lake Ellenor Dr., Orlando, FL 32809. NBO and Operator are sometimes each referred to herein as a "Party" and collectively the "Parties."

WHEREAS, the Parties have previously entered into the Internet Gift Card(s) Agreement dated April 1, 2001 for the operation of Internet fulfillment for GMRI, Inc. gift cards ("Agreement"); and

WHEREAS the Parties agree to amend said Agreement as specified herein;

NOW THEREFORE, in consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree to amend the Agreement as follows:

1. The term of the Agreement originally set to expire on August 8, 2003 is hereby extended through August 8, 2004, subject to Operator's right to terminate without cause upon ninety (90) days notice ("Extension").
2. Except as otherwise expressly modified herein, the Agreement Extension shall be pursuant to the same terms and conditions of the Agreement as signed by both parties on April 1, 2001.
3. Should GMRI elect to convert to in-house Internet Fulfillment, GMRI agrees to give NBO no less than thirty (30) days prior notice, in which case NBO shall cooperate with GMRI in the conversion and the Agreement shall be deemed terminated at the end of the thirty (30) day period.
4. This Agreement shall not be made effective until an authorized officer of each party signs such Agreement
5. Except as expressly modified herein, all other terms of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, NBO and Customer have executed this Addendum effective as of the date listed above.

GMRI, Inc.
 By: /s/ Stephen E. Helsel
 Signature
Stephen E. Helsel
 Name
SVP - Corp. Controller
 Title
Sept 30, 2003
 Date

NBO SYSTEMS, INC.
 By: /s/ Christopher Foley
 Signature
 -
 Christopher Foley
 Chief Financial Officer

9/11/03
 Date

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

CONTRACT SERVICES AGREEMENT

This CONTRACT SERVICES AGREEMENT (this "Agreement") is entered into effective as of **October 14, 2003** (the "Effective Date") by and between NBO Systems, Inc., a Maryland Corporation ("NBO"), with its principal place of business at 3676 W. California Avenue, Building D, Salt Lake City, Utah 84104, and **Glimcher Properties Limited Partnership** ("Customer"), with an address of **150 East Gay Street, Columbus, OH 43215**. NBO and Customer are sometimes each referred to herein as a "Party" and collectively the, "Parties."

RECITALS:

A. NBO is in the business of developing, marketing, owning and operating remote distribution and processing systems for gift cards, gift certificates, gift rights, vouchers, and other instruments allowing the giving of a right to receive a credit toward the purchase of merchandise (collectively "Mall Gift Cards").

B. Customer is in the business of owning, operating and managing the marketplace center(s) as defined in **Addendum C** (the "Property" or "Properties").

C. The Parties desire to enter into a relationship whereby NBO will make available to and install distribution counter top unit(s) ("CTU") with related network components that allow Customer to sell Gift Cards/Certificates from the Property location(s) as stated herein and also allows NBO to accept, fulfill and distribute card orders placed online via the Internet and telephonically via NBO's toll -free Call Center service (collectively, the "System"), as further described in this Agreement.

NOW, THEREFORE, In consideration of the premises set forth above, the mutual promises, covenants, agreements and benefits set forth herein below, and for other good and valuable consideration, the Parties agree as follows:

1. RIGHTS AND OBLIGATIONS OF CUSTOMER.

a.

Distribution. Customer hereby grants to NBO the exclusive right to offer and issue Mall Gift Cards/certificates (the "Mall Gift Cards" or "Cards") which may be used at all participating retail establishments located at the Property through the System (the "Mall Gift Card Program ") and grants to NBO a license to install the System at the Property for the Term (defined below) and as further described in this Agreement. During the Term, NBO will also have the exclusive right to issue Cards for orders placed through the Internet and the telephone to individual and corporate customers as described herein. Nothing contained herein shall limit the right of Customer's tenants of the Property to issue gift cards, certificates or any similar vouchers to be used for redemption at their own respective stores.

b. **Utility Access**

and Service. Customer accepts full responsibility to provide the facilities necessary to enable and maintain the System's electricity; network connectivity and telecommunication service (the "Utility Services") required for System operation, as specified in **Addendum A, Item 1**, attached hereto. The installation of such services will be at a distribution location to be mutually agreed upon as stated herein and all associated on-going expenses are the responsibility of the Customer as specified in **Addendum A, Item 1**. Such installation shall include coordination with NBO as specified in **Addendum A, Item 1**.

c. **System Hardware and Software.**

Upon NBO's receipt of full payment for the System hardware received and installed at the Property, the CTU will become the property of the Customer as described in **Addendum A, Item 2**. Customer understands and agrees that although the System hardware and components may be owned by them, this ownership does not extend Customer any right or ability to install any other software on the System throughout the Term of this agreement, or any

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extensions thereafter, that is not provided by and/or authorized in writing by NBO. NBO is and shall be the sole owner of the trade name "NBO", "The Gift Certificate Company", "The Gift Card Company", and all other trade names, trademarks and copyrights used now or in the future in connection with the System. NBO retains all rights to the System software it has developed and provided to Customer. Software supplied by NBO may not be copied, sold or used except as authorized by NBO and Customer acknowledges that NBO hardware is designed exclusively for the Mall Gift Card software as stated above. NBO hereby grants Customer a license to use the System software for the Term hereof and in the event of a default by NBO, for a period not to exceed an additional one hundred eighty (180) days.

d. **Installation and Maintenance.** Expenses relating to the installation and maintenance of System hardware are described in **Addendum A, Item 3**. Customer shall endeavor to notify NBO, or its designated service agent, of any malfunction of or damage to the System, within twenty-four (24) hours of Customer becoming aware of the problem. Customer must first attempt to notify NBO of any problem requiring assistance. Customer's personnel shall cooperate with NBO in performing periodic maintenance and diagnostic procedures on the System's hardware and/or software components to determine if and when any periodic or preventative maintenance may be required.

e. **Relocation.** At anytime during the Term of this Agreement, Customer shall have the right to relocate the CTU to another location in the Property and agrees to provide NBO a minimum of thirty (30) days advance written notice of intent to do so. In that event, Customer shall, at their expense, bring the necessary utilities per **Addendum A, Item 1** to the relocation area. NBO shall provide the technical telephone support to assure that the System is functioning properly following the relocation. Customer shall reimburse NBO for any/all reasonable out-of-pocket expenses incurred by NBO or NBO's designated service organization, relating to the relocation of the System and any payment due NBO is payable upon thirty (30) days following receipt of invoice from NBO

f. **Internet/Website.** At Customer's request, NBO shall cooperate in designing and implementing a "shopping cart" that allows visitors access to Customers and/or NBO's websites, for the purpose of purchasing Cards online via the Internet. Customer shall provide NBO with contact information of Customer's website administrators in order to complete all programming requirements and all Customer expenses associated with this process are described in **Addendum A, Item 4**.

g. **Training and Property Set-Up.** Throughout the term of this Agreement, Customer agrees to maintain adequately trained Property personnel to assist appropriate users in the operation of the System for Card purchases at the Property. NBO will provide any required on-site training at a cost as specified in **Addendum A, Item 5** and initial and on-going training and support conducted on the telephone will be provided to Customer at no cost, throughout the term of the Agreement.

h. **Advertising.** Customer agrees to provide promotional and advertising support of the Cards at the Property for consumers, tenants, prospective tenants, and corporate customers. Any expenses associated with such advertising and promotion will be at the sole expense of Customer unless otherwise agreed upon in writing. Any Mall Gift Card advertising and promotion containing reference to VISA requires written approval from NBO prior to implementation by Customer. NBO agrees that dual or cross marketing opportunities with Customer may be available, and said opportunities will be mutually defined and agreed upon by both Parties by separate written Agreement.

i. **Software Licensing Fee.** NBO shall be the exclusive provider of all software to be used in the operation of the System and any fees associated with the use of such software, including maintenance and upgrades, will be at a charge to the Customer as specified in **Addendum A, Item 6**.

j. **Mall Gift Cards and Packaging.** NBO shall provide the Cards and Packaging at a cost to Customer as specified in **Addendum A, Item 7**.

k. **Inventory.** Customer shall provide the on-site personnel necessary to periodically monitor the inventory of Card stock, report to NBO as requested by NBO on such inventory levels, and

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restock/secure the Card stock in compliance with NBO instructions on Card security.

l. **Gift Card Fees and Expenses.** Customer acknowledges and agrees to all Administrative and non-use fees ("Admin Fees" charged monthly on cards that retain a balance after a specified period of time from date of purchase until expiration), and any other fees and expenses required for the operation, distribution and management of Cards are described in **Addendum A, Item 8**. My fees and expenses charged to the holder of the Card, that may affect Card balances, are in accordance with the Terms and Conditions provided with each Card purchased from Customer and NBO.

m. **Financial Responsibility.** Customer accepts full financial responsibility for the collection of all funds associated with the issuance of Cards sold at the Property (the "Customer Sales"). At the conclusion of each business day, Customer shall ensure that funds equal to the dollar amount of Cards sold in such business day are deposited to the account described in **Addendum B, Item 1**, whether by cash, check, credit or debit card. In the event that NBO determines that there is a shortage with respect to the Customer Sales, NBO shall provide immediate notification thereof to Customer's designee. In the event of a shortage, whether discovered by Customer or NBO, Customer shall deposit the shortage amount relating to Customer Sales within five (5) calendar days following the discovery of the shortage. Customer accepts full financial responsibility to assure good funds for cash or check transactions, and for any fraud, toss, or charge backs on credit/debit cards processed at the Property. Customer may request guidance from NBO to assist in minimizing the likelihood of charge backs but Customer retains responsibility to ensure Property management and personnel are adequately trained to minimize exposure. Customer shall reimburse NBO for any credit/debit card charge backs, returned checks, and any associated bank fees relating to Card sales at the Property within five (5) calendar days of notification of such event. Customer is not responsible for overdrafts created by NBO's debiting of Customer's local mall depository bank account.

n. **Credit/Debit Card Fees.** Customer agrees to reimburse NBO for all credit/debit card transaction fees associated with the issuance of Cards to include all Cards sold at the Property by the Customer and/or those sold via the Internet or Call Center by NBO. NBO shall invoice all associated credit/debit card transaction fees to Customer as described in **Addendum A, Item 10**.

o. Extraneous Card Usage.

Customer acknowledges and understands the Mall Gift Card is built on an open VISA platform, and that some portion of the value of some Cards will be redeemed outside the Property.

p. Bank Processing. Customer and NBO acknowledge and agree that NBO is responsible for all bank fees/charges described in Addendum B associated with the processing of the Cards, excluding the Credit/Debit Card Fees as described in Section In of this Agreement, and the type of instrument used, as described in **Addendum B.**

q. Consumer Convenience Fees. All Consumer Convenience Fees to be charged for Card purchases at the time of sale are described in **Addendum A, Item 11.**

r. Internet and Call Center Charges. Customer acknowledges and agrees with NBO fees associated to the issuance, processing, handling and shipping of Internet or Call Center orders fulfilled by NBO, as described in **Addendum A, Item 12.**

s. Termination Fees. Customer acknowledges and agrees to Termination Fees as described in **Addendum A, Item 13.**

2. RIGHTS AND OBLIGATIONS OF NBO.

a. The System. Except as otherwise set forth in this Agreement, NBO shall assist the Customer in the installation of the System at the Property as described in **Addendum A, Item 1** and

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Customer shall use the System exclusively for the issuance of Cards and for no other purpose whatsoever. The System and related software are designed to accept all forms of payment used for Card purchases to include cash, check and credit/debit cards.

b. Competing Installations. Customer acknowledges and agrees that NBO has the right to enter into agreements the same as, or similar to, this Agreement, with other companies who may own or manage competing retail establishments or malls in the geographic vicinity of the Property. This may include the installation of an NBO System used for the purpose of the issuance of NBO gift certificates, Gift Cards or other similar type instruments as those made available to Customer by NBO.

c. Maintenance. Throughout the Term of this Agreement, NBO shall provide all necessary support required to maintain operation of the System as described throughout this Agreement and as described in **Addendum A, Item 3.**

d. Training. Throughout the term of this Agreement, NBO shall provide System operation training to Property management personnel as described in **Addendum A, Item 5.** Upon said NBO training, Customer will assure all Property employees involved in the issuance of the Cards are adequately trained at all times.

e. Advertising. NBO may use Customer's name and/or the name of the Property In any sales and marketing advertising or promotion of the relationship between the parties, without Customer approval; however, any mass media advertisements or promotions using Customers name, logos or proprietary trademarks of Customer shall require prior Customer approval, which shall not be unreasonably withheld. NBO agrees that dual or cross marketing opportunities with Customer may be available, and said opportunities will be mutually defined and agreed upon by both Parties by separate written Agreement.

f. Mall Gift Cards. All Gift Cards sold as per the terms of this Agreement can be used to purchase merchandise or services from any participating retail merchant within the Property. The Customer shall have no financial obligation under the Mall Gift Card program to make any payments to merchants, purchasers, or holders of the Mall Gift Cards. It is NBO's obligation to pay to appropriate participating merchants all or a portion of the purchase price of merchandise or services, depending upon the amount of the purchase made and the balance of available funds to be deducted from the Card balance remaining at time of purchase. All Cards issued by the Customer or by NBO shall include Terms and Conditions containing some or all of the following language, which is incorporated into this contract by reference:

"The Terms and Conditions are a contract between the holder, NBO, the processing network and the Customer. When presented to a participating merchant for the purchase of merchandise and/or services, NBO has the obligation to pay the merchant all or part of the purchase price, to the extent of the remaining value of the Mall Gift Card. The remaining value is equal to the purchase price of the Mall Gift Card, less any previously used amounts, less any fees or charges deducted from the card balance by NBO as detailed In the Terms and Conditions accompanying the Card at time of purchase".

The following disclosures shall be prominently printed/displayed on the Mall Gift Card or the Terms and Conditions provided with each Gift Card purchased:

- Mall Gift Card is not redeemable for cash.
- Subject to Expiration except where prohibited by law.

g. Mall

h. Card Redemption. Merchant must accept VISA Credit or signature debit cards as a form of payment for merchandise or services in order to participate in the Mall Gift Card program. NBO

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shall have no obligation to Customer for Cards redeemed outside the Property.

i. Mall Gift Card Payments. The Mall Gift Cards shall be in the form and of materials specified by NBO and associated processing partners as described in **Addendum A, Item 7.** All Cards purchased will include Terms and Conditions that apply to use of the Card, and upon use, Card Holder is acknowledging and accepting the Terms and Conditions disclosed. Cards may be used in whole or in part, for purchasing merchandise or services, up to the amount of the purchase price or amount of available balance remaining on the Card at that time. NBO guarantees payment to the merchant as per the terms of this Agreement, if Merchant follows the redemption procedures provided by NBO and/or VISA USA. Such procedures shall be governed by processing and/or Card issuer regulations.

j. Reporting. Within twenty (20) days of the end of each month, NBO shall provide Customer with a Property Gift Card report showing the volume of Mall Gift Cards issued during the preceding month.. The Property's Mall Gift Card report shall indicate the entire volume of Mall Gift Cards issued, and shall have a summary of Cards issued at the Property, via the Internet or through NBO's call center and will also detail types of payments used. Additional reports and detail not provided by NBO as per the terms of this Agreement may be available to Customer at a fee as described in **Addendum A, Item 14.**

k. Consumer Convenience Fees. NBO Consumer Convenience fees charged for Card purchases are described in **Addendum A, Item 11**

l. Internet and Call Center Charges. NBO shall provide processing, fulfillment, handling and shipping of all Card orders that are initiated through the Internet and NBO's call center as described in **Addendum A, item 12.**

m. Unused Mall Gift Cards. NBO shall be responsible for and shall cause compliance with all existing applicable abandoned property or escheat laws (the "Escheat Laws"). NBO shall charge Admin Fees as described in **Addendum A, Item 9** upon Cards and Accounts, except as prohibited by law. NBO shall and does hereby indemnify Customer and hold Customer harmless and, at Customer's option, will defend it from and against any and all claims, actions, costs, damages, expenses (including attorneys' and other professional fees), judgments, settlement payments, fines and liabilities incurred or suffered by Customer in connection with any failure by NBO to account for and pay over to any governmental authority any amount which escheats to any such governmental authority or which such governmental authority claims escheats to it in connection with the issuance of Mall Gift Cards. Customer shall notify NBC of such claims Customer receives from any such governmental authority. NBO shall have the right to contest such claims, and Customer agrees to cooperate with and assist NBO, at NBO's expense, in minimizing and/or defending against such claims. All funds corresponding to unused or unusable Cards (subject to compliance with all existing applicable Escheat laws), Admin Fees, Expiration Fees, breakage and/or estimated breakage shall belong solely to and may be used by NBO as fees for services upon issuance of the Card. NBO's obligations and rights pursuant to this subsection shall survive any termination of this Agreement.

n. Management of Depository and Related Accounts. Certain depository and other accounts shall be established by NBO as described in **Addendum B** attached hereto.

o. Financial Responsibility. NBO accepts full financial responsibility for the collection of all funds associated with the issuance of Cards sold via the Internet or through NBO's call center (the "NBO Sales"). At the conclusion of each business day, NBC shall ensure that the amounts associated with NBO Card sales for that specific day are collected and deposited In the appropriate account(s) as per **Addendum B**, and that they correspond to the value of such Cards issued for that specific day. In the event of a shortage, whether discovered by Customer or NBO, NBO shall deposit the shortage amount relating to NBC Sales within five (5) calendar days following the discovery of the shortage. NBO accepts full financial responsibility for fraud/charge backs for credit/debit cards processed via the Internet and NBO's call center. NBO shall reimburse any credit/debit card charge-backs, returned checks, and any associated bank fees relating to Card sales via the Internet and NBO's call center

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within five (5) calendar days of notification of such event.

p. Billing. NBO agrees that all bills or invoices to be issued by NBO to Customer shall be issued to Customer's address as shown in the first sentence of this Agreement, or such other address designated by customer in writing to NBO.

q. **Insurance; Indemnity.** NBO shall indemnify Customer and save it harmless for, from and against any and all claims, actions, damages, liabilities and expenses (including attorneys' and other professional fees) suffered by Customer in connection with: (i) damage to property or the environment suffered by third parties occasioned wholly or in part by any gross negligent act or gross negligent omission of NBO, its agents, contractors, invitees or employees and (ii) the misappropriation or other loss of any funds held in any of the accounts described in **Addendum B** to the extent such misappropriation or other loss was occasioned by any gross negligent act or gross negligent omission of NBO, its agents, contractors or employees. This indemnity shall survive any termination of this Agreement with respect to any incident occurring during the Term. At all times on and after the date of this Agreement, NBO will carry and maintain, at its expense, a non-deductible (i) commercial general liability insurance policy, including insurance against assumed or contractual liability under this Agreement to afford protection with respect to property damage of not less than One Million Dollars (\$1,000,000.00) per occurrence combined single limit and Two Million Dollars (\$2,000,000.00) general aggregate; (ii) all-risks property and casualty insurance policy, including NBO employee theft, written at replacement cost value and with replacement cost endorsement, covering all personal property of NBO located at the Property, including without limitation, all elements of the System and (iii) if and to the extent required by law, worker's compensation insurance policy, or similar insurance in form and amounts required by law. Insurance maintained by NBO shall contain coverage for NBO employee theft, premises, transit, and depositor's forgery with respect to money and securities with a limit of not less than One Million Dollars (\$1,000,000.00). NBO and Customer agree that any proceeds of the Policy relating to funds associated with the Customer's Mail Gift Cards shall be deposited into an account so as to cover Customer's outstanding Mall Gift Cards. Commercial general liability and all risks property and casualty insurance policies evidencing such insurance shall be non-contributory. The Policy shall contain a provision by which the insurer agrees that such policy shall not be canceled, materially changed or not renewed without at least thirty (30) days' advance notice to Customer at the Property management office and with a copy to the address listed in the first paragraph of this Agreement, Attention: Risk Manager, by certified mail, return receipt requested. A copy of such policies, or certificates thereof, shall be delivered to Customer upon request. Neither Customer nor NBO shall be liable to the other Party or to any insurance company (by way of subrogation or otherwise) insuring the other party for any loss or damage to any building, structure or other tangible property or any resulting loss of income or losses under worker's compensation laws even though such loss or damage might have been occasioned by the negligence of such Party, its agents or employees. The provisions of this paragraph shall not limit the indemnification for liability to third parties contained in the preceding paragraph.

r. **Laws Compliance.** NBO shall use its best efforts to maintain compliance of all federal, state, regional, county, municipal and other governmental statutes, laws, rules, orders, regulations and ordinances applicable to the Customers Mall Gift Card Program, including, but not limited to, applicable escheat statutes.

3. AGREEMENT TERM; TERMINATION.

a. **Term.** The "Term" of this Agreement shall commence as of the Effective Date and shall terminate three (3) years from the Effective Date, unless earlier terminated in accordance with the provisions of Section 3b or Section 5 below. Any extension or Amendments to this Agreement shall only be effective upon written agreement of the Parties.

b. **Customer Early Termination Right.** Notwithstanding anything to the contrary set forth herein, NBO and Customer hereby agree that Customer shall have the right, not sooner than January 1, 2005, to be exercised in Customer's sole discretion, to terminate this Agreement ninety (90)

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days after delivery of written notice to NBO of such intent to terminate. Such early termination by Customer shall be in accordance with the provisions of **Addendum A, Item 13.**

c. **Termination.** Upon the termination of this Agreement, NBO and Customer shall no longer issue Mall Gift Cards for the Property through the System. Outstanding Cards in circulation shall continue to be processed normally per Card Association rules. NBO shall continue to process previously issued Mall Gift Cards until the expiration date of the last Mall Gift Card issued. Fees associated with the early termination of this Agreement are described in **Addendum A, Item 13.** Customer shall account for and return to NBO, at Customer expense, all unused Card and Packaging stock and upon receipt by NBO, all returned stock that is specific to Customer's Property will be destroyed. In any event, NBO shall continue to collect all interest, fees and proceeds from the Card program until all issued Cards expire or until all Card Accounts have a zero balance.

4. ASSIGNMENT.

a. **Assignment by Customer.** Customer may delegate, assign, transfer or encumber its rights, duties, interests or obligations under this Agreement to any subsidiary or affiliate of Customer or to any person or entity which acquires (The Acquirer") the Property, with no obligation to obtain NBO's consent thereto. No such transfer or assignment of this Agreement shall constitute a termination of this Agreement. All terms and covenants of this Agreement shall survive such assignment and are enforceable upon the Acquirer. This Agreement is personal to Customer and NBO and is not binding upon or run with the Property. In the event Customer transfers its interest in any portion of the Property to a person or entity that is not a subsidiary or affiliate of Customer, this Agreement shall automatically terminate as to such affected Property.

b. **Assignment by NBO.** NBO may delegate, assign, transfer or encumber its rights, duties, interests or obligations under this Agreement (each an "Assignment") with written authorization from Customer. Customer agrees that it will not unreasonably withhold its consent to a proposed Assignment, provided the proposed transferee: (i) possesses qualifications equivalent to those of NBO to operate the business operated by NBO and shall

have demonstrated recognized experience in successfully operating such a business, including, without limitation, experience in successfully operating a similar quality business in a first-class shopping center; (ii) will not adversely affect the quality and type of business operation which NBO has conducted theretofore; (iii) will continue to operate the business in the same manner as NBO and pursuant to all provisions of this Agreement; and (iv) assumes in writing, in a form acceptable to Customer, all of NBO's obligations hereunder, and NBO shall provide Customer with a copy of such document.

5. DEFAULT AND TERMINATION.

The following events shall constitute an "Event of Default":

a. **Bankruptcy.** The adjudication of either Party as being bankrupt, insolvent or unable to pay its debts and obligations as they become due, or if either Party places any of its property or assets in liquidation for the purpose of meeting claims of its creditors, or a trustee or receiver is appointed. If any such adjudication is involuntary, it shall not be an Event of Default hereunder if such Party is seeking to have the adjudication dismissed and in fact causes it to be dismissed within sixty (60) days thereof.

b. **Failure to Perform.** The failure of either Party to perform or fulfill at the time and in the manner herein provided any material duty, obligation or condition required to be performed or fulfilled by that Party hereunder; provided, however, that the non-performing Party shall have been given ten (10) days written notice if such non-performance is the non-payment of money and thirty (30) days' prior written notice for any other non-performance, specifying the non-performance or non- fulfillment that it is charged with having committed and shall have failed to cure such non-performance or non-fulfillment within such ten (10) day or thirty (30) day period, as the case may be; provided, however, in the event of a non-monetary non-performance or non-fulfillment, there shall not be an Event of Default hereunder if the defaulting Party shall be diligently pursuing the curing of such non- performance and in fact completes the cure within sixty (60) days from the date of the notice.

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Upon the occurrence of an Event of Default, the non-defaulting Party shall have the right to terminate this Agreement upon thirty (30) days written notice to the other Party. If this Agreement is terminated pursuant to this Section, the defaulting Party nevertheless shall remain liable for all damages which may be due or sustained by the non-defaulting Party, including, but not limited to, reasonable attorneys' fees, costs and expenses incurred by the non-defaulting Party in pursuit of its remedies hereunder, as well as Termination Fees as described in **Addendum A, Item 13**.

6. MISCELLANEOUS PROVISIONS.

a. **Applicable Law.** All matters pertaining to the validity, performance, construction or effect of this Agreement, and the legal relations between the Parties, shall be governed by and construed in accordance with the laws of the State of Maryland applicable to agreements made and wholly to be performed in said State without regard to principles of conflicts of law. Any disputes arising under this Agreement or the transactions contemplated hereunder shall be resolved in the state and federal courts residing in Columbus, Ohio.

b. **Entire Agreement.** This Agreement constitutes the entire agreement and understanding of the Parties with respect to the subject matter hereof, and supersedes all prior agreements, arrangements and understandings related to the subject matter hereof. No representation, promise, inducement or statement of intention has been made by either of the Parties that is not embodied in this Agreement, and neither of the Parties shall be bound by or be liable for any alleged representation, promise, inducement or statement of intention that is not specifically set forth in or referred to herein.

c. **No Joint Venture.** NBO and Customer are independent contractors. No agency, partnership, joint venture or employee-employer relationship is intended or created by this Agreement, and neither party shall hold itself out in a manner that would indicate any such relationship exists in any matter, including but not limited to, advertising.

d. **Notice.** Any notice or other communication required or permitted to be given hereunder shall be effective upon receipt by the intended recipient at the address indicated in the introductory paragraph above (or such other address as either Party shall provide to the other Party by one of the means set forth herein below). Receipt shall be deemed to have occurred upon the earlier of (a) the date of actual receipt by the intended Party by registered mail, (b) five (5) days after such notice is deposited in the United States mail, certified or registered, postage prepaid and properly addressed, (c) the date such notice is sent to the other Party by telecopy (with receipt confirmation), provided such notice is promptly provided to the other Party by United States mail, certified or registered, postage prepaid and properly addressed, or (d) one (1) business day after such notice is deposited with a recognized overnight courier service with instructions for overnight delivery.

e. **Force Majeure.** Neither Party shall be responsible to the other Party for non- performance or delay in performance of any of the terms, duties, obligations or conditions contained in this Agreement due to acts of God, acts of governments, wars, riots, strikes, accidents or other causes beyond the control of the Parties. In no event shall financial inability excuse a Party's performance hereunder.

f. **Confidentiality.** The Parties agree that the contents and existence of this Agreement shall be considered confidential and shall not be disclosed to any third person or entity by either Party except with the prior written approval of the other Party or upon the order of a court of competent jurisdiction.

g. **Severability.** In the event that any provision hereof shall be deemed in violation of any applicable law, rule or regulation, or held to be invalid by any court in which this Agreement shall be interpreted, the violation or invalidity of any particular provision hereof shall not be deemed to affect any other provision hereof, but this Agreement shall be thereafter interpreted as though the particular

provision so held to be in violation or invalid were not contained herein.

h. Miscellaneous. The above Recitals and all Attachments attached hereto are deemed to have been incorporated herein by reference. Notwithstanding any rule or maxim of construction to the contrary, any ambiguity or uncertainty in this Agreement shall not be construed against either Party based upon authorship of any of the provisions hereof.

IN WITNESS WHEREOF, the Parties have entered into this Agreement effective as of the Effective Date.

CUSTOMER:

Glimcher Properties Limited Partnership

NBO Systems, Inc.:

By: /s/ William G. Cornely

Name

Exec V.P.

Title

Date: 10/21/03

By: /s/ Christopher Foley

Christopher Foley

Chief Financial Officer

Date: 10/31/03

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ADDENDUM A

THIS ADDENDUM IS A PART OF THE CONTRACT SERVICES AGREEMENT DATED AS OF THE EFFECTIVE DATE FIRST REFERENCED HEREIN BY AND BETWEEN NBO SYSTEMS, INC. ("NBO") AND GLIMCHER PROPERTIES LIMITED PARTNERSHIP, ("CUSTOMER").

1. UTILITY ACCESS and SERVICE.

a. Customer shall ensure the power specification is available at the Counter Top Unit(s) ("CTU") location(s) prior to the installation of the System hardware. NBO shall not ship System hardware to Property until such utility access and service specifications, as described in this paragraph, are completed by Customer and confirmed by NBO. Anticipated completion date of said specifications and services by Customer is _____, 2003.

b. Customer shall provide a site installation plan outlining specific locations for placement, power, and connectivity to the CTU and shall provide this to NBO prior to installation.

c. The power requirement for installation at each CTU location is a dedicated 110 Volt, 15-amp circuit; either wall or floor mounted, and must be within five feet of the installation location.

d. The CTU requires installation of a Cat 5E cable between the CTU location and the hub/internet/frame relay connection location and cannot exceed a maximum of three hundred (300) cable feet.

e. Customer shall ensure that all System hardware to be stored in an enclosed space has appropriate ventilation.

f. Customer shall ensure the System hardware is installed in a secure location.

g. The Customer is responsible for the initial installation and on-going monthly costs of the System connectivity to NBO.

h. Each CTU must have telecommunication in the form of Frame Relay, DSL, or other dedicated line (meaning "always on" Internet connection). If the Internet connection is shared with other users, Customer may be required to increase bandwidth to ensure reliable communication between each CTU location and NBO. Dial-up connections do not provide reliable service and are not recommended by NBO.

i. Customer shall establish an Internet account with a local Internet Services Provider ("ISP"), and shall provide the account name, password and local contact number of said account to NBO upon acquisition. Customer is responsible for all costs associated with the installation, the connection and the Internet account at the local ISP. Customer may contract this ISP connection through NBO on a monthly basis [***], payable by Customer to NBO upon receipt of invoice from NBO.

j. Remote locations may not provide required local Points of Presence, and in such cases where NBO incurs long distance charges, Customer shall reimburse NBO for such charges, plus a processing fee, upon receipt of invoice from NBO.

2. SYSTEM HARDWARE.

Customer shall pay. [* * *], except where Termination Fees apply in accordance with **Addendum A, Section 13**, for each CTU to be installed at the Property. The System hardware remains the property of NBO.

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3. INSTALLATION and MAINTENANCE.

NBO shall provide all necessary technical services required, excluding remodeling costs or other required construction or modifications, to install the CTU at the designated location. During the Term hereof, NBO shall use its best efforts to provide for the maintenance and repair of System hardware (for all events not as a result of Customer negligence or damage) within twenty-four (24) hours of Customer's request therefore, subject to NBO designated service organization availability. Upon the expiration or earlier termination of this agreement, all maintenance, repair and removal expenses of the System hardware are the responsibility of the Customer and any NBO assistance for such services will be invoiced to Customer and must be paid upon receipt of invoice from NBO.

4. INTERNET/WEBSITE.

Throughout the term of this Agreement, programming costs, set-up fees and on-going monthly software fees required to insert and maintain the NBO shopping cart on Customer's website, [* * *] Customer is responsible for providing an accessible website designed to accommodate HTML frames and Cascading Style Sheets prior to shopping cart integration.

5. TRAINING AND PROPERTY SET-UP.

All activities and expenses associated with a one-time NBO on-site training of Property personnel, creation of the Property database and the building of the required retail merchant inclusion tables are provided for the cost of [* * *] payable by customer. All additional supplemental on-site training sessions are available to Customer at Customer's expense, unless otherwise agreed upon in writing.

6. SOFTWARE LICENSING FEE.

The use of NBO proprietary software for the System, including maintenance and upgrades, is provided at [* * *] to Customer.

7. MALL GIFT CARDS AND PACKAGING.

a. NBO will provide a standard NBO Mall Gift Card and Packaging Design to Customer, as defined in this paragraph 7, at [* * *] to Customer. NBO retains all rights to change the standard NBO Mall Gift Card and Packaging Design from time to time as may be required. Any customized designs requested by Customer will be billed to Customer as defined in 7.f. and 7.g. below.

b. Cards shall be of standard credit card size and thickness shall include no more than 4 colors on the face of the card, 1 color on the back of the card, a magnetic stripe and signature panel on the back and must conform to VISA specifications.

c. A Card Carrier ("Carrier" or "Packaging") shall be supplied with each Card sold, at the time of the sale, and shall include the Terms and Conditions of the program.

d. Customer agrees to pay for all Card and Card Carrier shipping and handling charges, which must be paid within thirty (30) days following receipt of invoice from NBO. Shipping and handling charges are based on actual Fed-Ex (or similar traceable delivery services) rates from Salt Lake City, Utah to individual properties and will vary by class of service, size and weight.

e. Subject to Section 2.q of the Agreement, Customer has full responsibility, financial and otherwise, for all losses associated to lost, stolen or fraudulent activity of Cards and Carriers entrusted to Customer.

f. If Customer chooses one of the NBO standard gift card designs, there will not be a design fee. If Customer requests a custom Card design, a design fee of not less than [* * *] will be paid to NBO before any design work is initiated by NBO. Complex designs may incur an additional fee, and any additional fee in

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excess of the [* * *] will be agreed upon between the parties before additional expenses are incurred. Design fees will apply each time a Custom design is changed.

g. If Customer chooses to use a custom Card, Customer agrees to reimburse NBO for the difference between the allowable cost of a standard design and the cost of the custom Card design. Any price differences between standard Cards and custom Cards will be agreed upon in writing prior to card production, and Customer will reimburse NBO within thirty (30) days following receipt of invoice.

h. NBO shall be responsible for monitoring Customer Card sales at the Properties and replenishment of Card inventory to ensure Customer has adequate Card inventory on hand at all times and receives said Card inventory in a timely manner. NBO shall use best efforts to avoid overstock conditions at the Properties. NBO shall strive to maintain no more than six (6) weeks inventory on hand at the Property at any time. Customer hereby indemnifies NBO for significant fluctuations in Card inventory due to unforeseen events, or events out of the control of Customer and/or NBO.

i. NBO hereby represents and warrants that all cards delivered to Customer for sale at the Properties shall be delivered with a minimum of thirteen (13) months, and a maximum of eighteen (18) months remaining until the stated expiration date on the face of the Card. NBO hereby further represents, due to the functionality of NBO proprietary software, that no Card shall have the ability to be activated with less than twelve (12) months remaining to the stated expiration date listed on the face of the Card.

j. Customer shall be solely responsible for the physical Card inventory for all circumstances whatsoever after shipment from HBO. Customer shall maintain a FIFO (first in, first out) inventory turnover method for Cards after receipt from NBO, subject to expiration conditions as defined in this Addendum Section 9.c.

k. The minimum Card face value denomination sold by Customer or NBO shall be [* * *] [* * *] dollars unless mutually agreed upon in writing by NBO and Customer.

8. PROPERTY ANNUAL SALES INCENTIVE VOLUME {PASIV}.

Customer has represented to NBO that the Property Annual Sales Incentive Volume (PASIV) to be used as the basis for certain economic conditions stated herein is [* * *] in Card face value sold per year. Based on this representation by Customer, NBO has agreed to pay Customer the following rebate on all Cards sold at the Property by Customer, and all Cards sold by NBO via the Internet and Call Center:

1. If the PASIV reaches or exceeds [* * *] in Card face value sold, NBO will rebate an amount equal to [* * *] per Card on all Cards sold.
2. If the PASIV is below [* * *] in Card face value sold, the following rebates or fees will apply:

[* * *]

The dates used in determining the PASIV will be on an annual calendar basis (January 1 through December 31). Any partial year Card sales will be paid a rebate based on the projected annualized volume obtained during the said partial year per the following example calculation. The calculation of

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projected annualized volume for partial year sales will utilize NBO historical monthly sales percentages as follows:

[* * *]

The PASIV calculations will not include any Cards returned, voided, refunded, etc.

All Rebates are to be paid [* * * th * * *]

Based on the PASIV represented above, NBO shall pay the fees associated to the Card Initial Load and Activation Fee ("ILAF") and the Card Account on File Fee ("AFF") on all Cards sold by Customer or by NBO.

9. ADMINISTRATIVE (ADMIN) FEES AND EXPIRATION TERMS.

a. Beginning the seventh month from date of Card purchase, and every month thereafter, all Cards or Mall Gift Card Accounts ("Accounts") will be assessed a non-refundable Admin Fee of \$2.50 per Card/Account until such time that the Card/Account balance is Zero or until Expiration of the Card, as disclosed in the Terms and Conditions (except where prohibited by law). No Administrative Fee shall be assessed during the first 6 months.

b. The Card expiration date is determined at the time of the Card encoding process and will be indicated on the face of each Card. The Card will expire on that date, however, the associated Account may or may not, as determined by applicable laws.

c. Cards shall expire no more than eighteen (18) months from the date of Account creation and shall not be extended. Cards that have less than one (1) year remaining before expiration cannot be sold by Customer or NBO, under any conditions whatsoever. NBO hereby represents, due to the functionality of NBO proprietary software, that no Card shall have the ability to be activated with less than twelve (12) months remaining to the stated expiration date listed on the face of the Card. All costs associated with expired, obsolete and un-sellable Cards are the responsibility of Customer,

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excluding Cards delivered to Customer with less than twelve (12) months to the stated expiration date listed on the face of the Card. In such exclusionary case, Customer shall return said un-sellable Cards to NBO at NBO expense. Otherwise, expired, obsolete or un-sellable Cards (not as a result of NBO fault) shall be returned to NBO at Customer expense and each Card shall incur a fee of [* * *]

10. CREDIT/DEBIT CARD FEES.

Customer shall reimburse NBO for all credit/debit card fees, transaction fees, and merchant processing fees at a rate of [* * *] of all Card purchase transactions. Said fees are payable within thirty (30) days following Customer receipt of invoice from NBO. This fee covers the actual transaction cost as well as other related NBO expenses such as costs of accounting for and processing of credit/debit cards, related credit/debit card charge back expenses, duplicate reports, research, special processing fees, etc. NBO reserves the right to review Customer transaction fees annually and in doing so, also reserves the right to adjust this rate as necessary. Customer may not process Telephone Orders or Mail Orders through the CTU. The above rate applies to card present transaction rates, and additional fees will apply if other transaction types are processed through the CTU.

11. CONSUMER CONVENIENCE FEES.

Customer and NBO agree to the following Convenience Fee and Revenue Sharing, structure, to be charged at the time of sale. (Customer may waive Convenience Fee for sales at the Property):

a. [* * *]

b. Revenue Share on Consumer Convenience Fees:

[* * *]

12. FULFILLMENT SHIPPING CHARGES.

Competitive Shipping and Handling fees associated with Internet and Call Center orders will be charged to Consumers. NBO shall set the rates and will notify Customer of rate changes subject to Customer approval, which shall not be unreasonably withheld. As of the date of this contract, the following shipping methods and rates are offered:

US Mail:[* * *]

Federal Express Saver: [* * *]

Federal Express 2nd Day: [* * *]

Federal Express Overnight: [* * *]

13. TERMINATION FEES.

If Customer terminates this Agreement prior to the end of the Term, other than NBO default per paragraph 5 (b) of this Agreement, Customer agrees to pay NBO the following early termination fees:

a. Any equipment or System hardware not owned by Customer will incur a fee of [* * *] per System per month for each month remaining on the initial term of the Contract Services Agreement. In addition, Customer will pay NBO any expenses incurred by NBO for items such as, but not limited to, production cost of the Cards, warehousing of Cards, Shipping and Handling of Cards, unused Marketing collateral material, etc. Said fees shall be calculated as the number of unused Cards produced for Customer multiplied by [* * *] per unused Card. All Termination fees are to be paid to NBO no later than 30 days after the Property has removed the System due to early Termination of the Agreement, and will incur a penalty of [* * *] annualized interest per month until paid in full.

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14. REPORTING FEES.

If Customer requests any additional reports of any kind, other than those described in 2(j) of this Agreement, the reports will be made available to Customer at a reasonable cost to be agreed upon at the time of the request. If Customer requests such additional reports, NBO will provide its best efforts to fulfill the request as quickly and efficiently as reasonably possible. Customer must pay all reasonable associated reporting expenses incurred by NBO upon receipt of invoice from NBO.

15. SAS NO. 70 COMPLIANCE.

NBO hereby represents and warrants to Customer that it shall deliver to Customer annually within ninety (90) days following the end of NBO's fiscal year, currently March 31, a SAS No. 70 report. Notwithstanding anything to the contrary set forth herein, NBO shall pay all fees incurred in connection with complying with and issuing said SAS No. 70 report as stated herein. Customer shall pay all reasonable fees, to be mutually agreed upon by the Parties, incurred in connection with NBO issuing an SAS No. 70 report requested by Customer outside the normal, annual report provided by NBO as represented herein.

16. CUSTOMER AUDIT RIGHT.

Customer shall have the right, at any time upon delivery of [* * *] prior written notice of such election, to audit NBO/Customer statements pertaining to the Mall Gift Card Program as defined in this Agreement. Such audit shall take place at NBO headquarters in Salt Lake City, Utah at Customer expense. In the event such an audit discloses an overstatement of the actual amounts charged to Customer by NBO, NBO shall immediately pay Customer all such excess amounts together with interest thereon at [* * *] per annum. In the event such overstatement is greater than [* * *] of the actual amount of allowable fees per the terms of this Agreement, NBO shall reimburse Customer for the reasonable costs of such audit. In the event such an audit discloses an understatement of the actual amounts charged to Customer by NBO, Customer shall immediately pay NBO all such shortage amounts together with interest thereon at [* * *] per annum.

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ADDENDUM B

BANKING TERMS - VISA PLATFORM

ATTACHED TO AND FORMING A PART OF THE CONTRACT SERVICES AGREEMENT DATED AS OF THE EFFECTIVE DATE FIRST REFERENCED HEREIN BY AND BETWEEN NBO SYSTEMS, INC. ("NBO") AND **GLIMCHER PROPERTIES LIMITED PARTNERSHIP**, ("CUSTOMER").

The following described procedures will be implemented with the financial institutions after the Agreement is signed by both parties and prior to the issuance of any Mall Gift Cards by NBO.

1. **Depository Account.** NBO shall establish a joint bank account with the Customer (the "Depository Account") at a bank at or near the Property (the "Local Bank") for the deposit of all receipts, whether cash, check, proceeds of credit card or debit card transactions, or other receipts from the sale of

Mall Gift Cards at the Property. The funds deposited into the Depository Account shall be used for transfer of funds to accounts described below, refunds on credit/debit card sales, charge backs on credit/debit card sales, checks returned by the bank, charges imposed by the Local Bank in connection with the Depository Account, and merchant charges associated with the credit/debit card sales. NBO shall transfer amounts deposited to the Depository Account (except for established reserves to cover other items to be disbursed from the Depository Account) on a regular basis. NBO will pay for this account. Customer will be invoiced for any special processing or bank fees for returned items related to this account.

2. **Required Accounts.** NBO shall establish any and all other bank accounts required to operate the Gift Card Program. Funds in said bank accounts shall be used for outstanding Card liability, distribution of Admin Fee and Expiration Fee revenue, and all other fees and income earned by NBO per this Agreement. Funds shall not be commingled with NBO operating funds.

3. **Account Funds.** Except for funds which are earned by NBO in the form of Admin Fees, Expiration Fees, Breakage, Estimated Breakage, Account fees, interest, dividends and other income as set forth herein, all funds held in the accounts established in this Addendum B shall be held for the benefit of consumers and the merchants who are entitled to payment in connection with the use of Mall Gift Cards. Funds are not the property of Customer and shall be paid to NBO, the Consumer, or Merchants, as applicable, and upon redemption.

4. **Fees and Interest.** All fees charged by the banks associated with the accounts in Item 2 above [* * *] All income, interest, dividends, and other amounts earned on all of the accounts described above shall be the sole property of NBO and will be distributed to NBO regularly. NBO shall receive Administration fees and Expiration revenue as described in **Addendum A, Item 9.**

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CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

**ACH ORIGINATION AGREEMENT
ODFI - ORIGINATOR
(CORPORATE)**

[Florida Bank, N.A. Logo]

THIS AGREEMENT is made this 30th day of December, 2003, by and between NBO Systems Inc. DBA The Gift Certificate Company ("Company" or "Originator") and Florida Bank, N.A. ("Financial Institution" or "ODFI").

RECITALS

A. Company has applied to ODFI to initiate ACH Entries ("Entries") pursuant to an application submitted by the Company (the "Application"), in accordance with the terms of this Agreement, the laws of the state of Florida, the laws of the United States of America, the rules of the National Automated Clearing House Association ("NACHA"), (the "ACH Rules"), and applicable state and federal regulations, and Financial Institution is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such entries.

B. Unless otherwise defined herein, capitalized terms shall have the meanings provided in the ACH Rules. The term "Entries" shall have the meaning provided in the ACH Rules and shall also mean the data received from Company hereunder from which ODFI prepares Entries.

AGREEMENT

1. Transmittal Of Entries By Company. Company shall transmit Entries to ODFI in compliance with the formatting and other requirements set forth in Attachment 2, attached herein. The ODFI will transmit the Entries initiated by Company into the ACH as provided in the ACH Rules. The total amount of files sent by the Company shall not exceed established limits set forth by the ODFI. Files will be monitored and file amounts exceeding the established limits will not be processed without the approval from authorized ODFI personnel.

2. Security Procedures.

(a) Company and ODFI shall comply with the security procedure requirements described in Attachment 5, attached hereto, with respect to Entries transmitted by Company to ODFI. Company acknowledges that the purpose of such security procedure is for verification of file authenticity and not to detect an error in the transmission or content of an Entry. No security procedure for the detection of any such error has been agreed upon between the ODFI and Company.

(b) Unless otherwise approved by the bank, all ACH transmittals must be submitted from the physical address of the company. Company will maintain strict security over ACH software, related customer information and other sensitive data, and will closely monitor authorized personnel who have access to it. Company understands and agrees that it bears full responsibility to maintain secure controls over access to ACH-related data and software. Company is strictly responsible for establishing and maintaining procedures to safeguard against unauthorized transmissions. Company warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures, as well as any passwords, codes, security devices and related instructions provided by the ODFI in connection with the security procedures described in Attachment 5. Company agrees to provide ODFI a written list of employees who are authorized to process ACH files and/or sign transmittal forms for the Company. (See Attachment 1) If Company believes or suspects that any such information or instructions have been known or accessed by unauthorized persons, Company agrees to notify ODFI by phone immediately, and follow up with a written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by ODFI prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.

3. Compliance With Security Procedure.

(a) If an Entry (or a request for cancellation or amendment of an Entry) received by ODFI purports to have been transmitted or authorized by Company, it will be deemed effective as Company's Entry (or request) and Company shall be obligated to pay ODFI the amount of such Entry even though the Entry (or request) was not authorized by Company, provided ODFI accepted the Entry in good faith and acted in compliance with the security procedure referred to in Attachment 5 with respect to such Entry. If signature comparison is to be used as a part of that security procedure, ODFI shall be deemed to have complied with that part of such procedure if it compares the signature accompanying a file of Entries (or request for cancellation or amendment of an Entry) received with the signature of an authorized representative of Company (an "Authorized Representative") and, on the basis of such comparison, believes the signature accompanying such file to be that of such authorized representative.

(b) If an Entry (or request for cancellation or amendment of an Entry) received by ODFI was transmitted or authorized by Company, Company shall pay ODFI the amount of the Entry, whether or not ODFI complied with the security procedure referred to in Attachment 5 with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would have been detected if ODFI had complied with such procedure.

Florida Bank, N.A.
ODFI-Originator Agreement

4. Recording and Use of Communications. Company and ODFI agree that all telephone conversations or data transmissions between them or their agents made in connection with this Agreement may be electronically recorded and retained by either party by use of any reasonable means.

5. Evidence of Authorization. Company shall obtain all consents and authorizations required under the ACH Rules and shall retain such consents and authorizations (or a reasonable facsimile of the original items) for two years after the revocation or cessation of the authorization, and shall provide copies of such authorizations if requested by ODFI to do so. Company acknowledges that, under ACH Rules, a debit returned as R07 (Authorization Revoked) or R10 (Unauthorized) cannot be dishonored. (Note: For all entries except POP, TEL and Single Entry WEB Entries, the authorization must provide that the Receiver may revoke the authorization only by notifying the Company in the manner specified in the authorization.) Company shall not initiate Debit Entries following the cancellation or revocation of the authorization by the Receiver.

6. Pre-notification. Company should send pre-notification (zero-dollar) entries six (6) business days prior to initiating the first live (dollar) Entry to a particular account. Such notice shall be provided to the ODFI in the format and on the medium provided in the ACH Rules. Should the Company receive notice that any such prenotification has been rejected by a Receiving Depository Financial Institution (RDFI), or that an RDFI will not receive entries without having first received a copy of the written authorization signed by its customer (the Receiver), Company will initiate no further entries to the Receiver until such time as Company provides the RDFI with such authorization. At such time, the Company may initiate entries, within the time limits provided in the ACH Rules.

7. Inconsistency of Name and Account Number. Company acknowledges and agrees that, if an Entry describes the Receiver inconsistently by name and account number, payment of the Entry transmitted to the Receiving Depository Financial Institution might be made by the Receiving Depository Financial Institution (or by ODFI in the case of an On-us Entry) on the basis of the account number even if it identifies a person different from the named Receiver, and that Company's obligation to pay the amount of the Entry to the ODFI is not excused in such circumstances. It is therefore the responsibility of the Company to verify that the individual signing the ACH debit or credit agreement is in fact entitled to use of the specified account.

8. Returns And Notifications of Change. The ODFI shall notify the Company of any return or notification of orange entries received for the Company no later than two (2) business days after the receipt of the item. This notification may be given by phone to an authorized representative of the Company, or by fax or e-mail if requested by the Company. Except for an Entry retransmitted by Company in accordance with the requirements of Section 1, Transmittal of Entries By Company, ODFI shall have no obligation to retransmit a returned Entry to the ACH Operator if ODFI complied with the terms of this Agreement with respect to the original Entry.

(a) Upon receipt of return of items with a return reason code of R07 (authorization revoked) or R10 (customer advises unauthorized), the Company will cease transmission of said transactions until a new authorization has been signed by the consumer (R07-authorization revoked) or until corrections have been made or an authorization has been obtained (R10-customer advises unauthorized).

(b) Upon receipt of Notification Of Change (NOC) items, the Company must make the correction within six (6) banking days, or before the next transaction, whichever is later.

9. Processing, Transmittal and Settlement By ODFI.

(a) The Company will provide files in the agreed upon medium. Files not received in the specified format and medium may be rejected by the ODFI. Each Entry or file shall be delivered to the ODFI in accordance with the processing schedule provided in this agreement (see Attachment 3).

(b) Except as provided in Section 10, On-Us Entries and Section 11, Rejection of Entries, ODFI shall (i) process Entries received from Company to conform with the file specifications set forth in the ACH Rules, (ii) transmit such Entries as an Originating Depository Financial Institution to the ACH Operator, and (iii) settle for such Entries as provided in the ACH Rules. Furthermore, Company agrees the ACH Operator shall be the Federal Reserve Bank ("ACH Operator").

(c) ODFI shall transmit such Entries to the ACH Operator by the deadline set forth in Attachment 3 either one business day or two business days prior to the Effective Entry Date shown in such Entries, provided (1) such Entries are received by ODFI's related cut-off time set forth in Attachment 3 on a business day, (2) the Effective Entry Date is at least 1 day after such business day, and (3) the ACH Operator is open for business on such business day. For purposes of this Agreement a "business" is a day on which ODFI is open to the public for carrying on substantially all of its business [other than a Saturday or Sunday], and Entries shall be deemed received by ODFI, in the case of transmittal by tape, when received by ODFI at the location set forth in Attachment 2, and in the case of transmittal by electronic transmission, when the transmission (and compliance with any related security procedure provided for herein) is completed as provided in Attachment 2.

(d) If any of the requirements of clause (i), (ii) or (iii) of Section 9 (b) is not met, ODFI shall use reasonable efforts to transmit such Entries to the ACH Operator by the next deposit deadline of the ACH Operator following that specified in Attachment 3 which is a business day and a day on which the ACH Operator is open for business.

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10. On-Us Entries. Except as provided in Section 5, Evidence of Authorization, in the case of an Entry received for credit to an account maintained with ODFI (an "On-us Entry"), ODFI shall credit the Receiver's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in clause (i) and (ii) of Section 9(b) are met. If either of those requirements is not met, ODFI shall use reasonable efforts to credit the Receiver's account on the next business day following such Effective Entry Date.

11. Rejection of Entries. ODFI shall reject any Entry which does not comply with the requirements of Section 1, Transmittal of Entries or Section 2, Security Procedures, or which contains an Effective Entry Date more than 2 days after the business day such Entry is received by ODFI. ODFI shall have the right to reject an On-us Entry for any reason for which an Entry may be returned under the ACH Rules. ODFI shall have the right to reject any Entry if Company has failed to comply with its account balance obligations under Section 16, The Account. ODFI may reject any entry if Company does not adhere to security procedures as described in Attachment 5. ODFI shall notify Company by phone, fax or electronic transmission of such rejection no later than the business day such Entry would otherwise have been transmitted by ODFI to the ACH Operator, or in the case of an On-us Entry, its Effective Entry Date. Notices of rejection shall be effective when given. ODFI shall have no liability to Company by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

12. Cancellations or By Company. Company shall have no right to cancel or amend any Entry after its receipt by ODFI. However, ODFI shall use reasonable efforts to at on a request by Company for cancellation of an Entry prior to transmitting it to the ACH Operator, or in the case of an On-us Entry, prior to crediting a Receiver's account, but shall have no liability if such cancellation is not effected. Company shall reimburse ODFI for any expenses, losses or damages ODFI may incur in effecting or attempting to effect Company's request for the reversal of an entry.

(a) Errors. If the Company discovers that any Entry it has initiated was made in error, it must notify the ODFI of the error within 24 hours. In such a case, the ODFI will utilize its best efforts to initiate an adjusting Entry or stop processing of any "On-Us" Entry. Should the ODFI be unable to stop the Entry from posting, or if it is too late to withdraw the item from the ACH Operator, the Company may initiate a reversal file to correct the Entry, as provided for and abiding by the ACH Rules.

(b) Rejected Entries. In the event that any entries are rejected by the ACH Operator for any reason, it shall be the responsibility of the Company to remake such entries. Should the file be rejected due to an error caused by the ODFI, the ODFI shall be responsible to remake the file. In such a case, the Company will supply sufficient information, upon request, to allow the ODFI to recreate the entries for up to five (5) business days after midnight of the settlement date.

(c) Reversals. Should a reversal be created for an individual Entry or entries, as opposed to a complete file reversal, the Receiver(s) of the entries must be notified of the reversal no later than the settlement date of the reversing Entry. Should a reversal be created for a complete file reversal, the Company must advise the ODFI within five (5) business days of settlement in accordance with ACH Rules. ODFI shall bear no responsibility for failure of Company to retrieve Entries transmitted to the ACH Operator.

13. Data Retention. Company shall retain data on file adequate to permit remaking of Entries for 30 days following the date of their transmittal by ODFI as provided here, and shall provide such Data to ODFI upon its request.

(a) Retention of Authorization. ACH Rules require that the signed or similarly authenticated authorization must be retained by the Originator for a period of two years following the termination or revocation of the authorization. In the case of a paper authorization that has been signed by the consumer, the Originator must retain either the original or a microfilm-equivalent copy of the signed authorization. In the case of an authentication made via telephone, the Internet, or other on-line network, the Originator must retain a copy of the authorization and a recorded record of the authentication. For TEL entries, the Originator must retain a copy of the tape recorded authorization or a copy of the written notice confirming the authorization for a period of two years from the date of the authorization. Authorization may be retained as an electronic record that (1) accurately reflects the information in the record, and (2) is capable of being accurately reproduced for late reference, whether by transmission, printing, or otherwise.

(b) Destruction of Data. Originator will destroy, in a manner rendering data unreadable, all material containing confidential account information after it has been retained for a period specified by all applicable rules and regulations specified in this Agreement.

14. Payment by Company for Entries / Pre-Funding. Company will provide immediately available funds to offset any credit entries originated by it not later than Settlement Date, unless pre-funding is required by Attachment 11.

(a) Unless otherwise noted herein, Company shall receive immediately available funds for any electronic debit entries initiated by it not later than the settlement date of the items. Provisions may be made for holding accounts to be maintained for posting of any return debit items received, as stated in this agreement and abiding by the ACH Rules.

(b) Company will promptly provide immediately available finds to indemnify the ODFI if any debit items are rejected after the ODFI has permitted the Company to withdraw immediately available funds, should finds not be available in the Company's accounts to cover the amount of the rejected items.

15. Payment for Services. Company shall pay ODFI the charges for the services provided in connection with this Agreement, as set forth in Attachment 4, attached hereto. All fees and services are subject to change upon 60 calendar days prior written notice from ODFI to Company. Such charges do not include, and Company shall be responsible for payment of any sales, use, excise, value added, utility

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other similar taxes relating to the services provided for herein, and any fees or charges provided for in the agreement between ODFI and Company with respect to the Account (the "Account Agreement").

16. The Account. ODFI may, without prior notice or demand, obtain payment of any amount due and payable to it under the Agreement by debiting the account(s) of Company identified in Attachment 6 (the "Account") attached hereto, and shall credit the Account for any amount received by ODFI by

reason of the return of an Entry transmitted by ODFI for which ODFI has previously received payment from Company. Such credit shall be made as of the day of such receipt by ODFI. Company shall at all times maintain a balance of available funds in the Account sufficient to cover its payment obligations under this Agreement. In the event there are not sufficient available funds in the Account to cover Company's obligations under this Agreement, Company agrees that ODFI may debit any account maintained by Company with ODFI or any affiliate of ODFI or that ODFI may set off against any amount it owes to Company, in order to obtain payment of Company's obligations under the Agreement.

17. Reserve Account. If ODFI requires Originator to maintain a reserve account, that account shall be a non-interest bearing account maintained in the name of the ODFI. Such funds may be used to pay ODFI in the event Originator fail to settle, or to reimburse ODFI for any expenses related to such failure. Reserve amount may be amended by ODFI from time to time. ODFI may deposit into the Reserve Account funds it would be otherwise obligated to pay Originator, for the purpose of establishing, maintaining, or increasing the Reserve Account in accordance with this section, if it determines such action is reasonably necessary to protect its interests.

18. Account Monitoring. ODFI will monitor Originator's daily deposit, chargeback and settlement activity. Originator agrees that ODFI may, upon reasonable grounds, divert the disbursement of Originator's funds for any reasonable period of time required to investigate suspicious or unusual deposit activity. ODFI will make good faith efforts to notify Originator immediately. ODFI shall have no liability for any losses, either direct or indirect, which Originator may attribute to any diversion of funds disbursed. Any funds diverted shall be deposited immediately into a non-interest bearing account and not be released until such time that questionable/suspect/fraudulent transactions or activity have been resolved to ODFI's satisfaction.

19. Account Reconciliation. Entries transmitted by ODFI or credited to a Receiver's account maintained with ODFI will be reflected on Company's periodic statement. Company agrees to notify ODFI promptly of any discrepancy between Company's records and the information shown on any such periodic statement issued by ODFI with respect to the Account pursuant to the agreement between ODFI and Company. If Company fails to notify ODFI within 30 days of receipt of a periodic statement, Company agrees that ODFI shall not be liable for any other losses resulting from Company's failure to give such notice or any loss of interest or any interest equivalent with respect to an Entry shown on such periodic statement. If Company fails to ratify ODFI of any such discrepancy within 30 days of receipt of such periodic statement, Company shall be precluded from asserting such discrepancy against ODFI.

20. Company Representations And Agreements. With respect to each and every Entry initiated by Company, Company represents and warrants to ODFI and agrees that:

(a) each person shown as the Receiver on an Entry received by ODFI from Company has authorized the initiation of such Entry and the crediting of its account in the amount and on the Effective Entry Date shown on such Entry,

(b) such authorization is operative at the time of transmittal or crediting by ODFI as provided herein,

(c) Entries transmitted to ODFI by Company are limited to those types of Entries set forth in Section 1, Transmittal of Entries by Company,

(d) Company shall perform its obligations under this Agreement in accordance with all applicable laws and regulations, including the sanctions laws administered by OFAC,

(e) Company shall be bound by and comply with the ACH Rules as in effect from time to time, including, without limitation, the provision making payment of an Entry by the Receiving Depository Financial Institution to the Receiver provisional until receipt by the Receiving Depository Financial Institution of final settlement for such Entry, and

(f) that the information contained in the ACH Application is true and correct.

Company specifically acknowledges that it has received notice of the Rule regarding provisional payment and of the fact that, if such settlement is not received, the Receiving Depository Financial Institution shall be entitled to a refund from the Receiver of the amount credited and Company shall not be deemed to have paid the Receiver the amount of the Entry. Company shall indemnify ODFI against any loss, liability or expense (including attorney's fees and expenses) resulting from or arising out of any breach of any of the foregoing representations or agreements.

21. Amendments. From time to time ODFI may amend any of the terms and conditions contained in this Agreement, including without limitation, any cut-off time, any business day, and any part of the Attachments attached hereto. Such amendments shall become effective upon receipt of notice by Company or such later date as may be stated in ODFI's notice to Company.

22. Notices, Instructions, Etc.,

(a) Except as otherwise expressly provided herein, ODFI shall not be required to act upon any notice or instruction received from Company or any other person, or to provide any notice or advice to Company or any other person with respect to any matter.

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(b) ODFI shall be entitled to rely on any written notice or other written communication believed by it in good faith to be genuine and to have been signed by an Authorized Representative, and any such communication shall be deemed to have been signed by such person. The names and signatures of Authorized Representatives are set forth in Attachment I, attached hereto. Company may add or delete any Authorized Representative by written notice to ODFI signed

by at least one Authorized Representative other than that being added or deleted. Such notice shall be effective on the second business day following the day of ODFI's receipt thereof.

(c) Except as otherwise expressly provided herein, any written notice or other written communication required by or permitted to be given under this Agreement shall be delivered, or sent by United States registered or certified mail, postage prepaid, or by express carrier, and if to ODFI, addressed to:

FLORIDA BANK, N.A.
P.O. BOX 25937
TAMPA FL 33622-5937
ATTN: Linda L. Walker

OR

FLORIDA BANK, N.A.
6301 BENJAMIN ROAD, SUITE 105
TAMPA FL 33634
ATTN: Linda L. Walker

and, if to Company, addressed to:

NBO Systems Inc.

3676 W. California Avenue, Bldg. D

Salt Lake City UT 84104

unless another address is substituted by notice delivered or sent as provided herein. Except as otherwise expressly provided herein, any such notice shall be deemed given when received.

21. Termination. This agreement may be terminated by Company upon 90 days written notice, or by ODFI upon 30 days written notice or earlier as a result of suspected fraud or any violation of the terms and conditions of this agreement or by any legal or regulatory action by any regulatory agency which governs or supervises ODFI or by notice of bankruptcy or insolvency by either party. Any termination of this Agreement shall not affect any of ODFI's rights and Company's obligations with respect to Entries initiated by Company prior to such termination, or the payment obligations of Company with respect to services performed by ODFI prior to termination, or any other obligations that survive termination of this Agreement.

22. ODFI Responsibilities: Liability; Limitations On Liability; Indemnity.

(a) In the performance of the services required by this Agreement, ODFI shall be entitled to rely solely on the information, representations, and warranties provided by Company pursuant to this Agreement, and shall not be responsible for the accuracy or completeness thereof. ODFI shall be responsible only for performing the services expressly provided for in this Agreement, and shall be liable only for its negligence or willful misconduct in performing those services. ODFI shall not be responsible for Company's acts or omissions (including without limitation the amount, accuracy, timeliness of transmittal or authorization of any Entry received from Company) or those of any other person, including without limitation any Federal Reserve Bank, Automated Clearing House or transmission or communications facility, any Receiver or Receiving Depository Financial Institution (including without limitation the return of an Entry by such Receiver or Receiving Depository Financial Institution, and no such person shall be deemed ODFI's agent. Company agrees to indemnify ODFI against any loss, liability or expense (including attorneys' fees and expenses) resulting from or arising out of any claim of any person that the ODFI is responsible for any act or omission of Company or any other person described in this Section 22(a).

(b) ODFI shall be liable only for Company's actual damages; in no event shall ODFI be liable for any consequential, special, incidental, punitive or indirect loss or damage which Company may incur or suffer in connection with this Agreement, whether or not the likelihood of such damages was known or contemplated by the ODFI and regardless of the legal or equitable theory of liability which Company may assert, including, without limitation, loss or damage from subsequent wrongful dishonor resulting from ODFI's acts or omissions pursuant to this Agreement.

(c) Without limiting the generality of the foregoing provisions, ODFI shall be excused from failing to act or delay in acting if such failure or delay is caused by legal constraint, interruption of transmission or communication facilities, equipment failure, war, emergency conditions or other circumstances beyond ODFI's control. In addition, ODFI shall be excused from failing to transmit or delay in transmitting an Entry if such transmittal would result in ODFI's having exceeded any limitation upon its infra-day net funds position established pursuant to present or future Federal Reserve guidelines or in ODFI's reasonable judgment otherwise violating any provision of any present or future risk control program of the Federal Reserve or any rule or regulation of any other U.S. governmental regulatory authority.

(d) Subject to the foregoing limitations, ODFI's liability for loss of interest resulting from its error or delay shall be calculated by using a rate equal to the average Federal Funds rate at the Federal Reserve Bank of New York for the period involved. At ODFI's option, payment of such interest may be made by crediting the Account resulting from or arising out of any claim of any person that ODFI is responsible for any act or omission of Company or any other person described in Section 22(a).

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23. Acknowledgements. Originators of CCD or CTX credit entries may request an acknowledgement entry be transmitted by the RDFI by placing "AK" within the Discretionary Data field of the CCD or CTX entry for which acknowledgement is desired. In order for the Originated to receive the requested acknowledgement, both the ODFI and the RDFI of the entry must support the appropriate acknowledgement formats.

24. Records. All Entries, security procedures and related records used by ODFI for transactions contemplated by this Agreement shall be and remain ODFI's property. ODFI may, at its sole discretion, make available such information upon Company's request. Any expenses incurred by ODFI in making such information available to Company shall be paid by Company.

25. Prohibited Transactions. Company agrees that it will only initiate Entries for Standard Entry Class (SEC) Codes for which it has been specifically approved by ODFI. ODFI will not approve a company that is on its non-eligibility list. That list includes companies whose primary business is: telemarketing, internet sales, gambling, adult entertainment, payday advance/check cashing, international sales, prepaid credit cards/ credit repair, discount membership sales, and others that may be added to the list from time to time. If Company initiates prohibited transactions, that will be cause for termination.

26. Third Party Service Provider. Company agrees that it will not utilize another third party service provider to originate or process ACH transactions without the express written approval of ODFI.

27. Regulation E. Company understands and agrees to comply with the requirements of Regulation E (including consumer error resolution procedures) and will otherwise perform its obligations in accordance with the rules and regulations adopted by NACHA and all applicable laws and regulations.

28. Authority. Each party of the agreement hereby represents and warrants to the others that it has the full right, power, and authority to enter into and to perform this agreement with all of the terms, provisions, covenants and conditions hereof, and that the execution and delivery of this agreement has been duly authorized by proper corporate action.

29. Governing Law. This Agreement shall be construed in accordance with and governed by the laws of the State of Florida.

30. Binding Agreement; Benefit. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors and assigns. This Agreement is not for the benefit of any other pawn, and no other person shall have any right against ODFI or Company hereunder.

31. Cooperation in Loss Recovery Efforts. In the event of any damages for which ODFI or Company may be liable to each other or to a third party pursuant to the services provided under this Agreement, ODFI and Company will undertake reasonable efforts to cooperate with each other, as permitted by applicable law, in performing loss recovery efforts and in connection with any actions that the relevant party may be obligated to defend or elects to pursue against a third party.

32. Headings. Headings are used for reference purposes only and shall not be deemed a part of this Agreement.

33. Entire Agreement. This Agreement (including the Attachments attached hereto), together with the ACH Application, Approval Letter and the Account Agreement, is the complete and exclusive statement of the agreement between ODFI and Company with respect to the subject matter hereof and supersedes any prior agreement(s) between ODFI and Company with respect to such subject matter. In the event of any inconsistency between the terms of this Agreement and the Account Agreement, the terms of this Agreement shall govern. In the event performance of the services provided herein in accordance with the terms of this Agreement would result in a violation of any present or future statute, regulation or government policy to which ODFI is subject, and which governs or affects the transactions contemplated by this Agreement, then this Agreement shall be deemed amended to the extent necessary to comply with such statute, regulation or policy, and ODFI shall incur no liability to Company as a result of such violation or amendment. No course of dealing between ODFI and Company will constitute a modification of this Agreement, the ACH Rules, or the security procedures or constitute an agreement between the ODFI and Company regardless of whatever practices and procedures ODFI and Company may use.

34. Non-Assignment. Company may not assign this Agreement or any of the rights or duties hereunder to any person without ODFI's prior written consent.

35. Waiver. ODFI may waive enforcement of any provision of this Agreement. Any such waiver shall not affect ODFI's rights with respect to any other transaction or modify the terms of this Agreement.

36. Waiver of Jury Trial. ODFI and Company knowingly and voluntarily WAIVE THE RIGHT TO TRIAL BY JURY in connection with any dispute arising under the Agreement.

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ODFI-Originator Agreement

37. Severability. In the event that any provision of this Agreement shall be determined to be invalid, illegal or unenforceable to any extent, the remainder of this Agreement shall not be impaired or otherwise affected and shall continue to be valid and enforceable to the fullest extent permitted by law.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized officers.

/s/ Keith Jasperson
Company Signature

/s/ Kent Jasperson
Name

ODFI Signature

Linda L. Walker, AAP
Name

[Florida Bank, N.A. Logo]

**ODFI-Originator Agreement
Instruction for Attachments**

Attachment 1: ACH Authorized Signature Form (Please Complete)

This Attachment is similar to a bank account "signature card" in that it indicates the Company Representatives authorized to present ACH files for processing or to communicate with Florida Bank about those files, along with their signatures. Please complete Attachment 1 by designating those persons you wish to (1) transmit ACH files, (2) sign fax transmittals, and/or (3) communicate with Florida Bank about your company's ACH activity. (Note: you may wish to copy this blank form on company letterhead and send us a revision whenever you have a change in authorized persons.)

Attachment 2: ACH Transmittal Register (Provide a copy to your ACH Staff)

This Attachment gives valuable information about formatting and transmitting ACH files and shows a sample of the new Transmittal Register form. (A blank copy of the full-size form is included in your package; please copy it onto your company letterhead and use that as your Fax Transmittal for future files.)

Attachment 3: ACH Processing Schedule (Provide a copy to your ACH Staff)

This Attachment shows our current Processing Schedule. Please note the hours and give a copy to your ACH staff should define the Attachment of deadlines by hour and day that files should be presented for processing.

Attachment 4: Fee Schedule (Please review carefully)

Please review this Attachment to verify that it accurately reflects your current pricing structure.

Attachment 5: Security Procedures (Please review carefully)

This Attachment is the Security Procedure that will be used when your company delivers an ACH file to us. This is a very important document. Please verify that it agrees with your current procedure and give a copy of this form to your ACH staff for reference.

Attachment 6: The Account (Please review carefully)

This Attachment identifies the Company Account(s) to which settlement should be applied for Origination of Entries or settlement of returned entries. In the case of Cash Concentration applications, this Attachment may clearly define the accounts to be swept, the frequency of scheduled transfers or other information specific to the activity of the accounts. Please verify that it is correctly completed before signing the Attachment.

Attachment 7: Agreement to Provide Insurance (Please review carefully)

This Attachment identifies any special requirements that may exist between your company and Florida Bank, such as reserve accounts, surety bonds, employee dishonesty insurance, etc. Please review it carefully as it may indicate outstanding items that need to be returned with the Agreement.

Attachment 8: ACH Application Form (Already completed)

This Attachment is a sample of the Application for ACH Processing which Company has completed for ODFI.

Attachment 9: ACH Transmittal Schedule (Please complete)

This Attachment is a sample of the transmittal schedule (calendar) which Company will provide annually to ODFI so that ODFI will know when files are expected. This is the 2004 Transmittal Schedule - a calendar which we would like you to complete as best you can, indicating how many files we should expect from your company on any given day in 2004. Holidays and weekends have been blocked out. For example, if the only ACH file you send is your payroll file sent two days in advance with an effective entry date of the 15th or 30th, then you would enter "1" on the 13th and 28th of each month (except February, of course).

Attachment 10: FRB Holiday Schedule (Please provide a copy to your ACH Staff)

This Attachment is the Federal Reserve Bank's holiday schedule which shows the days the Fed (and Florida Bank) will be closed in 2004. Please give a copy to your ACH staff for reference.

Attachment 11: RCK Agreement (If applicable, please review carefully and provide a copy to your ACH Staff)

This Attachment identifies NACHA requirements for a Company originating RCK (Re-presented Check) Entries.

Attachment 12: POP Agreement (If applicable, please review carefully and provide a copy to your ACH Staff)

This Attachment identifies NACHA requirements for a Company originating Point-Of-Purchase Entries.

TEL: 813.887.3388

P.O. Box 25937

TAMPA, FLORIDA 33622-5937

MEMBER FDIC

Attachment 13: WEB Agreement (If applicable, please review carefully and provide a copy to your ACH Staff)

This Attachment identifies NACHA requirements for a Company originating Internet-Authorized Entries.

Attachment 14: ARC Agreement (If applicable, please review carefully and provide a copy to your ACH Staff)

This Attachment identifies NACHA requirements for a Company originating Accounts Receivable/Lockbox Entries.

Attachment 15: TEL Agreement (If applicable, please review carefully and provide a copy to your ACH Staff)

This Attachment identifies NACHA requirements for a Company originating Telephone-Authorized (TEL) Entries.

Attachment 16: Pro-Funding Agreement (if applicable, please review carefully)

This Attachment will be executed when ODFI requires the Company to pre-fund Credit Files prior to ODFI transmitting them to the Federal Reserve Bank.

[Florida Bank, N.A. Logo]

Florida Bank, N.A.
6301 Benjamin Road, Suite 105
Tampa FL 33634

ODFI-Originator Agreement**Attachment 1: ACH Authorized Signature Form (Please Complete)**

All ACH transaction files must be delivered to Florida Bank with a faxed transmittal document (see Attachment 2) with authorized signature(s) as shown below.

Date: December 17, 2003

Company Name: NBO Systems Inc.

The signatures below are the signatures of employees vested by our Board of Directors (or other similar governing body), who have full authority to (1) transmit ACH files, (2) sign transmittal registers to be used in conjunction with the submission of ACH files, and/or (3) communicate with ACH Department about company transmittals (i.e., give or receive information information about ACH files or returns).

The number of signatures that are required to submit a file for processing shall be: 1

Printed Name	Email Address	Authorization Granted: 1=Transmit files 2=Sign transmittal documents 3=Communicate w/ACH Dept	Signature
Kent Jasperson	kjasperson@nbo.com	1, 2, 3	/s/ Kent Jasperson
Frank Fluckiger	ffluckiger@nbo.com	1, 3	/s/ Frank Fluckiger
Matt Evans	mevans@nbo.com	1,3	/s/ Matt Evans

The responsibility for ensuring that all daily ACH processing is transmitted timely and accurately rests with the authorized personnel. Any changes to authorized signers must be requested on company letterhead and signed by a current authorized signer. Such changes will not be implemented until Florida Bank receives the original signed document, mailed to the address shown above.

Authorized Signature: /s/ Kent Jasperson

Title: Sect/Trea

Date: Dec. 17, 2003

Florida Bank, N.A.

Approved and accepted by: _____

Florida Bank, N.A.
6301 Benjamin Road, Suite 105
Tampa FL 33634

ODFI-Originator Agreement

Attachment 2: ACH Transmittal Register (Retain Copy for Reference)

The ACH Transmittal Register form shown below should be printed on Company letterhead and faxed for every file delivery. (The Bank will provide a form for replication purposes.) All file transmissions are required to be in NACHA format. Florida Bank can provide software if needed. Florida Bank supplies software that secures the file to be processed over the Internet. If Company does not have access to the Internet, files can be transmitted over a secured modem line. The following numbers are for modem lines:

Modem number for software provided by Bank: (813) 889-3116

Modem number for Company with own Ach software (813) 889-3115

The Florida Bank ACH processing center is located at 6301 Benjamin Road, Suite 105, Tampa FL 33634. In case of a disaster, Florida Bank has established a backup facility at Florida Bank, N.A., 2437 SE 17th Street, Unit 101, Ocala Florida 34471. The Modem number for that location is (352) 629-2861.

[Florida Bank, N.A. Logo]		ACH TRANSMITTAL REGISTER (813) 886-8421	
To be completed and returned with each file of ACH transactions to be processed.			
Company Name:		Company ID#:	File Name or File Number:
ACH Application / SEC Code(s):		Processing Date:	Effective Entry Date:
Delivery Mode: Internet _____ Modem _____		Total Item Count:	File Total \$ Amount:
Date/Time Transmitted		Debit Item Count:	Debit \$ Amount:
		Credit Item Count:	Credit \$ Amount:
		Authorized Signature:	Date:
*****FOR BANK USE ONLY*****			
TASK	TIME COMPLETED	EMPLOYEE INITIALS	
File entered into Fedline Log			
File sent to the Federal Reserve			
Confirmation received from Fed			
Fed totals compared to Transmittal totals			
Confirmation faxed to Company			

Florida Bank, N.A.

Approved and accepted by: _____

Company (Originator):

Approved and accepted by /s/ KJ

Florida Bank, N.A.
6301 Benjamin Road, Suite 105
Tampa FL 33634

ODFI-Originator Agreement

Attachment 3: ACH Processing Schedule (Retain Copy for Reference)

ODFI Processing Schedule

Note- The following schedule is for the use of the Company (Originator) to determine deadlines for sending origination files to the ODFI. Files received after these deadlines *may* not be guaranteed delivery to the ACH Operator for next-day settlement. Originator is responsible for the timely delivery of ACH files to the ODFI to meet desired settlement dates.

Returns	Credits-one day	Credits-two day	Debits
Must be received not later than <u>10:00 a.m. (ET)</u> one banking day prior to intended settlement date	Must be received by the ODFI not later than <u>12:00 NOON (ET)</u> one banking day prior to intended settlement date	Must be received by the ODFI not later than <u>3:30 p.m. (ET)</u> two banking days prior to intended settlement date	Must be received not later than <u>3:30 p.m. (ET)</u> one banking day prior to intended settlement date

ET=Eastern Time

Note to Originators:

- Credit Entries may not be sent earlier than two days before intended settlement date.
- Debit Entries may not be sent earlier than one day before the intended settlement date.
- Evening Processing Window:
Florida Bank operates an evening processing window on banking days that is open until 6:30 p.m. (ET) to accommodate ACH clients located in other time zones. If Company will be transmitting files for ACH clients located in multiple time zones, Company should transmit two or more files as follows:

- For your clients located in the Eastern or Central Time Zones

- files should be received at Florida Bank by or before 3:30 p.m. ET (except for credit entries sent one day in advance, which should be received by 12:00 noon), and

- For your clients located in the Mountain or Pacific Time Zones

- files should be received at Florida Bank by or before 6:30 p.m. ET. (That would be 4:30 p.m. Mountain Time or 3:30 p.m. Pacific Time).

By using the appropriate processing window, it will allow Florida Bank sufficient time to process files in a timely manner to meet their desired settlement date.

Florida Bank, N.A.

Approved and accepted by: _____

Company (Originator):

Approved and accepted by /s/ KJ

Florida Bank, N.A.
6301 Benjamin Road, Suite 105
Tampa FL 33634

ODFI-Originator Agreement

Attachment 4: Fee Schedule (Please complete)

Deposit services and other fees, such as research or statement copies, will be charged according to Florida Bank's established service charge schedule. ACH fees will be charged every Monday for the previous week ☒ OR the first week of each month for the previous month R (choose weekly or monthly).

One Time Fees:

[* * *] [* * *]

[* * *] [* * *]

[* * *] [* * *]

Monthly Fees:

[* * *] [* * *]

[* * *] [* * *] (per file)

[* * *] [* * *]

[* * *] [* * *]

[* * *] [* * *]

[* * *] [* * *]

[* * *] [* * *]

[* * *]

[* * *]

[* * *]

[* * *]

[* * *]

[* * *]

Note:

Fees may be changed upon 60 days' prior notice delivered to Company at the address of record.

OTHER ACH-RELATED FEES AND COSTS

:

Any additional special programming fees or charges will be billed to Company as received. Request for special programming or services will be reviewed and approved by Florida Bank, N.A. and Company prior to submission to vendor for development.

Florida Bank, N.A.

Approved and accepted by: _____

Company (Originator):

Approved and accepted by /s/ KJ

Florida Bank, N.A.
6301 Benjamin Road, Suite 105
Tampa FL 33634

ODFI-Originator Agreement

Attachment 9: ACH Transmittal Schedule

(Retain Copy for Reference)

FLORIDA BANK, N.A. ACH TRANSMITTAL SCHEDULE

FOR ORIGINATOR _____

YEAR 2004

Day	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
13												
14												
15												
16												
17												
18												
19												
20												
21												
22												
23												
24												

25												
26												
27												
28												
29												
30												
31												

LEGEND:

 Sat/Sun

 Holiday

 Short month

Florida Bank, N.A.
Approved and accepted by: _____

Company (Originator):
Approved and accepted by /s/ KJ

Florida Bank, N.A.
6301 Benjamin Road, Suite 105
Tampa FL 33634

ODFI-Originator Agreement
 Attachment 10: FRB Holiday Schedule (Retain Copy for Reference)

FEDERAL RESERVE BANK HOLIDAY SCHEDULE

Standard Federal Reserve Holidays	2003	2004	2005
New Years Day	Jan 1	Jan 1	Jan 1
Martin Luther King, Jr. Day	Jan 20	Jan 19	Jan 17
Presidents' Day	Feb 17	Feb 16	Feb 21
Memorial Day	May 26	May 31	May 30
Independence Day	July 4	July 5	July 4
Labor Day	Sept 1	Sept 6	Sept 5
Columbus Day	Oct 13	Oct 11	Oct 10
Veterans' Day	Nov 11	Nov 11	Nov 11
Thanksgiving Day	Nov 27	Nov 25	Nov 24
Christmas Day	Dec 25	Dec 25	Dec 26

*For holidays falling on Saturday, Federal Reserve Banks and branches will be open the preceding Friday. For holidays falling on Sunday, all Federal Reserve offices will be dosed the following Monday.

The Federal Reserve Bank and/or your institution will be closed on these dates. Please keep in mind that ACH files cannot be delivered to your institution on these dates, and transactions with effective dates on these holidays will have settlement deferred until the business day after the holiday. To ensure that your transactions are received and posted to your customers' accounts in a timely manner, it is necessary that the financial institution receive the files as follows:

If the normal effective date falls on a holiday date, the effective day should be changed to the business day immediately prior to the holiday for credits and immediately after the holiday for debits*, and transmittals should be adjusted accordingly (debits one day prior, credits one to two days prior to new effective date).

Example: If a credit file normally would post on Monday, the new effective date should be changed to the previous Friday and the files should be transmitted to the ODFI Wednesday or Thursday.

If a debit file normally would post on a Friday, and Friday is a holiday, the effective date should be changed to the following Monday*. The file should still be sent to the ODFI on Thursday.

*Unless otherwise specified in the authorization signed by the customer, debits cannot be posted prior to the agreed upon date.

For more information about the Federal Reserve Bank's processing schedule, see Appendix B of Federal Reserve Bank's Operating Circular No. 4, dated May 18, 2003 or go to <http://www.frb services.org/HomePage/Holidays.cfm>.

Florida Bank, N.A.
Approved and accepted by: _____

Company (Originator):
Approved and accepted by /s/ KJ

Florida Bank, N.A.
6301 Benjamin Road, Suite 105
Tampa FL 33634

ODFI-Originator Agreement
Attachment 5: Security Procedures (Please Complete)

The Originator is responsible to strictly establish and to maintain procedures to safeguard against unauthorized transactions. The Originator warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices, and related instructions provided by the ODFI. If the Originator believes or suspects that any such information has been accessed by an unauthorized individual, the Originator will verbally notify the ODFI immediately, followed by written confirmation. The occurrence of such notification will not affect any transfers made in good faith by the ODFI prior to the notification and within a reasonable time period to prevent unauthorized transfers.

Transmittal of files:

- Files will be encrypted by the Originator before being transmitted to the ODFI.
- The Originator will only transmit files on the dates specified in the agreed upon ACH Transmittal Schedule (see Attachment 9). Changes to this Schedule must be made in writing and signed by an authorized signer (see Attachment 1) of the Originating company.
- The Originator will fax a ACH Transmittal Register (see Attachment 2) to the ODFI for every file transmission. This document must be signed by an authorized signer (see Attachment 1).
- File totals will be confirmed by the ODFI upon receipt of the ACH Transmittal Register.
- After receipt and processing of files from the Originator, the ODFI will fax, email or call the Originator with confirmation that the Federal Reserve received the file.
- Files will be delivered to ODFI via: (choose one)

☐ 1. ACH Now origination software

- For files sent via modem (i.e., ACH Now), an Account ID, User ID and a Password shall be issued at the time the account is set up. An authorized signature must be entered in the authorized signature space of the fax transmittal.

☒ 2. MoveIt

- For files delivered via MoveIt, a Username and Password will be assigned at the time the account is set up. An authorized signature must be entered in the authorized signature space of the fax transmittal.

Should any of the above procedures not be met, the file will be rejected by the ODFI and the Originator will be notified.

Change of Authorized Contacts

must be made in writing and signed by a current authorized contact, in accordance with instructions given in Attachment 1.

Florida Bank, N.A.
Approved and accepted by: _____

Company (Originator):
Approved and accepted by /s/ KJ

Florida Bank, N.A.
6301 Benjamin Road, Suite 105
Tampa FL 33634

ODFI-Originator Agreement
Attachment 6: The Account (Please Complete)

The Originator identifies the following Florida Bank account to be used for the purposes of clearing and settlement of originated ACH files and ACH return entries and adjustments.

Florida Bank, N.A. [* * *]

Financial Institution Branch # Account Officer Phone Number

[* * *]

Routing & Transit Number Account Number Account Type: Checking ☒ or Savings ☐

NBO Systems Inc.

Account Name/Title

The Originator understands that the above account will be debited and/or credited on the settlement date of the items originated for the exact amount of the items originated. Any discrepancies in these amounts should be reported immediately to the ODFI. Accounts may also be debited or credited for return items.

If no separate account is designated as a fee account for monthly fee billing, the settlement account will be assumed to be the fee account and will be debited for the total amount of fees specified in the Origination Agreement

For: NBO Systems Inc.
Company Name

By: /s/ Kent Jaspersen
Authorized Account Signature

Date: 11/28/03

Florida Bank, N.A.
Approved and accepted by: _____

Company (Originator):
Approved and accepted by /s/ KJ

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

ODFI Originator Agreement [FINAL]

The ODFI Originator Agreement (the "Agreement") dated as of March 19th, 2004 and is between NBO Systems, Inc. whose address is 3676 W. California Ave. Bldg. D, Salt Lake City, Utah 84104 ("Client") and BANKFIRST, whose address is 2600 W. 49th Street, Sioux Falls, South Dakota 57105 ("Bank").

RECITALS

(a) Bank is a member bank of the Federal Reserve Bank of Minneapolis and is a member of the Upper Midwest Automated Clearing House Association ("UMACHA"). Bank is in the business of establishing Settlement Accounts for the settlement of Automated Clearing House ("ACH") transactions.

(b) Client wishes to initiate Debit and Credit Entries by means of the Automated Clearing House Network pursuant to the terms of this Agreement and the rules of NACHA (the "Rules"), and the Bank is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries.

NOW, THEREFORE,

in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I - DEFINITIONS

SECTION 1.1 Definitions

Except as otherwise specifically indicated, the following terms shall have the following meanings in this Agreement (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Entry" or "Entries" means the recording of a debit and/or a credit of a transaction.

(b) "Governmental Requirements" means collectively all statutes, codes, ordinances, laws, regulations, Rules, orders and decrees of all governmental authorities (including without limitation federal, state and local governments, governmental agencies and quasi-governmental agencies).

(c) "Mark" means the service marks and trademarks of a System and Bank, including but not limited to, the names and other distinctive marks or logos, which identify a System and Bank.

(d) "Membership" means the membership in a System and licensing rights

thereto obtained by Bank.

(e) "Originator" means the party that creates an ACH item to be processed in the ACH system.

(f) "Processing Services" means those services, which are necessary to process an Entry in accordance with the Rules of any System and Regulatory Authority. Such services shall include but not be limited to: transaction authorization, processing, clearing and Settlement, System access, customer dispute resolution, System compliance, regulatory compliance, security and fraud control, and activity reporting.

(g) "Regulation E" means (i) the regulations, all amendments thereto and official interpretations thereof (12 C.F.R. Part 205) issued by the Board of Governors of the Federal Reserve System implementing Title IX (Electronic Funds Transfer Act) of the Consumer Credit Protection Act as amended (15 U.S.C. 1693 et. seq.), and (ii) the Electronic Funds Transfer Act and any amendments thereto.

(h) "Regulatory Authority" means, as the context requires, any System; the State of South Dakota; the Federal Deposit Insurance Corporation; the Federal Reserve Board; and any Federal or state agency having jurisdiction over Bank or Client.

(i) "Rules" means the by-laws and operating rules of any System, the published regulations of any Regulatory Authority including NACHA, any Federal or State statutes, and the published policies and procedures of Bank, as promulgated by Bank's Board of Directors in good faith to ensure the continued safety and soundness of Bank.

(j) "Settlement" means the movement of funds between Bank and System members in accordance with the Rules.

(k) "System" means Automated Clearing House (ACH), and/or any other card network system of transmitting Items and Settlement thereof.

ARTICLE II - GENERAL DESCRIPTION OF PROGRAMS

SECTION 2.1 Purpose

The purpose of this Agreement is to offer ACH processing functionality, as an alternative to traditional transfer of funds by credit cards, cash and paper checks. It is designed to offer consumers a convenient and secure payment mechanism.

ARTICLE III - DUTIES OF CLIENT

Client - BANKFIRST
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SECTION 3.1 Marketing

Client shall, from time to time, promote and market ACH functionality to prospective customers. Except as may be agreed by the parties from time to time during the term of this Agreement, each party shall be responsible for its own costs and expenses associated with marketing of any ACH functionality under this Agreement. Client has no authority to use any Marks unless Bank is appropriately identified. Bank shall have the right to approve or disapprove any marketing materials bearing Bank's name or any of its Marks prior to distribution or broadcast of such materials. Bank shall not delay or withhold its approval unreasonably.

SECTION 3.2 ACH File Transmission

Bank reserves the right to refuse service to any consumer and or Transaction that, in its opinion, presents excessive financial or reputation risk. Client shall transmit valid Standard Entry Class Codes CIE, COR, PPD, TEL, and WEB debit and credit Entries to Bank in compliance with the formatting/security and other requirements set forth in Schedule B. The total dollar amount of Entries transmitted by Client to Bank on any one day shall not exceed \$500,000.00. On a quarterly basis during the term of this Agreement Bank and Client shall review the maximum dollar limit for the file of Entries and Bank shall, within two (2) business days of such determination to adjust the system to reflect the change. Both parties agree to act in good faith in determining a mutually agreed to dollar amount.

The limits in Section 3.2 shall apply to all Entries with the exception of the VISA Gift Card Program funding during the December calendar month. Bank and Client shall agree to a temporary increase in the maximum Entry directly resulting from Gift Card sales. In the event the temporary limit is insufficient to allow total funding, Bank will in its sole discretion review and approve or make the appropriate recommendation and advise Client accordingly.

SECTION 3.3 Accesses to Program Documents and Information

Bank shall have access to all information and documents it reasonably requests concerning the Client's processing and reporting of ACH Transactions in order to offer ACH connectivity.

SECTION 3.4 Audit

Bank shall have the right, during the term of this Agreement, upon reasonable notice and during normal business hours, to conduct a review of the books and records of the Client to determine or to verify the compliance of the Client with its obligations under this Agreement, including the payment of fees.

SECTION 3.5 Reserve Account

Client - BANKFIRST
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Client shall own and maintain a demand deposit account ("Reserve Account") at the Bank. The Bank in its sole discretion may require Client to maintain at a minimum a balance in the Reserve Account equal to one days funding load request of the highest mall and/or merchant. Client is prohibited from sending Credit Entries relative to the VISA Gift Card Program. Client shall at all times maintain sufficient available funds in the Reserve Account to pay the amount of all Entries against Client, returned or reversed Entries, adjustment Entries, fees, and other amounts which Client is obligated to pay Bank under this Agreement. Bank in its sole discretion may require Client to have sufficient available funds in the Reserve Account to cover the amount of a credit Entry prior to Bank's transmittal of such Entry to an ACH. In the absence of such a requirement, Client shall be obligated to have such available funds in the Reserve Account on the Settlement Date with respect to such Entry. Bank in its sole discretion may defer any credit to the Reserve Account with respect to a debit Entry until it has received final settlement for such Entry. Any credit provided prior to that time shall be provisional and Bank shall have the right to immediate payment by Client upon Bank's receipt of notice that final settlement has not occurred. In addition, Bank shall have the right to payment by Client of the amount of any returned or rejected Entry for which Client has previously received credit upon its receipt by Bank. Bank may, without prior notice or demand, obtain payment of any amount due and payable to it by Client by initiating an ACH debit Entry against the Reserve Account, and may initiate an ACH credit Entry to the Reserve Account for any amount to which Client is entitled. If there are insufficient funds available in the Reserve Account to pay amounts Client owes Bank under the Agreement, Client shall pay any amounts due immediately upon demand, and Client agrees that Bank may debit any account maintained by Client with Bank or that Bank may set off against any amount

it owes to Client, in order to obtain payment of Client's obligations. In its sole discretion, Bank has the right to suspend or terminate this Agreement if there are insufficient funds to cover transactions/fees pursuant to Section 9.2.

Entries transmitted by Bank or credited to Client Reserve Account maintained with Bank will be reflected on Client's periodic statement issued by Bank with respect to the Reserve Account pursuant to the Agreement between Bank and Client. Client agrees to notify Bank promptly of any discrepancy between Client's records and the information shown on any periodic statement. If Client fails to notify Bank of any discrepancy within sixty (60) days of receipt of a periodic statement containing such information for Consumer transaction or five (5) business days for a corporate transaction, Client agrees that Bank shall not be liable for any other losses resulting from Client's failure to give such notice or any loss of interest or any interest equivalent with respect to an Entry shown on such periodic statement. If Client fails to notify Bank of any such discrepancy within ninety (90) days of receipt of such periodic statement, Client shall be precluded from asserting such discrepancy against Bank.

SECTION 3.6 Monitoring

Client shall be responsible to monitor the ACH activity. Monitoring of transaction activity shall include, but not be limited to, activity trends, large dollar activity, returns (number and percentage), and multiple load transactions on a daily basis.

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SECTION 3.7 Reporting

When and as reasonably requested by Bank, Client shall promptly provide to Bank pertinent data and other information which may be in the possession of or available to Client concerning the transactions. Client shall make such data and other information available to Bank at Client's sole cost and expense.

SECTION 3.8 Warranty of Transactions

Client shall warrant all ACH transactions that are originated by Client.

SECTION 3.9 Notice of Change (NOC) Processing

Client shall process all NOC files/transactions within five (5) business days of receipt.

SECTION 3.10 Compliance with Security Procedure

Client shall comply with the security procedure requirements described in Schedule B with respect to Entries transmitted by Client to Bank. Client acknowledges that the purpose of such security procedure is for verification of authenticity and not to detect an error in the transmission or content of an Entry. No security procedure for the detection of any such error has been agreed upon between the Bank and Client.

Client is strictly responsible to establish and maintain the procedures to safeguard against unauthorized transmissions. Client warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices and related instructions provided by Bank in connection with the security procedures described in Schedule B. If Client believes or suspects that any such information or instructions have been discovered

or accessed by unauthorized persons, Client agrees to notify Bank immediately followed by written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by Bank prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.

If an Entry (or a request for cancellation or amendment of an Entry) received by Bank purports to have been transmitted or authorized by Client, it will be deemed effective as Client's Entry (or request) and Client shall be obligated to pay Bank the amount of such Entry even though the Entry (or request) was not authorized by Client, provided Bank accepted the Entry in good faith and acted in compliance with the security procedures referred to in Schedule B with respect to such Entry.

If an Entry (or request for cancellation or amendment of an Entry) received by Bank was transmitted or authorized by Client, Client shall pay Bank the amount of the

Client - BANKFIRST
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Entry, whether or not Bank complied with the security procedures referred to in Schedule B with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would have been detected if Bank had complied with such procedure.

SECTION 3.11 Data Retention

Client shall retain data on file adequate to permit remaking of Entries for ninety (90) days following the date of their transmittal by Bank as provided herein, and shall provide such Data to Bank upon its request. Client shall retain any data regarding transactions processed pursuant to this agreement for a minimum of six (6) years.

SECTION 3.12 Evidence of Authorization

Client shall obtain all consents and authorizations required under the Rules and shall retain such consents and authorization for two years after they expire.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES

SECTION 4.1 Representations and Warranties Client

Client represents and warrants to Bank as follows:

- (a) This Agreement is valid, binding and enforceable against Client in accordance with its terms.
- (b) Client is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland and is authorized to do business in each state in which the nature of Client's activities makes such authorization necessary.
- (c) Client has the full power and authority to execute and deliver this Agreement and to perform all its obligations under this Agreement. The provisions of this Agreement and the performance by Client of its obligations under this Agreement are not in conflict with Client's Articles of Incorporation, bylaws or any other agreement, contract, lease or obligation to which Client is a party or by which it is bound.
- (d) Neither Client nor any principal of Client has been subject to the following:

- (i) Criminal conviction (except minor traffic and other petty offenses);
- (ii) Federal or state tax lien;
- (iii) Administrative or enforcement proceedings commenced by the Securities and Exchange Commission, any state securities regulatory authority, Federal Trade commission, federal or state bank regulator, or any other state or federal regulatory agency; or

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-
- (iv) Restraining order, decree, injunction, or judgment in any proceeding or lawsuit, alleging fraud or deceptive practice on the part of Client or any principal thereof.

For this subparagraph, the word "principal" shall include any person directly or indirectly owning ten percent (10%) or more of Client, any officer or director of the Client, or any person actively participating in the control of Client's business.

- (e) There is not pending or threatened against Client, any litigation or proceeding, judicial, tax or administrative, the outcome of which might materially adversely affect the continuing operations of Client. Attached to this Agreement is a list and brief description of all pending lawsuits in which Client is a party.

- (f) Client has delivered to Bank complete and correct copies of its balance sheets and related statements of income and cash flow. Client's financial statements, subject to any limitation stated therein, which have been or which hereafter will be furnished to Bank to induce it to enter into this Agreement do or will fairly represent the financial condition of the Client, and all other information, reports and other papers furnished to Bank will be, at the time the same are furnished, accurate and complete in all material respects and complete insofar as completeness may be necessary to give Bank a true and accurate knowledge of the subject matter. The financial statements are in accordance with the books and records of Client were prepared in accordance with generally accepted accounting principles ("GAAP") as in effect from time to time in the United States, as consistently applied, and in accordance with all pronouncements of the Financial Accounting Standards Board. The Bank will make available a standard financial package that it provides its key vendors in accordance with its other practices.

- (g) Client agrees that at Bank's sole discretion, Bank, its authorized representatives, or agents and any government entity with regulatory or supervisory authority over Bank (collectively "the Auditing Party"), shall have the right to inspect, audit, and examine all of Client's facilities, records and personnel relating to the functionality described in this Agreement at any time during normal business hours upon reasonable notice. The Auditing Party shall have the right to make abstracts from Client's books, accounts, data, reports, papers, and computer records directly pertaining to the subject matter of this Agreement, and Client shall make all such facilities, records, personnel, books, accounts, data, reports, papers, and computer records available to the Auditing Party for the purpose of conducting such inspections and audits.

SECTION 4.2 Representations and Warranties Bank

Bank represents and warrants to Client as follows:

- (a) This Agreement is valid, binding and enforceable against Bank in accordance with its terms.

Client - BANKFIRST

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(b) Bank is a corporation duly incorporated, validly existing and in good standing under the laws of the State of South Dakota and is authorized to do business in each state in which the nature of Bank's activities makes such authorization necessary.

(c) Bank has the full power and authority to execute and deliver this Agreement and to perform all its obligations under this Agreement. The provisions of this Agreement and the performance by Bank of its obligations under this Agreement are not in conflict with Bank's Articles of Incorporation, bylaws or any other agreement, contract, lease or obligation to which Bank is a party or by which it is bound.

(d) There is not pending or threatened against Bank, any litigation or proceeding, judicial, tax or administrative, the outcome of which might materially adversely affect the continuing operations of Bank.

ARTICLE V - COVENANTS SECTION

SECTION 5.1 Covenants of Client

Client covenants and agrees with Bank as follows:

(a) It will comply with all applicable laws, the Rules and any rules, orders and regulations issued by the Regulatory Authorities that relate to the matters and transactions contemplated by this Agreement. In particular, Client will comply with the applicable requirements of: the U.S. PATRIOT Act, including Section 326 Customer Identification Programs; Gramm-Leach-Bliley Act (GLBA) including the Privacy Rules and Regulation P; and the Office of Foreign Asset Control (OFAC) directives.

(b) It will promptly give written notice to Bank of any material adverse change in the business, properties, assets, operations or condition, financial or otherwise, of Client and any pending, or a threat of, litigation involving a sum of \$50,000 or more and of all tax deficiencies and other proceedings before governmental bodies or officials affecting Client.

(c) As soon as possible, and in any event within 90 days after the end of Client's fiscal year, commencing January 1, 2004, it will provide Bank with its audited balance sheets and related statements of income and cash flow and all notes and schedules thereto as of the end of such period.

(d) All consumer complaints received by Client, relating to the ACH functionality or its use, will be immediately reported to Bank. Such report shall include the name and address of the complaining consumer and a brief summary of the consumer's complaint.

(e) Client will not, without Bank's prior consent, solicit consumers through the use of any party who is not directly employed by and under the immediate supervision and

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control of Client and its affiliates.

SECTION 5.2 Covenants of Bank

Bank covenants and agrees with Client as follows:

(a) It will comply with all applicable laws, the Rules and any rules, orders and regulations issued by the Regulatory Authorities that relate to the matters and transactions contemplated by this Agreement. In particular, Bank will comply with the applicable requirements of: the U.S. PATRIOT Act, including Section 326 Customer Identification Programs; Gramm-Leach-Bliley Act (GLBA) including the Privacy Rules and Regulation P; and the Office of Foreign Asset Control (OFAC) directives.

(b) It will promptly give written notice to Client of any material adverse change in the business, properties, assets, operations or condition, financial or otherwise, of Bank and any pending, or a threat of, litigation involving a sum of \$50,000 or more and of all tax deficiencies and other proceedings before governmental bodies or officials affecting Bank.

(c) All consumer complaints received by Bank, relating to the ACH functionality or its use, will be immediately reported to Client. Such report shall include the name and address of the complaining consumer and a brief summary of the consumer's complaint.

ARTICLE VI - DUTIES OF BANK

SECTION 6.1 Sponsorship Certification and Administrative Fees

Bank shall be responsible for any annual membership fees relating to Bank Membership with any System.

SECTION 6.2 Memberships in System

Bank shall retain its Membership in System in good standing and shall abide in all material respects by all the Rules and regulations applicable to Bank; provided, however, that Bank shall not be obligated to maintain such Membership. If Bank elects to terminate its membership in any System, or if a System elects to terminate Bank's Membership in spite of Bank's compliance with the applicable Rules, Bank shall give notice to Client as soon after it provides notice to or receives notice from the System according to the Rules.

SECTION 6.3 Notices

Bank shall deliver to Client a copy of all material notices or correspondence that it receives from any System, or any other third party, relating to this agreement, within five (5) business days of receipt of such notice or correspondence.

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SECTION 6.4 Processing Services

Bank shall provide for the processing of Entries received from Client to conform to the requirements set forth in this Agreement. Bank shall provide for transmitting of such Entries as an ODFI to the Federal Reserve System or through the use of an ACH Client Sender. Bank shall settle for such Entries as provided in the Rules.

Bank shall provide for the processing of the Entries as defined in Schedule B provided that the file was received on time, the Federal Reserve Bank is open for business, and the effective entry date is stated. If any of the requirements are not met in this Section 6.4, Bank shall use reasonable efforts to transmit such Entries to the ACH by the next deposit

deadline of the ACH following that specific in Schedule B which is a business day and a day on which the ACH is open for business.

Bank shall not cancel or amend an Entry after it is delivered to Bank. Bank shall use reasonable efforts to act on a request by Client for reversal of a file of Entries according to the Rules; provided that Bank shall not be liable for interest or losses if such reversal is not effected. Any request by Client for reversal of a file of Entries must comply with the Delivery Requirements and Security Procedures as defined in Schedule B. Client shall reimburse Bank for any expenses, losses, or damages Bank may incur in effecting or attempting to effect Client's request for the reversal of a file of Entries. Bank is entitled to payment from Client in the amount of any such reversal of a debit file of Entries prior to acting on any request thereof.

SECTION 6.5 Error Resolution and Rejection of Entries

Bank shall be responsible to investigate all errors identified by the Client. Bank may reject any Entry which does not comply with requirements of Section 3.2 and Section 3.10 or which contains an Effective Entry Date more than three (3) days after the business day such Entry is received by Bank. Bank may reject an On-Us Entry for any reason for which an Entry may be returned under the Rules. Bank may reject an Entry if Client has failed to comply with its Reserve Account balance obligations under Section 3.5. Bank may reject any entry if Client does not adhere to security procedures as described in Schedule B. Bank shall notify Client by telephone, e-mail, or any other mutually agreed to means not later than the next business day after the effective Entry date. Notices of rejection shall be effective when given. Bank shall have no liability to Client by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

SECTION 6.6 File Return Notification

Bank will provide for the notification to Client either by telephone, electronically, or as otherwise agreed about the return of a file. Notification will be made within one (1) business day of receipt of such an Entry or File. Bank shall use its best efforts to provide for notification to Client on the date of the receipt but will have no obligation to reexecute

Client - BANKFIRST
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or take other action with respect to a returned Entry or File. Notices of the return of a file shall be effective when given. Bank shall have no liability to Client by reason of the return of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

SECTION 6.7 Tapes and Records

All magnetic tapes, Entries, security procedures and related records used by Bank for transactions contemplated by this Agreement shall be and remain Bank's property. Bank may, at its sole discretion, make available such information upon Client's request. Any expenses incurred by Bank in making such information available to Client shall be paid by Client.

SECTION 6.8 On-Us Entries

Except as provided in this Section 6.8, in the case of an Entry received for credit to an account maintained with Bank (an "On-Us Entry"), Bank shall credit the Client's Reserve Account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in Section 6.4 are met. If these requirements are not

met, Bank shall use reasonable efforts to credit the Client Reserve Account in the amount of such Entry no later than the next business day following such Effective Entry Date.

ARTICLE VII - COMPENSATION AND EXPENSES

SECTION 7.1 Expenses of Bank

Bank shall be solely responsible for the following expenses:

Except as otherwise provided in this Agreement, all annual Membership fees related to Bank's license with and Membership in any System utilized by the ACH processing, and any fees and penalties assessed by any such System or Regulatory Authority due to Bank's actions or of any third party retained by Bank.

SECTION 7.2 Compensation of Bank

Client shall pay Bank the charges for the services provided in connection with this Agreement, as set forth in Schedule A. All fees and services are subject to change upon 30 calendar days' prior written notice from Bank to Client. Such charges do not include and Client shall be responsible for payment of, any sales, use, excise, value added, utility or other similar taxes relating to such services, and any fees or charges provided for in the agreement between Bank and Client with respect to the Reserve Account.

SECTION 7.3 Expenses of Client

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Client shall be solely responsible for the following:

- (a) Advertising and other expenses associated with the marketing of ACH functionality or membership plans to its consumers or prospect base or any party under its control or any party for which it is providing services.
- (b) All fines and penalties assessed by any Regulatory Authority due to Client's actions, inactions, or omissions.
- (c) All expenses associated with and losses from non-sufficient fund payment requests, consumer fraud, or any other transactions initiated by the consumer where funds are not available and cash was provided/distributed to the consumer by Client.
- (d) All fees assessed by Bank for exceeding the error tolerance levels on files transmitted for ACH processing.

ARTICLE VIII - LIMITATION OF LIABILITY

SECTION 8.1 No Special Damages

Neither party shall be liable to the other for any special, indirect, incidental, consequential, punitive or exemplary damages, including, but not limited to, lost profits, even if such party has knowledge of the possibility of such damages provided, however, that the limitations set forth in this Section shall not apply to or in any way limit the indemnity obligations under this Agreement.

SECTION 8.2 Disclaimers of Warranties

Bank specifically disclaims all warranties of any kind, express or implied, arising out of or related to this Agreement, including without limitation, any warranty of marketability, fitness for a particular purpose or non-infringement, each of which is hereby excluded by agreement of the parties.

SECTION 8.3 Liabilities of Client for System and Regulatory Claims

Client shall be liable to Bank for any and all liabilities and every loss, claim, demand, and cause of action (including, without limitation, the cost of investigating the claim, the cost of litigation and reasonable attorneys' fees, whether or not legal proceedings are instituted and whether paid or incurred, as the case may be) as a result of Client's failure to comply with the Rules or applicable Regulatory Authority.

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ARTICLE IX - TERM OF PROGRAMS AND AGREEMENT

SECTION 9.1 Term and Termination of Agreement Without Cause

The term of this Agreement shall commence on the Effective Date and continue for three (3) years (the "Initial Term") from the first day that Processing Services are actually provided for by Bank unless terminated earlier as provided below. After the Initial Term, the Agreement shall automatically extend for additional periods of one year each (a "Renewal Term"). During a Renewal Term, either party may terminate this Agreement for any reason by providing written notice to the other at least 120 days in advance of termination or as provided below.

SECTION 9.2 Termination of Agreement For Cause

- (a) Either Bank or Client shall have the right to terminate this Agreement upon occurrence of one or more of the following events:
- (i) Failure by the other party to observe or perform, in any material respect, that party's obligations to the other party hereunder, so long as the failure is not due to the actions or failure to act of the terminating party, but only if the failure continues for a period of (A) thirty (30) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure not involving the payment of money, or (B) ten (10) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure to pay any amount then due hereunder, provided, however, that Bank, in its sole discretion, may terminate this Agreement without such a cure period if a substantially similar material failure has previously occurred;
 - (ii) In the event any financial statement, representation, warranty, statement or certificate furnished to it by the other party in connection with or arising out of this Agreement is materially adverse to the terminating party and intentionally untrue as of the date made or delivered.
 - (iii) The other party (A) voluntarily commencing any proceeding or filing any petition seeking relief under Title 11 of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, liquidation or similar law, (B) applying for or consenting to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property or assets, (C) making a general assignment for the benefit of creditors, or (D) taking corporate action for the purpose of effecting any of the foregoing; or
 - (iv) The commencement of an involuntary proceeding or the filing of an involuntary proceeding or the filing of an involuntary petition in a court of competent jurisdiction seeking (A) relief in respect of the other party, or of a substantial

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law, (B) the appointment of a receiver, trustee, custodian, sequestrator or similar office for the other party or for a substantial part of its property or assets, or (C) the winding up or liquidation, of the other party, if such proceeding or petition shall continue un-dismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for sixty (60) days.

(v) Upon any change to or enactment of any law or regulation which would have a material adverse effect upon the processing described in this Agreement.

(vi) Violation of any federal or state law relating to the performance of this Agreement.

(vii) Upon direction from any Regulatory Authority to cease or materially limit performance of the obligations under this Agreement.

SECTION 9.3 Survivals of Payments and Survival of Obligations Upon Termination of Agreement

This Agreement shall continue in full force and Bank shall continue to provide the services currently then being provided until such time as all transactions are so processed, but in no event exceeding ninety (90) days from notice of cancellation. If such termination is made by Bank pursuant to Section 9.2, Bank will be entitled to withhold and pay directly all processing expenses from processing revenues including the costs of servicing the existing customers by a servicing organization reasonably selected by Bank. In such event, Bank shall have no further obligation to accept transactions from Client.

Any termination of this Agreement shall not affect any of Bank's rights and Client's obligations with respect to Entries initiated by Client prior to such termination, or the payment obligations of Client with respect to services performed by Bank prior to termination, or any other obligation that survive termination of this Agreement.

SECTION 9.4 Liquidated Damages

The Parties agree that the pricing under this Agreement was determined by mutual agreement based upon certain assumed volumes of processing activity and the length of the Term of this Agreement.

The Parties further agree that it would be difficult or impossible to ascertain Bank's actual damages for a termination or other breach of this Agreement by Client resulting in a termination of this Agreement before the end of the Term. The Parties further agree the Bank is entitled to : (i) all fees earned but not paid prior to the date of termination, (ii) any direct costs incurred as a result of the termination, deconversion and/or change-over; and (iii) depending on the Agreement, an amount equal to: (x) the contract minimum, if

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applicable; (y) 50% of the annual minimum for each full year remaining in the Agreement, prorated for partial years remaining; or (z) 50% of an average monthly fee, calculated by Bank by selecting and averaging any three consecutive months, multiplied by the number of months remaining in the Agreement. Client agrees this is a reasonable estimation of the actual damages Bank would suffer if Bank did not receive the expected benefits to be derived from this Agreement for the full Term.

Each Party acknowledges and agrees, after taking into account the terms of this Agreement and all relevant circumstances at the date hereof, that the Liquidated Damages payable under this Section 9.4 represents a reasonable and genuine pre-estimate of the damages which would be suffered by Bank in the event of early termination of this Agreement and does not constitute a penalty.

Nothing in this Agreement shall limit the right of any party to this Agreement to seek injunctive relief, to the extent available, with respect to breaches of this Agreement.

ARTICLE X - CONFIDENTIALITY

SECTION 10.1 Confidential Information

The term "Confidential Information" shall mean this

Agreement and all proprietary information, data, trade secrets, business information and other information of any kind whatsoever which (a) a party ("Discloses") discloses, in writing, orally or visually, to the other Party ("Recipient") or to which Recipient obtains access in connection with the negotiation and performance of this Agreement, and which (b) relates to (i) the Discloser, (ii) in the case of Client, Bank and its customers and or associates, or (iii) Consumers who have made confidential or proprietary information available to Client. The definition of Confidential Information shall include Customer Information as described below.

SECTION 10.2 Customer Information

Client acknowledges that Bank has a responsibility to its customers to keep information about its customers and their accounts strictly confidential and Bank acknowledges that Client has a responsibility to its consumers to keep their information strictly confidential (collectively, "Customer Information"). In addition to the other requirements set forth in this Section regarding Confidential Information, Customer Information shall also be subject to the additional restrictions set forth in this Subsection. The Recipient shall not disclose or use Customer Information other than to carry out the purposes for which the Discloser or one of its affiliates disclosed such Customer Information to Recipient. Recipient shall not disclose any Customer Information other than on a "need to know" basis and then only to: (a) affiliates of Discloser; (b) its employees or officers; (c) affiliates of Recipient provided that such affiliates shall be restricted in use and redisclosure of the Customer Information to the same extent as Recipient; (d) to carefully selected subcontractors provided that such subcontractors shall

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have entered into a confidentiality agreement no less restrictive than the terms hereof; (e) to independent contractors, agents, and consultants hired or engaged by Recipient, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; or (f) pursuant to the exceptions set forth in 15 USC 6802(e) and accompanying regulations which disclosures are made in the ordinary course of business. The restrictions set forth herein shall apply during the term and after the termination of this Agreement.

Each Party must comply with all federal and state privacy laws.

SECTION 10.3 Disclosure to Employees and Agents.

Each of the Parties, as Recipient, hereby agrees on behalf of itself and its employees, officers, affiliates and subcontractors that Confidential Information will not be disclosed or made available to any person for any reason whatsoever, other than on a "need-to-know basis" and then only to: (a) its employees and officers; (b) subcontractors and other third-parties specifically permitted under this Agreement, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; (c) independent contractors, agents, and consultants hired or engaged by Bank, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; and (d) as required by law or as otherwise permitted by this Agreement, either during the term of this Agreement or after the termination of this Agreement. Prior to any disclosure of Confidential Information as required by law, the Recipient shall (i) notify the Discloser of any, actual or threatened legal compulsion of disclosure, and any actual legal obligation of disclosure immediately upon becoming so obligated, and (ii) cooperate with the Discloser's reasonable, lawful efforts to resist, limit or delay disclosure. Nothing in this Section shall require any notice or other action by Bank in connection with request or demands for Confidential Information with request by bank examiners.

SECTION 10.4 Return of Materials

Upon the termination or expiration of this Agreement, or at any time upon the request of a Party, the other Party shall return all Confidential Information, including Customer Information, in the possession of such Party or in the possession of any third Party over which such Party has or may exercise control.

SECTION 10.5 Exceptions

With the exception of the obligations related to Customer Information, the obligations of confidentiality in this Section shall not apply to any information which a party rightfully has in its possession when disclosed to it by the other party, information which a party independently develops, information which is or becomes known to the public other than by breach of this Section or information rightfully received by a party from a third party without the obligation of confidentiality.

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SECTION 10.6 Media Releases

All media releases, public announcements and public disclosures by either party, or their representatives, employees or agents, relating to this Agreement or the name or logo of either Party, any Bank affiliate or supplier, including, without limitation, promotional or marketing material, but not including any disclosure required by legal, accounting or regulatory requirements beyond the reasonable control of the releasing party, shall be coordinated with and approved by the other party in writing prior to the release thereof.

ARTICLE XI - INSURANCE

SECTION 11.1 Insurance

Each party shall maintain, throughout the term of this Agreement, appropriate comprehensive general liability insurance policies (which shall include contractual liability), the limit of which shall be no less than a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage.

ARTICLE XII - GENERAL PROVISIONS

SECTION 12.1 Indemnification

(a) Client covenants and agrees to indemnify and hold harmless Bank, its parent, subsidiaries or affiliates, and their respective officers, directors, employees and permitted assigns, as such, against any direct losses or expenses arising from any legal action, claim, demand or proceedings brought against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Client, any act or omission of Client or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Client or any third party retained by it; provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Bank, (ii) negligence, willful misconduct or bad faith by Bank, or (iii) the failure of Bank to comply with, or to perform its obligations under, this Agreement

(b) Bank covenants and agrees to indemnify and hold harmless Client and its parent, subsidiaries or affiliates, and their respective officers, directors, employees, and permitted assigns, as such, against any direct losses or expenses arising from any legal action, claim, demand, or proceedings brought against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Bank, any act or omission of Bank or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Bank or any third party retained by it (except to the extent that Client has agreed to fulfill such obligation under this Agreement); provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Client or its representatives, (ii) negligence, willful misconduct or bad faith by Client or its

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representatives, or (iii) the failure of Client or its representatives to comply with, or to perform its obligations under, this Agreement.

(c) If any claim or demand is asserted against any party or parties (individually or collectively, the "Indemnified Party") by any person who is not a party to this Agreement in respect of which the Indemnified Party may be entitled to indemnification under the provisions of subsections (a) or (b) above, written notice of such claim or demand shall promptly be given to any party or parties (individually or collectively, the "Indemnifying Party") from whom indemnification may be sought. The Indemnifying Party shall have the right, by notifying the Indemnified Party within ten (10) days of its receipt of the notice of the claim or demand, to assume the entire control (subject to the right of the Indemnified Party to Participate at the Indemnified Party's expense and with counsel of the Indemnified Party's choice) of the defense, compromise or settlement of the matter, including, at the Indemnifying Party's expense, employment of counsel of the Indemnifying Party's choice. If the Indemnifying Party gives notice to any Indemnified Party that the Indemnifying Party will assume control of the defense, compromise or settlement of the matter the Indemnifying Party will be deemed to have waived all defenses to the claims for indemnification by the Indemnified Party with respect to that matter. Any damages to the assets or business of the Indemnified Party caused by a failure of the Indemnifying Party to defend, compromise or settle a claim or demand in a reasonable and expeditious manner, after the indemnifying Party has given notice that it will assume control of the defense, compromise or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obligated to indemnify the Indemnified Party.

(d) The provisions of this Section 12.1 and of Section 12.2 shall survive termination or expiration of this Agreement.

SECTION 12.2 Disclosure

(a) Each party shall promptly notify the other of any action, suit, proceeding, facts and circumstances, and the threat of reasonable prospect of same, which might give rise to any indemnification hereunder or which might materially and adversely affect either party's ability to perform this Agreement.

(b) Each party represents and warrants to the other that it has no knowledge of any pending or threatened suit, action, arbitration or other proceedings of a legal, administrative or regulatory nature, or any governmental investigation, against it or any of its affiliates or any officer, director, or employee which has not been previously disclosed in writing and which would materially and adversely affect its financial condition, or its ability to perform this Agreement.

SECTION 12.3 Legal Compliance

Each party represents and warrants to the other that it is familiar with the requirements of all applicable consumer protection laws applicable to it which relate to the

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Program and its obligations hereunder, and agrees that it will comply, in all material respects, with all such laws and regulations and all other applicable laws and regulations relating to its activities under this Agreement, now and in the future.

SECTION 12.4 Relationship of Parties

Bank and Client agree they are independent contractors to each other in performing their respective obligations hereunder. Nothing in this Agreement or in the working relationship being established and developed hereunder shall be deemed, nor shall it cause, Bank and Client to be treated as partners, joint ventures, or otherwise as joint associates for profit.

SECTION 12.5 Regulatory Examinations and Financial Information

Client agrees to submit to any examination which may be required by any Regulatory Authority with audit and examination authority over Bank, to the fullest extent of such Regulatory Authority. Client shall also provide to Bank any information, which may be required by any Regulatory Authority in connection with their audit or review of Bank or the Program and shall reasonably cooperate with such Regulatory Authority in connection with any audit or review of Bank. Client shall furnish Bank, at Client expense, with audited financial statements prepared by a certified public accountant. Client shall also provide such other information as Bank, Regulatory Authorities, or the System may from time to time reasonably request with respect to the financial condition of Client and such other information as Bank may from time to time reasonably request with respect to third parties contracted with Client.

SECTION 12.6 Governing Law

This Agreement shall be governed by the internal laws, and not by the laws regarding conflicts of laws, of the State of South Dakota. Each Party hereby submits to the jurisdiction of the courts of such state, and waives any objection to venue with respect to actions brought in such courts.

SECTION 12.7 Severability

In the event that any part of this Agreement is deemed by a court, Regulatory Authority, or other public or private tribunal of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed to have been omitted

from this Agreement. The remainder of this Agreement shall remain in full force and effect, and shall be modified to any extent necessary to give such force and effect to the remaining provisions, but only to such extent.

SECTION 12.8 Survival

All representations and warranties herein shall survive any termination or

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expiration of this Agreement.

SECTION 12.9 Successors and Third Parties

Except as limited by Section 12.10, this Agreement and the rights and obligations hereunder shall bind, and inure to the benefit of the parties and their successors and permitted assigns.

SECTION 12.10 Assignments

The rights and obligations of Client under this Agreement are personal and may not be assigned either voluntarily or by operation of law, without prior written consent from Bank.

SECTION 12.11 Notices

All notices, requests and approvals required by this Agreement shall be in writing addressed/directed to the other party at the address and facsimile set forth below, or at such other address of which the notifying party hereafter receives notice in conformity with this section. All such notices, requests, and approvals shall be deemed given upon the earlier of receipt of facsimile transmission during the normal business day or actual receipt thereof. All such notices, requests and approvals shall be addressed to the attention of:

Bank to: BANKFIRST
2600 W. 49th Street
Sioux Falls, SD 57105
Attention: General Counsel
Facsimile Number: (480) 308-5102
Client to:
NBO Systems, Inc.
3676 W. California Ave., Bldg.D
Salt Lake City, UT 84104
Attention: CEO
Facsimile Number: (801) 973-4188
Tax Identification Number: 55-0795927

SECTION 12.12 Waivers

Neither party shall be deemed to have waived any of its rights, power, or remedies hereunder except in writing signed by an authorized agent or representative of the party to be charged. Either party may, by an instrument in writing, waive compliance by the other party with any term or provision of this Agreement on the part of the other party to be performed or complied with. The waiver by either party of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

SECTION 12.13 Entire Agreement; Amendments

This Agreement constitutes the entire Agreement between the parties and supersedes all prior Agreements, understandings, and arrangements, oral or written, between the parties with respect to the subject matter hereof. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the party against whom enforcement of any such modification or amendment is sought.

SECTION 12.14 Counterparts

This Agreement may be executed and delivered by the parties in counterpart, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

SECTION 12.15 Disputes

(a) Duty to Notify. In the event of any dispute, controversy, or claim arising out of or relating to this Agreement or the construction, interpretation, performance, breach, termination, enforceability or validity thereof (hereinafter, a "Dispute"), the party raising such Dispute shall notify the other promptly and no later than sixty (60) days from the date of its discovery of the Dispute. In the case of a Dispute relating to account or transaction statements or similar matter, the failure of a party to notify the other party of such Dispute within sixty (60) days from the date of its receipt shall result in such matter being deemed undisputed and accepted by the party attempting to raise such Dispute.

(b) Cooperation to Resolve Disputes. The parties shall cooperate and attempt in good faith to resolve any Dispute promptly by negotiating between persons who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for administration and performance of the provisions or obligations of this Agreement that are the subject of the Dispute.

(c) Arbitration. Any Dispute which cannot otherwise be resolved as provided in paragraph (b) above shall be resolved by arbitration conducted in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitral tribunal may be entered in any court having jurisdiction thereof. The arbitration tribunal shall consist of a single arbitrator mutually agreed upon by the parties, or in the absence of such agreement within 30 days from the first referral of the dispute to the American Arbitration Association, designated by the American Arbitration Association. The place of arbitration shall be Sioux Falls, South Dakota, unless the parties shall have agreed to another location within 15 days from the first referral of the dispute to the American Arbitration Association. The arbitral award shall be final and binding. The parties waive any right to appeal the arbitral award, to the extent a right to appeal may be lawfully waived. Each party retains the right to seek judicial assistance: (i) to compel arbitration, (ii) to obtain interim measures of protection prior to or pending arbitration, (iii) to seek injunctive relief in the courts of any jurisdiction as may be necessary and appropriate to protect the unauthorized disclosure of its proprietary or

confidential information, and (iv) to enforce any decision of the arbitrator, including the final award. In no event shall either party be entitled to punitive, exemplary or similar damages.

(d) Confidentiality of Proceedings. The arbitration proceedings contemplated by this Section shall be as confidential and private as permitted by law. To that end, the parties shall not disclose the existence, content or results of any proceedings conducted in accordance with this Section, and materials submitted in connection with such proceedings shall not be admissible in any other proceeding, provided, however, that this confidentiality provision shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures required by any laws or regulations.

SECTION 12.16 Limitation of Liability

Neither Client, the Bank nor any of their respective directors, officers, employees, agents, representatives or controlling persons shall be liable for any action taken or for refraining from taking any action in good faith pursuant to this Agreement; provided, however, that this provision shall not protect Client or Bank against any breach of their respective representations, warranties or covenants made herein, or against any specific liability imposed pursuant hereto, or against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations or duties hereunder. Client and Bank may rely in good faith on any document, electronic file or other electronic or telephonic communication of any kind, which appears bona fide, submitted by any appropriate person respecting any matters arising hereunder.

IN WITNESS WHEREOF, this Agreement is executed by the parties' authorized officers or representatives and shall be effective as of the date first above written.

Client	BANKFIRST
By: /s/ C. Foley	By: /s/ [illegible signature]
Title: CFO	Title: SVP
Dates: 3/19/04	

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3/19/2004	

Schedule A

BANKFIRST SERVICES AND FEES		
Standard Service Items		Fee
Set Up fee	[* * *	
Monthly Maintenance Fee	* * *	
File Processing Fee	* * *	
Monthly Transaction Fee	* * *	
[* * *]		
Return ACH Transaction Fee	* * *	
Return File from Federal Reserve Fee	* * *	
Request to Reverse or Reject File	* * *	
Exception File Runs	* * *	
Investigation/Research Services	* * *	
Professional Services]	

Schedule B
ACH File Requirements and File Processing Schedule

Bank Transmission Location

All file of Entries generated by Client must be transmitted to Bank.

Security Procedures

Bank requires the file of Entries being transmitted to comply with the industry standard security standards which at a minimum will be 128-bit, triple DES (Data Encryption Standard).

File Process Timing

- (a) The Client will provide the file(s) of Entries to the Bank at least one day prior to the settlement date..
- (b) The Bank operates under a "continuous balancing" mode which means they can accept a file of Entries from Client ongoing.
- (c) The Bank will transmit all approved files of Entries to the Federal Reserve for immediate settlement at 11 AM. CST. Immediate settlement occurs at 5 p.m. CST. Debit files transmitted after 11 AM CST will be automatically settled the following day.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

[Metavante™ Logo]

AMENDMENT TO MASTER AGREEMENT

THIS AMENDMENT

, to the Master Agreement dated October 10, 2002 (the "Agreement") is made as of this 22nd day of June, 2004, by and between the undersigned parties, and does hereby alter, amend, and modify the Agreement and supersedes and takes precedence over any conflicting provisions contained in the Agreement.

THEREFORE, FOR GOOD AND VALUABLE CONSIDERATION,

the receipt and sufficiency of which are hereby acknowledged, the undersigned parties agree as follows:

As of the date of this Amendment, Customer and Metavante mutually agree that Exhibit B2, Electronic Funds Delivery Fee Schedule, be amended so that the Stored Value Monthly Processing Fee for Cardholder Accounts on File (Activated Accounts) be as follows:

[* * *]

Except as expressly modified herein, all other terms and conditions contained in the Agreement remain in full force and effect.

IN WITNESS WHEREOF

, the undersigned parties have duly executed this Amendment in a manner appropriate to each.

[DLP APPROVED AS TO FORM BY
LEGAL 7-8-04]

METAVANTE CORPORATION ("Metavante")

By: Frank G. D'Angelo
Name: Frank G. D'Angelo
Title: Executive Vice President, Electronic Funds Group

By: Jeffrey A. Lewis
Name: Jeffrey A. Lewis
Title: Senior Vice President, Electronic Funds Group

NBO SYSTEMS, INC. ("Customer")

By: James Hyde
Name: James Hyde
Title: COD/CTO

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NB0 Systems Cardholder Account Amend 062204

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

[Meta Payment Systems LOGO]
A Division of MetaBank
2329 N. Career Avenue
Sioux Falls, SD 57107
P: 605-275-9555
F: 605-275-8270
www.metapay.com

August 30, 2004

Christopher Foley
Chief Financial Officer
NBO Systems, Inc.
3676 W. California Ave., Bldg. D
Salt Lake City, UT 84104-6515

Dear Christopher

This letter is to confirm the intent of Meta Payment Systems and NBO Systems, Inc. ("NBO") to enter into a Marketing Agreement, under which NBO shall design, market and distribute certain stored value or prepaid card programs issued by Meta Payment Systems.

Terms and conditions substantially similar to those in the attached Exhibit A shall be set forth in a mutually acceptable final written agreement and executed by the parties. If a final agreement is not signed by September 15, 2004 then either party, at its option, may terminate negotiations and neither party will have an obligation to the other with regard to this transaction.

This is a letter of intent only. It is not intended to be, and shall not constitute in any way a binding or legal agreement, or impose any legal obligation or duty on either NBO or Meta Payment Systems.

By signing below the parties acknowledge that the foregoing adequately reflects their mutual statement of intention.

Meta Payments Systems
By: /s/ [illegible]
Title: President
Dates: 8/30/04

NBO Systems, Inc.
By: /s/ [illegible]
Title: CFO
Date: 8/30/04

Exhibit A to Letter of Intent Dated August 30, 2004

PREPAID CARD PORTFOLIO

NBO will pay to Meta Payment Systems (MPS) a share of interchange based on the Monthly gross dollar volume (GDV) for signature-based transactions and, alternatively, transaction fees for PIN-based or ATM transactions. NBO agrees to minimums sponsorship fees of \$2,500 per month beginning in January 2005. MPS will pay to NBO commission on average monthly MetaBank deposits associated with this portfolio. (See tables below for rates schedules).

Prepaid Card Portfolio Interchange Share	
Monthly GDV	MPS Share of Interchange
First [* * *]	[* * *]
Amount over [* * *]	[* * *]
Prepaid Card Portfolio Transaction Fees	
Monthly Transaction Volume	PIN-based and ATM
First [* * *] Transactions	[* * *]
Transactions [* * *]	[* * *]
Commission on Deposit	
Average Monthly Portfolio Deposits	Rate base on % of Fed Funds Target Rate
up to [* * *]	[* * *]
After [* * *]	[* * *]

ADDITIONAL FEES

	FEE DESCRIPTION	AMOUNT
	[* * *]	
	[* * *]	[* * *]
	[* * *]	[* * *]
	[* * *]	[* * *]
	[* * *]	
	[* * *]	[* * *]
	- [* * *]	[* * *]
	[* * *]	[* * *]

[* * *]

[Initialed and Dated 8/30/04]

BIN (as required) ^z _____	[* * *]
System (Association) Transaction Fees	Pass Through

[* * *]

Due Diligence Review on Third Parties (as required) Pass Through

- Background checks
- Dun & Bradstreet

Hourly Professional Services Fee [* * *]

- Estimates provided upon request
- Fee applies to work associated with but not limited to:
[* * *]
- See Exhibit B for examples and estimates

RISK AND INDEMNIFICATION

MPS is indemnified by NBO Systems, Inc. from losses associated with under the floor limit transactions, fraud loss, negative balances or other losses in violation of the Cardholder Agreement or any relevant laws, ordinances or statutes.

INITIAL TERM

The initial Agreement term is three years.

ACH SERVICES

MPS offers ACH origination services with the following pricing schedule:

Standard Service Items	Fee
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]
Monthly Transaction Volume	
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]
[* * *]	[* * *]

[* * *]

[Initialed and Dated 8/30/04]

Exhibit B to Letter of Intent Dated August 30, 2004

The attached table outlines some, but not all Professional Services along with estimated timeframes and cost for standard requests. Estimates for unique, complex, or special services will be provided at NBO's request.

<i>Professional Service</i>	<i>Estimated Number of Hours</i>	<i>Estimated Cost</i>
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]
[* * *]	[* * *]	[* * *]

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

MARKETER AGREEMENT

This Marketer Agreement (the "Agreement") dated as of September 2, 2004 (the "Effective Date") is between **NBO Systems, Inc.** whose address is 3676 W. California Ave. Bldg. D, Salt Lake City, UT 84104 ("Client") and **First Federal Savings Bank of the Midwest, dba Meta Payment Systems**, whose address is 2500 S. Minnesota Ave, Sioux Falls, South Dakota 57105 ("Bank"). Each may be referred to here in as a "Party" or collectively as "Parties".

RECITALS

(a) Bank is a member of VISA / MasterCard and is in the business of issuing Cards and establishing Settlement Accounts for the settlement of Card transactions.

(b) Client intends to offer Cards, issued by Bank, to consumers as an alternative to credit cards, cash or checks.

NOW, THEREFORE,

in consideration of the mutual covenants and conditions hereinafter set forth, the Parties hereto, intending to be legally bound, agree as follows:

ARTICLE I - DEFINITIONS

SECTION 1.1 Definitions

Except as otherwise specifically indicated, the following terms shall have the following meanings in this Agreement (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Billable Card" means a Card which a network transaction or a Cardholder load results in a debit or credit to the Cardholder Funds in the last thirty (30) days or the Card carries a positive balance.

(b) "Card" means a pre-paid magnetic stripe-based stored value card issued by Bank to a Cardholder pursuant to this Agreement, used for the purchase of goods, services and cash advances by accessing the available balance in the Cardholder Funds through a System. Card may include stored value cards of any type acceptable by a System.

(c) "Cardholder" means (i) a person who is issued a Card, and (ii) uses the Card to originate a transaction.

(d) "Cardholder Funds" means the pooled stored value account which is associated with one or more Cards, and includes the record of debits and credits with respect to transactions originated by each Cardholder.

(e) "Cardholder Agreement" means the agreement between Bank and a

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Cardholder governing the terms and use of a Card.

(f) "Governmental Requirements" means collectively all statutes, codes, ordinances, laws, regulations that may apply to Cards (including Regulation E, Z, and anti-money laundering laws), rules, orders and decrees of all governmental authorities (including without limitation federal, state and local governments, governmental agencies and quasi-governmental agencies).

(g) "Graphic Standards" means all standards, policies, and other requirements adopted by a System from time to time with respect to use of its Marks.

(h) "Interchange or Interchange Fee" means the fee paid to the issuer of a Card by an acquiring financial institution for a transaction, as established by a System.

(i) "Mark" means the service marks and trademarks of a System and Bank, including but not limited to, the names and other distinctive marks or logos, which identify a System and Bank.

(j) "Membership" means the membership in a System and licensing rights thereto obtained by Bank.

(k) "Processing Services" means those services, which are necessary to issue a Card and process a transaction in accordance with Government Requirements and the Rules of any System and Regulatory Authority. Such services shall include but not be limited to: set-up and maintenance of the Card and Cardholder Funds, transaction authorization, processing, clearing and Settlement, System access, Cardholder dispute resolution, System compliance, regulatory compliance, security and fraud control, and activity reporting.

(l) "Program" means any Card based system designed for Client hereunder to provide an electronic means of providing Client's customers with access to stored value financial transactions utilizing a Settlement Account and a specific list of Cardholders pursuant to this Agreement.

(m) "Program Revenues" means Interchange share, Transaction fee and commission on deposit as defined in Schedule A generated by or accruing under a Program pursuant to this Agreement.

(n) "Regulation E" means (i) the regulations, all amendments thereto and official interpretations thereof (12 C.F.R. Part 205) issued by the Board of Governors of the Federal Reserve System implementing Title IX (Electronic Funds Transfer Act) of the Consumer Credit Protection Act as amended (15 U.S.C. 1693 et. seq.), and (ii) the Electronic Funds Transfer Act and any amendments thereto.

(o) "Regulation Z" means the regulations, all amendments thereto and official interpretations thereof (12 C.F.R., Part 226) issued by the Board of Governors of the

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Federal Reserve System.

(p) "Regulatory Authority" means, as the context requires, the State of South Dakota; the Federal Deposit Insurance Corporation; the Office of Thrift Supervision; and any Federal or state agency having jurisdiction over Bank or Client.

(q) "Rules" means the by-laws and operating rules of any System, the published policies and procedures of Bank, as promulgated by Bank's Board of Directors in good faith to ensure the continued safety and soundness of Bank.

(r) "Settlement" means the movement and reconciliation of funds between Bank and System members in accordance with the Rules.

(s) "Settlement Account" means the account maintained by Bank used for Settlement of all transactions initiated by use of a Card(s) by or on behalf of a Cardholder.

(t) "System" means MasterCard, VISA, Cirrus, Plus, and/or any other card network system of transmitting items and Settlement thereof.

(u) "Transaction" means a purchase and sale transaction initiated using a Card, or any credit thereon, between a merchant accepting a Card and a Cardholder, evidenced by an item, which is presented for payment to Bank through the Systems, in accordance with the Operating Rules.

ARTICLE II - GENERAL DESCRIPTION OF PROGRAMS

SECTION 2.1 Purpose

The purpose of this Program is to offer Cards, issued by Bank, as an alternative to traditional credit cards, cash and checks. It is designed to offer consumers a convenient and secure payment mechanism. The Cards may be used to pay for purchases, cash advances and other expenses that are allowed by law.

ARTICLE III - DUTIES OF CLIENT

SECTION 3.1 Marketing

Client shall, from time to time, promote and market Cards to prospective customers. Except as may be agreed by the Parties from time to time during the term of this Agreement, each Party shall be responsible for its own costs and expenses associated with marketing of any Card under this Agreement. Client has no authority to use any Marks unless Bank is appropriately identified. Bank shall have the right to approve or disapprove any marketing materials bearing Bank's name or any Mark prior to distribution of such materials. Bank shall not delay or withhold its approval unreasonably.

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SECTION 3.2 Implementation

This Agreement sets forth the general terms and conditions applicable to all the Programs. Client will receive written approval from Bank prior to issuing Cards under various Programs. Bank reserves the right to refuse service to any consumer that, in its opinion, presents excessive financial or reputation risk.

SECTION 3.3 Printing of Cards and Cardholder Agreements

All Cards and Cardholder Agreements shall identify Bank as the issuer and include such other names and Marks as may be required to conform to Graphic Standards, Regulatory Authority, System, and Rules. The design for the co-branded Card and Cardholder Agreement shall be at Client's expense (including the expense of undertaking trademark search and acquiring any intellectual property rights in such design). Such design will be subject to Bank's prior written approval, which approval shall not be unreasonably withheld or delayed, and must comply with all applicable laws, regulations, and Rules.

Cards will be distributed in custom packaging with several inserts including a Cardholder Agreement describing the Program and Card use. Cards can be activated by Client by calling an Interactive Voice Response Unit or accessing an approved Internet application. The Cardholder Agreements shall be prepared by Bank and may be amended by Bank, from time to time, upon notice to Client. Client shall be responsible for printing and distributing the Cardholder Agreement and any amendments thereto to Cardholders.

SECTION 3.4 Access to Program Documents and Information

Bank shall have access to all information and documents it reasonably requests concerning the Client's prospects in order to issue prepaid Cards.

SECTION 3.5 Reserve Account

Client shall establish and maintain for purposes of this Agreement a non-interest bearing demand deposit account (the "Reserve Account") in Client's name. The Reserve Account will be Client owned and Bank controlled. Client shall not have access to the funds. Client shall maintain a minimum balance of [* * *] dollars. If Client does not maintain the minimum balance in the Reserve Account, Bank in its sole discretion may terminate this Agreement pursuant to Article IX. Bank shall refund to Client the remaining balance in the Reserve Account upon Client maintain [* * *].

SECTION 3.6 Funding Process for Cards

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Client shall send to Bank each business banking day by 2:00 PM CST an ACH file of the previous day (or days following a weekend or holiday) Card load activity. The daily ACH file sent to Bank shall match the processor's Card load activity report.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES OF CLIENT

SECTION 4.1 Representations and Warranties

Client represents and warrants to Bank as follows:

(a) This Agreement is valid, binding and enforceable against Client in accordance with its terms.

(b) Client is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland and is authorized to do business in each state in which the nature of Client's activities makes such authorization necessary.

(c) Client has the full power and authority to execute and deliver this Agreement and to perform all its obligations under this Agreement. The provisions of this Agreement and the performance by Client of its obligations under this Agreement are not in conflict with Client's Articles of Incorporation, bylaws or any other agreement, contract, lease or obligation to which Client is a party or by which it is bound.

(d) Neither Client nor any principal of Client has been subject to the following:

(i) Criminal conviction (except minor traffic offenses and other petty offenses);

(ii) Federal, or state tax lien;

(iii) Administrative or enforcement proceedings commenced by the Securities and Exchange Commission, any state securities regulatory authority, Federal Trade commission, federal or state bank regulator, or any other state or federal regulatory agency or

(iv) Restraining order, decree, injunction, or judgment in any proceeding or lawsuit, alleging fraud or deceptive practice on the part of Client or any principal thereof.

For purpose of this subparagraph, the word "principal" shall include any person directly or indirectly owning ten percent (10%) or more of Client, any officer or director of the Client or any person actively participating in the control of Client's business.

(e) There is not pending or threatened against Client, any litigation or proceeding, judicial, tax or administrative, the outcome of which might materially

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adversely affect the continuing operations of Client. Attached to this Agreement is a list and brief description of all pending lawsuits in which Client is a party in Schedule B.

(f) Client has delivered to Bank complete and correct copies of its balance sheets and related statements of income and cash flow. Client's financial statements, subject to any limitation stated therein, which have been or which hereafter will be furnished to Bank to induce it to enter into this Agreement do or will fairly represent the financial condition of the Client, and all other information, reports and other papers furnished Bank will be, at the time the same are furnished, accurate and complete in all material respects and complete insofar as completeness may be necessary to give Bank a true and accurate knowledge of the subject matter. The financial statements are in accordance with the books and records of Client were prepared in accordance with generally accepted accounting principles ("GAAP") as in effect in the United States, as consistently applied, and in accordance with all pronouncements of the Financial Accounting Standards Board. The Bank will make available a standard financial package that it provides its key vendors in accordance with its other practices.

(g) Client agrees that at Bank's sole discretion, Bank, its authorized representatives, or agents and any government entity with regulatory or supervisory authority over Bank (collectively the "Auditing Party"), shall have the right to inspect, audit, and examine all of Client's facilities, records and personnel relating to the Program at any time during normal business hours upon reasonable notice. The Auditing Party shall have the right to make abstracts from Client's books, accounts, data, reports, papers, and computer records directly pertaining to the subject matter of the Marketer Agreement, and Client shall make all such facilities, records, personnel, books, accounts, data, reports, papers, and computer records available to the Auditing Party for the purpose of conducting such inspections and audits. Such review will be conducted at Bank's expense, unless the review is caused by Client's action, inactions, or omission in which case the review will be completed at Client's sole expense.

ARTICLE V - COVENANTS OF CLIENT

SECTION 5.1 Covenants

Client covenants and agrees with Bank as follows:

(a) It will comply with all applicable laws, Government Requirements, the Rules and any rules, orders and regulations issued by the Regulatory Authorities that relate to the matters and transactions contemplated by this Agreement.

(b) It will promptly give written notice to Bank of any material adverse change in the business, properties, assets, operations or condition, financial or otherwise, of Client and any pending, or a threat of, litigation involving a sum of \$50,000 or more and of all tax deficiencies and other proceedings before governmental bodies or officials affecting Client.

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(c) As soon as possible, and in any event within 90 days after the end of Client's fiscal year, commencing January 1, 2004, it will provide Bank with its audited balance sheets and related statements of income and cash flow and all notes and schedules thereto as of the end of such period.

(d) All written consumer complaints received by Client, relating to the Card or its use, will be immediately reported to Bank. Such report shall include the name and address of the complaining Cardholder, if provided by complainant, a brief summary of the Cardholder's complaint, and when resolved a brief summary of how the complaint was resolved.

(e) Client will not, without Bank's prior consent, solicit consumers through the use of any party who is not directly employed by, under the immediate supervision of, or under contractual agreement with Client and its affiliates.

ARTICLE VI - DUTIES OF BANK

SECTION 6.1 Marketer Certification and Administrative Fees

Bank shall be responsible for any annual membership fees relating to Bank Membership with any System.

SECTION 6.2 Memberships in System

Bank shall obtain and maintain at its sole expense a principal license with each applicable System, and shall timely pay all fees, dues, and assessments associated therewith. Bank shall retain its Membership in System in good standing and shall abide in all material respects by all the rules and regulations applicable to Bank. If Bank elects to terminate its membership in any System, or if a System elects to terminate Bank's Membership for any reason, Bank shall give notice to Client as soon after it provides notice to or receives notice from the System according to the Rules. In such an event, Bank shall immediately reimburse Client on a pro-rata basis the expenses previously paid by Client for System related registration or renewal fees.

SECTION 6.3 Issuer of Cards

Bank shall be the issuer of Cards and responsible for holding and retaining the Cardholder Funds until such funds are used by Cardholders, or are payable to Client in accordance with the terms of this Agreement. As issuer of the Cards, Bank is ultimately responsible for the Cardholder Agreement. Bank and Client are mutually responsible for preparing and updating the Cardholder Agreement.

SECTION 6.4 Notices

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Each Party shall deliver to the other Party a copy of all material notices or correspondence that it receives from any System, or any other third party, relating to this Agreement, within five (5) business days of receipt of such notice or correspondence.

SECTION 6.5 Processing Services

Bank may use the services of an independent processing operation (IPO) to switch or process Card transactions.

ARTICLE VII - COMPENSATION AND EXPENSES

SECTION 7.1 Expenses of Bank

Bank shall be solely responsible for the following expenses:

(a) Except as otherwise provided in this Agreement, all annual Membership fees related to Bank's license with and Membership in any System utilized by a Program, and any fees and penalties assessed by any such System or Regulatory Authority due to Bank's actions or of any third party retained by Bank.

(b) Bank shall pay *** toward the initial ISO or MSP Registration fee and [***] annual renewal fee.

Payments to Client will be made on the 20th day of each month for the prior month's Program Revenues and will be net of any expenses due from Client.

SECTION 7.2 Compensation Payable to Bank

Client shall pay Bank the fees for products and services set forth in the attached Schedule A, netted against compensation payable to Client.

SECTION 7.3 Compensation Payable to Client

(a) Bank, shall pay Client the fees for products and services set forth in the attached Schedule A, including but not limited to Interchange, Commissions on Deposits.

(b) Bank shall distribute to Client the IVR/Operator costs charged to the Cardholder, monthly maintenance fees charged to the Cardholder, and expiration fees (breakage) charged to the Cardholder upon expiration of the Card in accordance with the Cardholder Agreement based on reports from the processor. Client shall provide for the reports being sent from the processor to Bank.

SECTION 7.4 Expenses of Client

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Client shall pay Bank the fees for products and services set forth in the attached Schedule A. [***]

Client shall be solely responsible for the following:

(a) Advertising and other expenses associated with the marketing of prepaid cards or membership plans to its consumers or prospect base or any party under its control or any party for which it is providing services.

(b) All fines and penalties assessed by any Regulatory Authority (other than Bank) or System due to Client's actions, inactions, or omissions.

(c) All expenses associated with and losses from over limit processing, cardholder or value load fraud and under floor limit processing.

(d) The Independent Sales Organization ("ISO") registration fee (MasterCard and/or VISA, as applicable) with respect to the Program(s) hereunder due on January 1 of every year hereafter, beginning January 1, 2006.

(e) System transaction fees related to the Programs.

(f) All expenses associated with establishing and maintaining any accounts with, or receiving services from, any financial institution providing Settlement and all expenses in providing Bank with Account Balances.

(g) All expense associated with completing a due diligence review for any third party relationship contemplated in this Agreement as mutually agreed upon by the Parties.

SECTION 7.5 Adverse Impact of System Fee Change

The Parties agree that if System materially changes, as reasonably defined collectively by Bank and Client, the System fees the Parties mutually agree to may be re-negotiated in good faith on revised pricing. If the Parties cannot agree on revised pricing within 30 days of notice of a collectively agreed upon material change to System, either Party may terminate the Agreement. Cards already issued are subject to the existing terms and conditions at the time of issuance.

ARTICLE VIII - LIMITATION OF LIABILITY

SECTION 8.1 No Special Damages

Neither Party shall be liable to the other for any special, indirect, incidental,

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consequential, punitive or exemplary damages, including, but not limited to, lost profits, even if such Party has knowledge of the possibility of such damages provided, however, that the limitations set forth in this Section shall not apply to or in any way limit the third party indemnity obligations under this Agreement.

SECTION 8.2 Disclaimers of Warranties

Bank specifically disclaims all warranties of any kind, express or implied, arising out of or related to this Agreement, including without limitation, any warranty of marketability, fitness for a particular purpose or non-infringement, each of which is hereby excluded by agreement of the parties.

SECTION 8.3 Liabilities of Client for System and Regulatory Claims

Client shall be liable to Bank for any and all liabilities and every loss, claim, demand, and cause of action (including, without limitation, the cost of investigating the claim, the cost of litigation and reasonable attorneys' fees, whether or not legal proceedings are instituted and whether paid or incurred, as the case may be) by or on behalf of any Cardholder as a result of Client's failure to comply with the Rules, System or applicable Regulatory Authority.

ARTICLE IX - TERM OF PROGRAMS AND AGREEMENT

SECTION 9.1 Term and Termination of Agreement Without Cause

The term of this Agreement shall commence on the Effective Date and continue for three (3) years (the "Initial Term") unless terminated earlier as provided below. After the Initial Term, the Agreement shall automatically extend for additional periods of one year each (a "Renewal Term") based upon written approval of both Parties.

SECTION 9.2 Termination of Agreement For Cause

(a) Either Bank or Client shall have the right to terminate this Agreement upon occurrence of one or more of the following events:

(i) Failure by the other party to observe or perform, in any material respect, that party's obligations to the other party hereunder, so long as the failure is not due to the actions or failure to act of the terminating party, but only if the failure continues for a period of (A) thirty (30) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure not involving the payment of money, or (B) ten (10) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure to pay any amount then due hereunder; provided, however, that each Party may terminate this Agreement without such a cure period if a

substantially similar material failure has previously occurred;

(ii) In the event any financial statement, representation, warranty, statement or certificate furnished to it by the other party in connection with or arising out of this Agreement is materially adverse to the terminating party and intentionally untrue as of the date made or delivered.

(iii) The other party (A) voluntarily commencing any proceeding or filing any petition seeking relief under Title 11 of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, liquidation or similar law, (B) applying for or consenting to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property or assets, (C) making a general assignment for the benefit of creditors, or (D) taking corporate action for the purpose of effecting any of the foregoing; or

(iv) The commencement of an involuntary proceeding or the filing of an involuntary proceeding or the filing of an involuntary petition in a court of competent jurisdiction seeking (A) relief in respect of the other party, or of a substantial part of its property or assets under Title 11 of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (B) the appointment of a receiver, trustee, custodian, sequestrator or similar office for the other party or for a substantial part of its property or assets, or (C) the winding up or liquidation, of the other party, if such proceeding or petition shall continue un-dismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for sixty (60) days.

(v) Upon any change to or enactment of or change in interpretation or enforcement of any law or regulation which would have a material adverse effect upon such Party's ability to perform its obligations or such Party's costs/revenues with respect to the Program.

(vi) Violation by either Party of any federal or applicable state law relating to the performance of this Agreement.

(vii) Upon direction from any Regulatory Authority or System to cease or materially limit performance of the obligations under this Agreement.

SECTION 9.3 Survivals of Payments and Survival of Obligations Upon Termination of Agreement

In the event of a termination hereunder, this Agreement shall continue in full force and Bank shall continue to provide the services currently then being provided until such time as all Cards are so canceled in accordance with the Cardholder Agreement, but in no event exceeding one hundred and eighty (180) days from notice of cancellation. If such termination is made by Bank pursuant to Section 9.2, Bank will be entitled to withhold and

pay directly all Program expenses from Program Revenues including the costs of servicing the existing Cardholders by a servicing organization reasonably selected by Bank. In such event, Bank shall have no further obligation to accept any Cardholder Funds from Client. During any termination, the Parties will cooperate to ensure a smooth and orderly wind-down of the Program. In no event will any Party make any public statement or customer communication regarding the wind-down without the express prior written approval of Bank, which approval shall not be unreasonably withheld or delayed.

ARTICLE X - CONFIDENTIALITY

SECTION 10.1 Confidential Information

The term "Confidential Information" shall mean this Agreement and all proprietary information, data, trade secrets, business information and other information of any kind whatsoever which (a) a Party ("Discloser") discloses, in writing, orally or visually, to the other Party ("Recipient") or to which Recipient obtains access in connection with the negotiation and performance of this Agreement, and which (b) relates to (i) the Discloser, (ii) in the case of Client, Bank and its customers and or associates, or (iii) consumers who have made confidential or proprietary information available to Client. The definition of Confidential Information shall include Customer Information as described below.

SECTION 10.2 Customer Information

Client acknowledges that Bank has a responsibility to its customers to keep information about its customers and their accounts strictly confidential and Bank acknowledges that Client has a responsibility to its consumers to keep their information strictly confidential (collectively, "Customer Information"). In addition to the other requirements set forth in this Section regarding Confidential Information, Customer Information shall also be subject to the additional restrictions set forth in this Subsection. The party that receives Customer Information the other (the "Recipient") shall not disclose or use such Customer Information other than to carry out the purposes for which the party that has provided the Customer Information (the "Discloser") or one of its affiliates disclosed such Customer Information to Recipient. Recipient shall not disclose any Customer Information other than on a "need to know" basis and then only to: (a) affiliates of Discloser; (b) its employees or officers; (c) affiliates of Recipient provided that such affiliates shall be restricted in use and redisclosure of the Customer Information to the same extent as Recipient; (d) to carefully selected subcontractors provided that such subcontractors shall have entered into a confidentiality agreement no less restrictive than the terms hereof; (e) to independent contractors, agents, and consultants hired or engaged by Recipient, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; or (f) pursuant to the exceptions set forth in 15 USC 6802(e) and accompanying regulations which disclosures are made in the ordinary course of business. The restrictions set forth herein shall apply during the term and after the termination of this Agreement. For the purposes of this Section, Cardholders shall be considered customers of Bank.

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Each Party must comply with all federal and state privacy laws.

SECTION 10.3 Disclosure to Employees and Agents.

Each of the Parties, as Recipient, hereby agrees on behalf of itself and its employees, officers, affiliates and subcontractors that Confidential Information will not be disclosed or made available to any person for any reason

whatsoever, other than on a "need to know basis" and then only to: (a) its employees and officers; (b) subcontractors and other third-parties specifically permitted under this Agreement, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; (c) independent contractors, agents, and consultants hired or engaged by Bank, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; and (d) as required by law or as otherwise permitted by this Agreement, either during the term of this Agreement or after the termination of this Agreement. Prior to any disclosure of Confidential Information as required by law, the Recipient shall (i) notify the Discloser of any, actual or threatened legal compulsion of disclosure, and any actual, legal obligation of disclosure immediately upon becoming so obligated, and (ii) cooperate with the Discloser's reasonable, lawful efforts to resist, limit or delay disclosure. Nothing in this Section shall require any notice or other action by Bank in connection with requests or demands for Confidential Information from bank examiners or for compliance purposes.

SECTION 10.4 Return of Materials

Upon the termination or expiration of this Agreement, or at any time upon the request of a Party, the other Party shall return or destroy all Confidential Information, including Customer Information, in the possession of such Party or in the possession of any third Party over which such Party has or may exercise control. If destroyed, such destruction of Confidential Information shall be designated by a certificate executed by an officer of the Party which was responsible for such destruction.

SECTION 10.5 Exceptions

With the exception of the obligations related to Customer Information, the obligations of confidentiality in this Section shall not apply to any information which a Party rightfully has in its possession when disclosed to it by the other Party, information which a party independently develops, information which is or becomes known to the public other than by breach of this Section or information rightfully received by a party from a third party without the obligation of confidentiality.

SECTION 10.6 Media Releases

All media releases, public announcements and public disclosures by either Party, or their representatives, employees or agents, relating to this Agreement or the name or logo of Bank or Client, any Bank or Client affiliate or supplier, including, without limitation,

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promotional or marketing material, but not including any disclosure required by legal, accounting or regulatory requirements beyond the reasonable control of the releasing Party, shall be coordinated with and approved by the other Party in writing prior to the release thereof.

ARTICLE XI - INSURANCE

SECTION 11.1 Insurance

Client shall maintain, throughout the term of this Agreement, appropriate comprehensive general liability (which shall include contractual liability), errors and omissions, and employee theft and dishonesty insurance policies, the limit of which shall be no less than a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage.

ARTICLE XII - GENERAL PROVISIONS

SECTION 12.1 Indemnification

(a) Client covenants and agrees to indemnify and hold harmless Bank, its parent, subsidiaries or affiliates, and their respective officers, directors, employees and permitted assigns, as such, against any direct losses or expenses arising from any legal action, claim, demand or proceedings brought against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Client, any act or omission of Client or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Client or any third party retained by it; provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Bank, (ii) negligence, willful misconduct or bad faith by Bank, or (iii) the failure of Bank to comply with, or to perform its obligations under, this Agreement

(b) Bank covenants and agrees to indemnify and hold harmless Client and its parent, subsidiaries or affiliates, and their respective officers, directors, employees, and permitted assigns, as such, against any direct losses or expenses arising from any legal action, claim, demand, or proceedings brought against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Bank, any act or omission of Bank or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Bank or any third party retained by it (except to the extent that Client has agreed to fulfill such obligation under this Agreement); provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Client or its representatives, (ii) negligence, willful misconduct or bad faith by Client or its representatives, or (iii) the failure of Client or its representatives to comply with, or to

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perform its obligations under, this Agreement.

(c) If any claim or demand is asserted against any Party or Parties (individually or collectively, the "Indemnified Party") by any person who is not a party to this Agreement in respect of which the Indemnified Party may be entitled to indemnification under the provisions of subsections (a) or (b) above, written notice of such claim or demand shall promptly be given to any Party or Parties (individually or collectively, the "Indemnifying Party") from whom indemnification may be sought. The Indemnifying Party shall have the right, by notifying the Indemnified Party within ten (10) days of its receipt of the notice of the claim or demand, to assume the entire control (subject to the right of the Indemnified Party to Participate at the Indemnified Party's expense and with counsel of the Indemnified Party's choice) of the defense, compromise or settlement of the matter, including, at the Indemnifying Party's expense, employment of counsel of the Indemnifying Party's choice. If the Indemnifying Party gives notice to any Indemnified Party that the Indemnifying Party will assume control of the defense, compromise or settlement of the matter the Indemnifying Party will be deemed to have waived all defenses to the claims for indemnification by the Indemnified Party with respect to that matter. Any damages to the assets or business of the Indemnified Party caused by a failure of the Indemnifying Party to defend, compromise or settle a claim or demand in a reasonable and expeditious manner, after the indemnifying Party has given notice that it will assume control of the defense, compromise or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obligated to indemnify the Indemnified Party.

(d) The provisions of this Section 12.1 and of Section 12.2 shall survive termination or expiration of this Agreement.

SECTION 12.2 Disclosure

(a) Each Party shall promptly notify the other of any action, suit, proceeding, facts and circumstances, and the threat of reasonable prospect of same, which might give rise to any indemnification hereunder or which might materially and adversely affect either Party's ability to perform this Agreement.

(b) Each Party represents and warrants to the other that it has no knowledge of any pending or threatened suit, action, arbitration or other proceedings of a legal, administrative or regulatory nature, or any governmental investigation, against it or any of its affiliates or any officer, director, or employee which has not been previously disclosed in writing and which would materially and adversely affect its financial condition, or its ability to perform this Agreement.

SECTION 12.3 Legal Compliance

Each party represents and warrants to the other that it is familiar with the requirements of all applicable consumer protection laws applicable to it which relate to the Program and its obligations hereunder, and agrees that it will comply, in all material

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respects, with all such laws and regulations and all other applicable laws and regulations relating to its activities under this Agreement, now and in the future.

SECTION 12.4 Relationship of Parties

Bank and Client agree they are independent contractors to each other in performing their respective obligations hereunder. Nothing in this Agreement or in the working relationship being established and developed hereunder shall be deemed, nor shall it cause, Bank and Client to be treated as partners, joint ventures, or otherwise as joint associates for profit.

SECTION 12.5 Regulatory Examinations and Financial Information

Client agrees to submit to any examination which may be required by any Regulatory Authority or System with audit and examination authority over Bank, to the fullest extent of such Regulatory Authority or System. Client shall also provide to Bank any information, which may be required by any Regulatory Authority or System in connection with their audit or review of Bank or the Program and shall reasonably cooperate with such Regulatory Authority or System in connection with any audit or review of Bank. Client shall furnish Bank, at Client expense, with audited financial statements prepared by a certified public accountant. Client shall also provide such other information as Bank, Regulatory Authorities, or the System may from time to time reasonably request with respect to the financial condition of Client and such other information as Bank may from time to time reasonably request with respect to third parties contracted with Client.

SECTION 12.6 Governing Law

The Parties acknowledge that Bank, as a federally chartered savings bank, is regulated by the Office of Thrift Supervision, and is therefore subject to federal law, and entitled to preemption from state laws to the fullest extent permitted by law. In any matters not so preempted (if any) this Agreement shall be governed by the internal laws, and not by the laws regarding conflicts of laws, of the State of South Dakota. Each Party hereby submits to the jurisdiction of the courts of such state, and (subject to the Bank's reservation of preemption rights above) waives any objection to venue with respect to actions brought in such courts.

SECTION 12.7 Severability

In the event that any part of this Agreement is deemed by a court, Regulatory Authority, System, or other public or private tribunal of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed to have been omitted from this Agreement. The remainder of this Agreement shall remain in full force and effect, and shall be modified to any extent necessary to give such force and effect to the remaining provisions, but only to such extent.

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SECTION 12.8 Survival

All representations and warranties herein shall survive any termination or expiration of this Agreement.

SECTION 12.9 Successors and Third Parties

Except as limited by Section 12.10, this Agreement and the rights and obligations hereunder shall bind, and inure to the benefit of the Parties and their successors and permitted assigns.

SECTION 12.10 Assignments

The rights and obligations of Client under this Agreement are personal and may not be assigned either voluntarily or by operation of law, without prior written consent from Bank.

SECTION 12.11 Notices

All notices, requests and approvals required by this Agreement shall be in writing addressed/directed to the other Party at the address and facsimile set forth below, or at such other address of which the notifying Party hereafter receives notice in conformity with this section. All such notices, requests, and approvals shall be deemed given upon the earlier of receipt of facsimile transmission during the normal business day or actual receipt thereof. All such notices, requests and approvals shall be addressed to the attention of:

Bank to: First Federal Savings Bank of the Midwest
dba Meta Payment Systems
2500 S. Minnesota Ave.
Sioux Falls, SD 57105
Attention: General Counsel
Facsimile Number: (605) 977-7501

Client to: NBO Systems, Inc.

SECTION 12.12 Waivers

Neither Party shall be deemed to have waived any of its rights, power, or remedies hereunder except in writing signed by an authorized agent or representative of the Party to be charged. Either Party may, by an instrument in writing, waive compliance by the other Party with any term or provision of this Agreement on the part of the other Party to be

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performed or complied with. The waiver by either Party of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

SECTION 12.13 Entire Agreement; Amendments

This Agreement constitutes the entire Agreement between the Parties and supersedes all prior agreements, understandings, and arrangements, oral or written, between the Parties with respect to the subject matter hereof. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the Party against whom enforcement of any such modification or amendment is sought.

SECTION 12.14 Counterparts

This Agreement may be executed and delivered by the Parties in counterpart, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

SECTION 12.15 Disputes

(a) Duty to Notify. In the event of any dispute, controversy, or claim arising out of or relating to this Agreement or the construction, interpretation, performance, breach, termination, enforceability or validity thereof (hereinafter, a "Dispute"), the Party raising such Dispute shall notify the other promptly and no later than sixty (60) days from the date of its discovery of the Dispute. In the case of a Dispute relating to account or transaction statements or similar matter, the failure of a party to notify the other party of such Dispute within sixty (60) days from the date of its receipt shall result in such matter being deemed undisputed and accepted by the party attempting to raise such Dispute.

(b) Cooperation to Resolve Disputes. The Parties shall cooperate and attempt in good faith to resolve any Dispute promptly by negotiating between persons who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for administration and performance of the provisions or obligations of this Agreement that are the subject of the Dispute.

(c) Arbitration. Any Dispute which cannot otherwise be resolved as provided in paragraph (b) above shall be resolved by arbitration conducted in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitral tribunal may be entered in any court having jurisdiction thereof. The arbitration tribunal shall consist of a single arbitrator mutually agreed upon by the Parties, or in the absence of such

agreement within 30 days from the first referral of the Dispute to the American Arbitration Association, designated by the American Arbitration Association. The place of arbitration shall be Sioux Falls, South Dakota, unless the Parties shall have agreed to another location within 15 days from the first referral of the Dispute to the American Arbitration Association. The arbitral award shall be final and binding. The Parties waive any right to appeal the arbitral award, to the extent

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a right to appeal may be lawfully waived. Each Party retains the right to seek judicial assistance: (i) to compel arbitration, (ii) to obtain interim measures of protection prior to or pending arbitration, (iii) to seek injunctive relief in the courts of any jurisdiction as may be necessary and appropriate to protect the unauthorized disclosure of its proprietary or confidential information, and (iv) to enforce any decision of the arbitrator, including the final award. In no event shall either Party be entitled to punitive, exemplary or similar damages.

(d) Confidentiality of Proceedings. The arbitration proceedings contemplated by this Section shall be as confidential and private as permitted by law. To that end, the Parties shall not disclose the existence, content or results of any proceedings conducted in accordance with this Section, and materials submitted in connection with such proceedings shall not be admissible in any other proceeding, provided, however, that this confidentiality provision shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures required by any laws or regulations.

SECTION 12.16 Limitation of Liability

Neither Client, the Bank nor any of their respective directors, officers, employees, agents, representatives or controlling persons shall be liable for any action taken or for refraining from taking any action in good faith pursuant to this Agreement; provided, however, that this provision shall not protect Client or Bank against any breach of their respective representations, warranties or covenants made herein, or against any specific liability imposed pursuant hereto, or against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations or duties hereunder. Client and Bank may rely in good faith on any document, electronic file or other electronic or telephonic communication of any kind, which appears bona fide, submitted by any appropriate person respecting any matters arising hereunder.

SECTION 12.17 Non-Solicitation of Employees

The Parties agree that during the term of this Agreement each Party will not seek out or induce any person (by offering employment or otherwise) who is an employee of the other Party to terminate their employment.

SECTION 12.18 Headings

The table of contents, various captions and section headings in this Agreement are included for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. References in this Agreement to any Section are to such Section of this Agreement. To the extent possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, such

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provision shall be ineffective only to the extent of such invalidity, illegality, or unenforceability, without rendering invalid, illegal, or unenforceable the remainder of such provision or the remaining provisions of this Agreement.

Signature page to follow

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CF Client BH Bank

IN WITNESS WHEREOF,

this Agreement is executed by the Parties' authorized officers or representatives and shall be effective as of the date first above written.

Client: NBO Systems, Inc.

By: /s/ Christopher Foley

Name: Christopher Foley

Title: CFO

**First Federal Savings Bank of the Midwest
dba Meta Payment Systems**

By: /s/ Brad Hanson

Name: Brad C. Hanson

Title: Division President

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CF Client BH Bank

Schedule A

PREPAID CARD PORTFOLIO

Client will pay to Bank a share of interchange based on the Monthly gross dollar volume (GDV) for signature-based transactions and, alternatively, transaction fees for PIN-based or ATM transactions. Client agrees to minimums sponsorship fees of [* * *] beginning in January 2005. Bank will pay to Client commission on average monthly MetaBank deposits associated with this portfolio. (See tables below for rates schedules).

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ADDITIONAL FEES

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FEE DESCRIPTION

AMOUNT

MasterCard MSP/ISO Registration (as required)¹

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RISK AND INDEMNIFICATION

Bank is indemnified by Client from losses associated with under the floor limit transactions, fraud loss, negative balances or other losses in violation of the Cardholder Agreement or any relevant laws, ordinances or statutes.

1
Bank will pay [***] towards the Initial ISO or MSP Registration Fees and one half of the first year Annual Renewal Fees.

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ACH SERVICES

Bank offers ACH origination services with the following pricing schedule:

Standard Service Items	Fee
[***	***
***	***
***	***

***	***
***	***
***	***
***	***
***	***
***	***
***	***
***	***]

Schedule B

Pending lawsuits of Client:

On February 13, 2004, Thomas Ripperda, et al, filed an action in Illinois State Court in St. Clair County, Illinois, against the Company in connection with gift cards sold at the St. Clair Square Mall in St. Clair County, Illinois. The plaintiff's complaint seeks to establish a class action. However, as of this date, the plaintiff has not moved to certify a class. The complaint alleged that the term "valid thru" appearing on the face of the gift card next to the expiration date of the gift card is misleading. The plaintiff seeks a return of all administrative fees charged against his gift card prior to the "valid thru" date. If a class were certified, then the plaintiff would seek to recover similar fees with respect to all gift cards that the Company sold.

Under the terms and conditions of the gift cards and the gift card program, the Company disclosed it may charge an administrative fee against a gift card if the gift card is not used within 90 days from the date of purchase. The "valid thru" date is typically between 12 months and 18 months after the date the gift card is purchased. In some cases, the administrative fee reduces the amount of the gift card prior to the "valid thru" date on the card. The Company disclosed the charge of an administrative fee on the back side of the gift card and again in the written terms and conditions that are distributed to customers when they purchase the gift cards. The Company also disclosed that a gift card may be renewed after the "valid thru" date with the payment of a renewal fee.

The Company removed the lawsuit to federal court in the Southern District of Illinois and also moved to dismiss the lawsuit. The plaintiff has filed an opposition to the Company's motion. The District Court has not yet ruled on the Company's motion. If the District Court does not grant the Company's motion, the Company expects the plaintiff to move for a remand of the case to the Illinois State Court and then move to certify a class as plaintiffs consisting of those gift card purchasers or holders with respect to whom the Company charged an administrative fee prior to the "valid thru" date.

Notwithstanding the foregoing, the Company is not a party to any other material threatened or pending legal proceedings, which if adversely determined, would have an adverse material effect on the financial condition or results of operations of the Company. From time to time, however, the Company may become subject to legal proceedings, claims, and litigation arising in the ordinary course of business, including, but not limited to, employee, customer and vendor disputes.

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

ORIGINATING DEPOSITORY FINANCIAL INSTITUTION ("ODFI") Originator Agreement

The ORIGINATING DEPOSITORY FINANCIAL INSTITUTION ("ODFI") Originator Agreement (the "Agreement") dated as of September 13, 2004 and (the "Effective Date") is between **NBO Systems, Inc.** whose address is 3676 W. California Ave, Bldg. D, Salt Lake City, UT 84104 ("Client") and **First Federal Savings Bank of the Midwest, dba Meta Payment Systems**, whose address is 2500 S Minnesota Ave, Sioux Falls, South Dakota 57105 ("Bank"). Each may be referred to here in as a "Party" or collectively as "Parties".

RECITALS

(a) Bank is a member bank of the Federal Reserve Bank of Chicago. Bank is in the business of establishing Settlement Accounts for the settlement of Automated Clearing House ("ACH") transactions.

(b) Client markets, sells, or distributes stored value or prepaid cards ("Cards") and in conjunction with the purchase, loading and transfer of funds onto or between such Cards, wishes to initiate Debit and Credit Entries by means of the Automated Clearing House Network pursuant to the terms of this Agreement and the rules of NACHA (the "Rules"), and the Bank is willing to act as an Originating Depository Financial Institution ("ODFI") with respect to such Entries.

NOW, THEREFORE,

in consideration of the mutual covenants and conditions hereinafter set forth, the parties hereto, intending to be legally bound, agree as follows:

ARTICLE I - DEFINITIONS

SECTION 1.1 Definitions

Except as otherwise specifically indicated, the following terms shall have the following meanings in this Agreement (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

(a) "Cards" means prepaid cards produced, marketed or distributed by Client, and as to which Bank is the issuer pursuant to a separate agreement (the "Marketer Agreement") between Client and Bank.

(b) "Cardholder" means the person who is authorized to use the Card to make purchases or, if applicable, obtain cash at ATMs.

(c) "Entry" or "Entries" means the recording of a valid Standard Entry Class debit and/or a credit of a Transaction using a valid Standard Entry Class code as defined in the published operating rules of NACHA.

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(d) "Governmental Requirements" means collectively all statutes, codes, ordinances, laws, regulations, orders and decrees of all governmental authorities (including without limitation federal, state and local governments, governmental agencies and quasi-governmental agencies).

(e) "Mark" means the service marks and trademarks of a System and Bank, including but not limited to, the names and other distinctive marks or logos, which identify a System and Bank.

(f) "Membership" means the membership in a System and licensing rights thereto obtained by Bank.

(g) "Originator" means the party that creates an ACH Entry to be processed in the ACH system.

(h) "Processing Services" means those services, provided by Bank or by Bank's representative, agent, or subcontractor, which are necessary to issue a Card and process a Transaction in accordance with the Rules of any System and the requirements of any Regulatory Authority. Such services shall include but not be limited to: set-up and maintenance of the Cardholder account, Transaction authorization, processing, clearing and Settlement, System access, Cardholder dispute resolution, System compliance, regulatory compliance, security and fraud control, and activity reporting.

(i) "Regulation E" means (i) the regulations, all amendments thereto and official interpretations thereof (12 C.F.R. Part 205) issued by the Board of Governors of the Federal Reserve System implementing Title IX (Electronic Funds Transfer Act) of the Consumer Credit Protection Act as amended (15 U.S.C. 1693 et. seq.), and (ii) the Electronic Funds Transfer Act and any amendments thereto.

(j) "Regulatory Authority" means, as the context requires, the State of South Dakota; the Federal Deposit Insurance Corporation; the Office of Thrift Supervision; and any Federal or state agency having jurisdiction over Bank or Client.

(k) "Rules" means the by-laws and operating rules of any System, the published regulations of NACHA, and the published policies and procedures of Bank, as promulgated by Bank's Board of Directors in good faith to ensure the continued safety and soundness of Bank.

(l) "Settlement" means the movement of funds between Bank and System members in accordance with the Rules.

(m) "System" means Automated Clearing House (ACH), and/or any other card network system of transmitting Items and Settlement thereof.

(n) "Transaction" means any Card load transaction made via ACH or any funds

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transfer transaction between Cards via ACH arising out of this Agreement.

ARTICLE II - GENERAL DESCRIPTION OF PROGRAMS

SECTION 2.1 Purpose

The purpose of this Agreement is to offer ACH processing functionality, as an alternative to traditional transfer of funds by credit cards, cash and paper checks. It is designed to offer consumers a convenient and secure payment mechanism for reloading Cards or for transferring funds between Cards.

ARTICLE III - DUTIES OF CLIENT

SECTION 3.1 Marketing

Client may, from time to time, promote and market ACH functionality in conjunction with Client's Card programs to prospective customers. Except as may be agreed by the parties from time to time during the term of this Agreement, each party shall be responsible for its own costs and expenses associated with marketing of any ACH functionality under this Agreement. Client has no authority to use any Marks unless Bank is appropriately identified. Bank shall have the right to approve or disapprove any marketing materials bearing Bank's name or any of its Marks prior to distribution or broadcast of such materials. Bank shall not delay or withhold its approval unreasonably.

SECTION 3.2 ACH File Transmission

Bank reserves the right to refuse service to any consumer and/or Cardholder and/or Transaction that, in its opinion, presents excessive financial or reputation risk. Client shall transmit Entries to Bank or Bank sender in a file (the "File") that complies with the formatting/security and other requirements set forth in Schedule B. Bank shall in its sole discretion assign to Client in writing the total dollar amount of Entries transmitted by Client to Bank on any one day. Bank shall, based on Client's request during the term of this Agreement review the maximum dollar limit for the File of Entries and Bank shall, within two (2) business days of such determination adjust the system to reflect the change.

SECTION 3.3 Accesses to Program Documents and Information

Bank shall have access to all information and documents it reasonably requests concerning the Client's processing and reporting of ACH Transactions in order to offer ACH connectivity.

SECTION 3.4 Audit

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Bank shall have the right, during the term of this Agreement, upon reasonable notice and during normal business hours, to conduct a review of the books and records of the Client to determine or to verify the compliance of the Client with its obligations under this Agreement, including the payment of fees.

SECTION 3.5 Reserve Account

(a) Client shall own and maintain a demand deposit account ("Reserve Account") at the Bank. Client shall at all times maintain sufficient available funds in the Reserve Account to pay the amount of all Entries against Client, returned or reversed Entries, adjustment Entries, fees, and other amounts which Client is obligated to pay Bank under this Agreement. Bank in its sole discretion may require Client to have sufficient available funds in the Reserve Account to cover the amount of a credit Entry prior to Bank's transmittal of such Entry to an ACH. In the absence of such a requirement, Client shall be obligated to have such available funds in the Reserve Account on the Settlement Date with respect to such Entry. Bank in its sole discretion may defer any credit to the Reserve Account with respect to a debit Entry until it has received final settlement for such Entry. Any credit provided prior to that time shall be provisional and Bank shall have the right to immediate payment by Client upon Bank's receipt of notice that final settlement has not

occurred. In addition, Bank shall have the right to payment by Client of the amount of any returned or rejected Entry for which Client has previously received credit upon its receipt by Bank. Bank may, without prior notice or demand, obtain payment of any amount due and payable to it by Client by initiating an ACH debit Entry against the Reserve Account, and may initiate an ACH credit Entry to the Reserve Account for any amount to which Client is entitled. If there are insufficient funds available in the Reserve Account to pay amounts Client owes Bank under the Agreement, Client shall pay any amounts due immediately upon demand, and Client agrees that Bank may debit any account maintained by Client with Bank or that Bank may set off against any amount it owes to Client, in order to obtain payment of Client's obligations. Upon proper notice and failure to cure per the terms of this Agreement, Bank, in its sole discretion, has the right to suspend or terminate this Agreement if there are insufficient funds to cover Transactions and/or fees.

(b) Entries transmitted by Bank or credited to Client Reserve Account maintained with Bank will be reflected on Client's periodic statement issued by Bank with respect to the Reserve Account pursuant to this Agreement between Bank and Client. Client agrees to notify Bank promptly of any discrepancy between Client's records and the information shown on any periodic statement. If Client fails to notify Bank of any discrepancy within two (2) business banking days for a corporate or business Transaction, Client agrees that Bank shall not be liable for any other losses resulting from Client's failure to give such notice or any loss of interest or any interest equivalent with respect to an Entry shown on such periodic statement. If Client fails to notify Bank of any such discrepancy within ninety (90) days of receipt of such periodic statement, Client shall be precluded from asserting such discrepancy against Bank.

SECTION 3.6 Monitoring

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Client shall be responsible to monitor the ACH activity. Monitoring of Transaction activity shall include, but not be limited to, activity trends, large dollar activity, returns (number and percentage), and multiple load Transactions on a daily basis.

SECTION 3.7 Reporting

When and as reasonably requested by Bank, Client shall promptly provide to Bank all data and other information which may be in the possession of or available to Client concerning the Transactions. Client shall make such data and other information available to Bank at Client's sole cost and expense.

SECTION 3.8 Warranty of Transactions

Client shall warrant the accuracy, legality, completeness, and authenticity for all ACH Transactions that are originated by Client.

SECTION 3.9 Notice of Change (NOC) Processing

Client shall process all NOC files/Transactions within five (5) business days of receipt.

SECTION 3.10 Compliance with Security Procedure

(a) Client shall comply with the security procedure requirements described in Schedule B with respect to Entries transmitted by Client to Bank or Bank sender. Client acknowledges that the purpose of such security procedure is for verification of authenticity and not to detect an error in the transmission or content of an Entry. No security procedure for the detection of any such error has been agreed upon between the Bank and Client.

(b) Client is strictly responsible to establish and maintain the procedures to safeguard against unauthorized transmissions. Client warrants that no individual will be allowed to initiate transfers in the absence of proper supervision and safeguards, and agrees to take reasonable steps to maintain the confidentiality of the security procedures and any passwords, codes, security devices and related instructions provided by Bank in connection with the security procedures described in Schedule B. If Client believes or suspects that any such information or instructions have been discovered or accessed by unauthorized persons, Client agrees to notify Bank immediately followed by written confirmation. The occurrence of unauthorized access will not affect any transfers made in good faith by Bank prior to receipt of such notification and within a reasonable time period to prevent unauthorized transfers.

(c) If an Entry (or a request for cancellation or amendment of an Entry) received by Bank purports to have been transmitted or authorized by Client, it will be deemed effective as Client's Entry (or request) and Client shall be obligated to pay Bank the amount of such Entry even though the Entry (or request) was not authorized by Client,

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provided Bank accepted the Entry in good faith and acted in compliance with the security procedures referred to in Schedule B with respect to such Entry.

(d) If an Entry (or request for cancellation or amendment of an Entry) received by Bank was transmitted or authorized by Client, Client shall pay Bank the amount of the Entry, provided that Bank complied with the security procedures referred to in Schedule B with respect to that Entry.

SECTION 3.11 Data Retention

Client shall retain data on file adequate to permit remaking of Entries for ninety (90) days following the date of their transmittal by Bank as provided herein, and shall provide such Data to Bank upon its request. Client shall retain any data regarding Transactions processed pursuant to this Agreement for a minimum of six (6) years.

SECTION 3.12 Evidence of Authorization

Client shall obtain all consents and authorizations required under the Rules or Governmental Requirements and shall retain such consents and authorization for two (2) years after they expire.

ARTICLE IV - REPRESENTATIONS AND WARRANTIES

SECTION 4.1 Representations and Warranties Client

Client represents and warrants to Bank as follows:

(a) This Agreement is valid, binding and enforceable against Client in accordance with its terms.

(b) Client is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Maryland and is authorized to do business in each state in which the nature of Client's activities makes such authorization necessary.

(c) Client has the full power and authority to execute and deliver this Agreement and to perform all its obligations under this Agreement. The provisions of this Agreement and the performance by Client of its obligations under this

Agreement are not in conflict with Client's Articles of Incorporation, bylaws or any other agreement, contract, lease or obligation to which Client is a party or by which it is bound.

(d) Neither Client nor any principal of Client has been subject to the following:

(i) Criminal conviction (except minor traffic and other petty offenses);

(ii) Federal or state tax lien;

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Administrative or enforcement proceedings commenced by the Securities and Exchange Commission, any state securities regulatory authority, Federal Trade commission, federal or state bank regulator, or any other state or federal regulatory agency; or

(iv) Restraining order, decree, injunction, or judgment in any proceeding or lawsuit, alleging fraud or deceptive practice on the part of Client or any principal thereof.

For this subparagraph, the word "principal" shall include any person directly or indirectly owning ten percent (10%) or more of Client, any officer or director of the Client, or any person actively participating in the control of Client's business.

(e) There is not pending or threatened against Client, any litigation or proceeding, judicial, tax or administrative, the outcome of which might materially adversely affect the continuing operations of Client. Schedule C to this Agreement is a list and brief description of all pending lawsuits in which Client is a party.

(f) Client has delivered to Bank complete and correct copies of its balance sheets and related statements of income and cash flow. Client's financial statements, subject to any limitation stated therein, which have been or which hereafter will be furnished to Bank to induce it to enter into this Agreement do or will fairly represent the financial condition of the Client, and all other information, reports and other papers furnished to Bank will be, at the time the same are furnished, accurate and complete in all material respects and complete insofar as completeness may be necessary to give Bank a true and accurate knowledge of the subject matter. The financial statements are in accordance with the books and records of Client were prepared in accordance with generally accepted accounting principles ("GAAP") as in effect from time to time in the United States, as consistently applied, and in accordance with all pronouncements of the Financial Accounting Standards Board. The Bank will make available a standard financial package that it provides its key vendors in accordance with its other practices.

(g) Client agrees that at Bank's sole discretion, Bank, its authorized representatives, or agents and any government entity with regulatory or supervisory authority over Bank (collectively "the Auditing Party"), shall have the right to inspect, audit, and examine all of Client's facilities, records and personnel relating to the functionality described in this Agreement at any time during normal business hours upon reasonable notice. The Auditing Party shall have the right to make abstracts from Client's books, accounts, data, reports, papers, and computer records directly pertaining to the subject matter of this Agreement, and Client shall make all such facilities, records, personnel, books, accounts, data, reports, papers, and computer records available to the Auditing Party for the purpose of conducting such inspections and audits. Such review will be conducted at Bank's expense, unless the review is caused by Client's action, inactions, or omission in which case the review will be completed at Client's sole expense.

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SECTION 4.2 Representations and Warranties Bank

Bank represents and warrants to Client as follows:

- (a) This Agreement is valid, binding and enforceable against Bank in accordance with its terms.
- (b) Bank is a federally chartered savings bank and is authorized to do business in each state in which the nature of Bank's activities makes such authorization necessary.
- (c) Bank has the full power and authority to execute and deliver this Agreement and to perform all its obligations under this Agreement. The provisions of this Agreement and the performance by Bank of its obligations under this Agreement are not in conflict with Bank's Articles of Incorporation, bylaws or any other agreement, contract, lease or obligation to which Bank is a party or by which it is bound.
- (d) There is not pending or threatened against Bank, any litigation or proceeding, judicial, tax or administrative, the outcome of which might materially adversely affect the continuing operations of Bank.

ARTICLE V - COVENANTS**SECTION 5.1 Covenants of Client**

Client covenants and agrees with Bank as follows:

- (a) It will comply with all applicable laws, the Governmental Requirements, Rules and any rules, orders and regulations issued by the Regulatory Authorities (including Regulation E) that relate to the matters and Transactions contemplated by this Agreement. In particular, Client will comply with the applicable requirements of: the U.S. PATRIOT Act, including Section 326 Customer Identification Programs; Bank Secrecy Act (BSA); Gramm-Leach-Bliley Act (GLBA) including the Privacy Rules and Regulation P; and the Office of Foreign Asset Control (OFAC) directives.
- (b) It will promptly give written notice to Bank of any material adverse change in the business, properties, assets, operations or condition, financial or otherwise, of Client and any pending, or a threat of, litigation involving a sum of \$50,000 or more and of all tax deficiencies and other proceedings before governmental bodies or officials affecting Client.
- (c) As soon as possible, and in any event within 90 days after the end of Client's fiscal year, commencing January 1, 2004, it will provide Bank with its audited balance sheets and related statements of income and cash flow and all notes and schedules thereto as of the end of such period.

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- (d) All consumer complaints received by Client, relating to the ACH functionality or its use, will be immediately reported to Bank. Such report shall include the name and address of the complaining consumer, if provided by complainant, a brief summary of the consumer's complaint, and upon its resolution, a brief summary of such resolution.

(e) Client will not, without Bank's prior written consent, solicit consumers through the use of any party who is not directly employed by, under the immediate supervision of, or under contractual agreement with Client and its affiliates.

SECTION 5.2 Covenants of Bank

Bank covenants and agrees with Client as follows:

(a) It will comply with all applicable laws, the Rules and any rules, orders and regulations issued by the Regulatory Authorities that relate to the matters and Transactions contemplated by this Agreement. In particular, Bank will comply with the applicable requirements of: the U.S. PATRIOT Act, including Section 326 Customer Identification Programs; Bank Secrecy Act (BSA); Gramm-Leach-Bliley Act (GLBA) including the Privacy Rules and Regulation P; and the Office of Foreign Asset Control (OFAC) directives.

(b) It will promptly give written notice to Client of any material adverse change in the business, properties, assets, operations or condition, financial or otherwise, of Bank and any pending, or a threat of, litigation involving a sum of \$50,000 or more and of all tax deficiencies and other proceedings before governmental bodies or officials affecting Bank.

(c) All consumer complaints received by Bank, relating to the ACH functionality or its use, will be immediately reported to Client. Such report shall include the name and address of the complaining consumer, if provided by complainant, a brief summary of the consumer's complaint, and upon its resolution, a brief summary of such resolution.

ARTICLE VI - DUTIES OF BANK

SECTION 6.1 Sponsorship Certification and Administrative Fees

Bank shall be responsible for any annual membership fees relating to Bank Membership with any System.

SECTION 6.2 Memberships in System

Bank shall retain its Membership in System in good standing and shall abide in all material respects by all the Rules and regulations applicable to Bank; provided, however,

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that Bank shall not be obligated to maintain such Membership. If a System elects to terminate Bank's Membership in spite of Bank's compliance with the applicable Rules, Bank shall give notice to Client as soon after it provides notice to or receives notice from the System according to the Rules.

SECTION 6.3 Notices

Bank shall deliver to Client a copy of all material notices or correspondence that it receives from any System, or any other third party, relating to this Agreement, within five (5) business days of receipt of such notice or correspondence.

SECTION 6.4 Processing Services

(a) Bank shall provide, either directly or through a third party subcontractor, for the processing of Entries received from Client to conform to the requirements set forth in this Agreement. Bank shall provide for transmitting of such Entries as

an ODFI to the Federal Reserve System or through the use of an ACH Client Sender. Bank shall settle for such Entries as provided in the Rules.

(b) Bank shall provide for the processing of the Entries as defined in Schedule B provided that the File was received on time, the Federal Reserve Bank is open for business, and the effective entry date is stated. If any of the requirements are not met in this Section 6.4, Bank shall use reasonable efforts to transmit such Entries to the ACH by the next deposit deadline of the ACH following that specific in Schedule B which is a business day and a day on which the ACH is open for business.

(c) Bank shall not cancel or amend an Entry after it is delivered to Bank. Bank shall use reasonable efforts to act on a request by Client for reversal of a File of Entries according to the Rules; provided that Bank shall not be liable for interest or losses if such reversal is not effected. Any request by Client for reversal of a File of Entries must comply with the Delivery Requirements and Security Procedures as defined in Schedule B. Client shall reimburse Bank for any expenses, losses, or damages Bank may incur in effecting or attempting to effect Client's request for the reversal of a File of Entries. Bank is entitled to payment from Client in the amount of any such reversal of a debit File of Entries prior to acting on any request thereof.

SECTION 6.5 Error Resolution and Rejection of Entries

Bank shall be responsible to investigate all errors identified by the Client. Bank may reject any Entry which does not comply with requirements of Section 3.2 and Section 3.10 or which contains an Effective Entry Date more than three (3) days after the business day such Entry is received by Bank. Bank may reject an On-Us Entry (as defined below) for any reason for which an Entry may be returned under the Rules. Bank may reject an Entry if Client has failed to comply with its Reserve Account balance obligations under Section 3.5. Bank may reject any entry if Client does not adhere to security procedures as described in Schedule B. Bank shall notify Client by telephone, e-mail, or any other

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mutually agreed to means not later than the next business day after the effective Entry date. Notices of rejection shall be effective when given. Bank shall have no liability to Client by reason of the rejection of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

SECTION 6.6 File Return Notification

Bank will provide for the notification to Client either by telephone, electronically, or as otherwise agreed about the return of a File. Notification will be made within one (1) business day of receipt of such an Entry or File. Bank shall use its best efforts to provide for notification to Client on the date of the receipt but will have no obligation to reexecute or take other action with respect to a returned Entry or File. Notices of the return of a File shall be effective when given. Bank shall have no liability to Client by reason of the return of any such Entry or the fact that such notice is not given at an earlier time than that provided for herein.

SECTION 6.7 Tapes and Records

All magnetic tapes, Entries, security procedures and related records used by Bank for Transactions contemplated by this Agreement shall be and remain Bank's property. Bank may, at its sole discretion, make available such information upon Client's request, which discretion, shall not be unreasonably withheld. Any expenses incurred by Bank in making such information available to Client shall be paid by Client, unless the information request by Client is caused by Bank's action, inactions, or omission in which case the information will be provided at Bank's sole expense.

SECTION 6.8 On-Us Entries

Except as provided in this Section 6.8, in the case of an Entry received for credit to an account maintained with Bank (an "On-Us Entry"), Bank shall credit the Client's Reserve Account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in Section 6.4 are met. If these requirements are not met, Bank shall use reasonable efforts to credit the Client Reserve Account in the amount of such Entry no later than the next business day following such Effective Entry Date.

ARTICLE VII - COMPENSATION AND EXPENSES

SECTION 7.1 Expenses of Bank

Bank shall be solely responsible for the following expenses:

(a) Except as otherwise provided in this Agreement, all annual Membership fees related to Bank's license with and Membership in any System utilized by the ACH

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processing, and any fees and penalties assessed by any such System or Regulatory Authority due to Bank's actions or of any third party retained by Bank.

SECTION 7.2 Compensation of Bank

Client shall pay Bank the charges for the services provided in connection with this Agreement, as set forth in Schedule A. All fees and services are subject to change after twelve (12) months from the Effective Date of this Agreement and upon 30 calendar days' prior written notice from Bank to Client. Such charges do not include and Client shall be responsible for payment of, any sales, use, excise, value added, utility or other similar taxes relating to such services, and any fees or charges provided for in this Agreement between Bank and Client with respect to the Reserve Account.

SECTION 7.3 Expenses of Client

Client shall be solely responsible for the following:

(a) Advertising and other expenses associated with the marketing of ACH functionality to its Cardholders or. prospect base or any party under its control or any party for which it is providing services.

(b) All fines and penalties assessed by any Regulatory Authority due to Client's actions, inactions, or omissions.

(c) All expenses associated with and losses from non-sufficient fund payment requests, consumer fraud, or any other Transactions initiated by the Cardholder where funds are not available and cash was provided/distributed to the Cardholder by Client.

(d) All fees assessed by Bank for exceeding the error tolerance levels on Files transmitted for ACH processing as mutually agreed or as defined by System from time to time.

ARTICLE VIII - LIMITATION OF LIABILITY

SECTION 8.1 No Special Damages

Neither party shall be liable to the other for any special, indirect, incidental, consequential, punitive or exemplary damages, including, but not limited to, lost profits, even if such party has knowledge of the possibility of such damages provided, however, that the limitations set forth in this Section shall not apply to or in any way limit the indemnity obligations under this Agreement.

SECTION 8.2 Disclaimers of Warranties

Bank specifically disclaims all warranties of any kind, express or implied, arising

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out of or related to this Agreement, including without limitation, any warranty of marketability, fitness for a particular purpose or non-infringement, each of which is hereby excluded by agreement of the parties.

SECTION 8.3 Liabilities of Client for System and Regulatory Claims

Client shall be liable to Bank for any and all liabilities and every loss, claim, demand, and cause of action (including, without limitation, the cost of investigating the claim, the cost of litigation and reasonable attorneys' fees, whether or not legal proceedings are instituted and whether paid or incurred, as the case may be) as a result of Client's failure to comply with the Rules, Governmental Requirements, or applicable Regulatory Authority.

ARTICLE IX - TERM OF PROGRAMS AND AGREEMENT

SECTION 9.1 Term and Termination of Agreement Without Cause

The term of this Agreement shall commence on the Effective Date and continue for three (3) years (the "Initial Term") unless terminated earlier as provided below. After the Initial Term, the Agreement shall automatically extend for additional periods of one year each (a "Renewal Term") based upon written approval of both Parties.

SECTION 9.2 Termination of Agreement For Cause

(a) Either Bank or Client shall have the right to terminate this Agreement upon occurrence of one or more of the following events:

(i) Failure by the other party to observe or perform, in any material respect, that party's obligations to the other party hereunder, so long as the failure is not due to the actions or failure to act of the terminating party, but only if the failure continues for a period of (A) thirty (30) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure not involving the payment of money, or (B) ten (10) days after the non-performing party receives written notice from the other party specifying the failure in the case of a failure to pay any amount then due hereunder; provided, however, that either Party may terminate this Agreement without such a cure period if a substantially similar material failure has previously occurred;

(ii) In the event any financial statement, representation, warranty, statement or certificate furnished to it by the other party in connection with or arising out of this Agreement is materially adverse to the terminating party and intentionally untrue as of the date made or delivered.

(iii) The other party (A) voluntarily commencing any proceeding or filing any petition seeking relief under Title 11 of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, liquidation or similar law,

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(B) applying for or consenting to the appointment of a receiver, trustee, custodian, sequestrator or similar official for such party or for a substantial part of its property or assets, (C) making a general assignment for the benefit of creditors, or (D) taking corporate action for the purpose of effecting any of the foregoing; or

(iv) The commencement of an involuntary proceeding or the filing of an involuntary proceeding or the filing of an involuntary petition in a court of competent jurisdiction seeking (A) relief in respect of the other party, or of a substantial part of its property or assets under Title of the United States Code or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (B) the appointment of a receiver, trustee, custodian, sequestrator or similar office for the other party or for a substantial part of its property or assets, or (C) the winding up or liquidation, of the other party, if such proceeding or petition shall continue un-dismissed for sixty (60) days or an order or decree approving or ordering any of the foregoing shall continue unstayed and in effect for sixty (60) days.

(v) Upon any change to or enactment of any law or regulation which would have a material adverse effect upon the terminating party's performance of obligations under this Agreement.

(vi) Violation by the other party of any federal or state law relating to the performance of this Agreement.

(vii) Upon direction from any Regulatory Authority to cease or materially limit performance of the obligations under this Agreement.

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SECTION 9.3 Survivals of Payments and Survival of Obligations Upon Termination of Agreement

(a) This Agreement shall continue in full force and Bank shall (i) continue to provide the services if this Agreement is mutually terminated currently then being provided until such time as all Transactions are so processed, but in no event exceeding ninety (90) days from notice of cancellation; or (ii) immediately cease services if this Agreement is terminated for cause pursuant to Section 9.2. If such termination is made by Bank pursuant to Section 9.2, Bank will be entitled to withhold and pay directly all processing expenses from processing revenues including the costs of servicing the existing customers by a servicing organization reasonably selected by Bank. In such event, Bank shall have no further obligation to accept Transactions from Client.

(b) Any termination of this Agreement shall not affect any of Bank's rights and Client's obligations with respect to Entries initiated by Client prior to such termination, or the payment obligations of Client with respect to services performed by Bank prior to termination, or any other obligation that survive termination of this Agreement.

SECTION 9.4 Liquidated Damages

The Parties agree that the pricing under this Agreement was determined by mutual agreement based upon certain assumed volumes of processing activity and the length of the term of this Agreement.

The Parties further agree that it would be difficult or impossible to ascertain Bank's actual damages for a termination or other breach of this Agreement by Client resulting in a termination of this Agreement before the end of the term. The Parties further agree the Bank is entitled to : (i) all fees earned but not paid prior to the date of termination, (ii) any direct costs incurred as a result of the termination, deconversion and/or change-over; and (iii) 50% of the average monthly fee from the Effective Date, multiplied by twelve (12) months or the remaining number of months in the Agreement whichever is less. Client agrees this is a reasonable estimation of the actual damages Bank would suffer if Bank did not receive the expected benefits to be derived from this Agreement for the full term.

Each party acknowledges and agrees, after taking into account the terms of this Agreement and all relevant circumstances at the date hereof, that the Liquidated Damages payable under this Section 9.4 represents a reasonable and genuine pre-estimate of the damages which would be suffered by Bank in the event of early termination of this Agreement and does not constitute a penalty.

Nothing in this Agreement shall limit the right of any party to this Agreement to seek injunctive relief, to the extent available, with respect to breaches of this Agreement.

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ARTICLE X - CONFIDENTIALITY

SECTION 10.1 Confidential Information

The term "Confidential Information" shall mean this Agreement and all proprietary information, data, trade secrets, business information and other information of any kind whatsoever which (a) a party ("Discloser") discloses, in writing, orally or visually, to the other party ("Recipient") or to which Recipient obtains access in connection with the negotiation and performance of this Agreement, and which (b) relates to (i) the Discloser, (ii) in the case of Client, Bank and its customers and or associates, or (iii) consumers or Cardholders who have made confidential or proprietary information available to Client. The definition of Confidential Information shall include Customer Information as described below.

SECTION 10.2 Customer Information

Client acknowledges that Bank has a responsibility to its customers to keep information about its customers, Cardholders and their Card strictly confidential and Bank acknowledges that Client has a responsibility to its customers and Cardholders to keep their information strictly confidential (collectively, "Customer Information"). In addition to the other requirements set forth in this Section regarding Confidential Information, Customer Information shall also be subject to the additional restrictions set forth in this Subsection. The Recipient shall not disclose or use Customer Information other than to carry out the purposes for which the Discloser or one of its affiliates disclosed such Customer Information to Recipient. Recipient shall not disclose any Customer Information other than on a "need to know" basis and then only to: (a) affiliates of Discloser; (b) its employees or officers; (c) affiliates of Recipient provided that such affiliates shall be restricted in use and redisclosure of the Customer Information to the same extent as Recipient; (d) to carefully selected subcontractors provided that such subcontractors shall have entered into a confidentiality agreement no less restrictive than the terms hereof; (e) to independent contractors, agents, and consultants hired or engaged by

Recipient, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; or (f) pursuant to the exceptions set forth in 15 USC 6802(e) and accompanying regulations which disclosures are made in the ordinary course of business. The restrictions set forth herein shall apply during the term and after the termination of this Agreement.

Each party must comply with all federal and state privacy and data security laws. **SECTION 10.3 Disclosure to Employees and Agents.**

Each of the Parties, as Recipient, hereby agrees on behalf of itself and its employees, officers, affiliates and subcontractors that Confidential Information will not be disclosed or made available to any person for any reason whatsoever, other than on a

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"need-to-know basis" and then only to: (a) its employees and officers; (b) subcontractors and other third-parties specifically permitted under this Agreement, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; (c) independent contractors, agents, and consultants hired or engaged by Recipient, provided that all such persons are subject to a confidentiality agreement which shall be no less restrictive than the provisions of this Section; and (d) as required by law or as otherwise permitted by this Agreement, either during the term of this Agreement or after the termination of this Agreement. Prior to any disclosure of Confidential Information as required by law, the Recipient shall (i) notify the Discloser of any, actual or threatened legal compulsion of disclosure, and any actual legal obligation of disclosure immediately upon becoming so obligated, and (ii) cooperate with the Discloser's reasonable, lawful efforts to resist, limit or delay disclosure. Nothing in this Section shall require any notice or other action by Bank in connection with request or demands for Confidential Information with request by bank examiners.

SECTION 10.4 Return of Materials

Upon the termination or expiration of this Agreement, or at any time upon the request of a party, the other party shall return or destroy all Confidential Information, including Customer Information, in the possession of such party or in the possession of any third party over which such party has or may exercise control.

SECTION 10.5 Exceptions

With the exception of the obligations related to Customer Information, the obligations of confidentiality in this Section shall not apply to any information which a party rightfully has in its possession when disclosed to it by the other party, information which a party independently develops, information which is or becomes known to the public other than by breach of this Section or information rightfully received by a party from a third party without the obligation of confidentiality.

SECTION 10.6 Media Releases

All media releases, public announcements and public disclosures by either party, or their representatives, employees or agents, relating to this Agreement or the name or logo of Bank, Client, any Bank affiliate or supplier, including, without limitation, promotional or marketing material, but not including any disclosure required by legal, accounting or regulatory requirements beyond the reasonable control of the releasing party, shall be coordinated with and approved by the other party in writing prior to the release thereof.

SECTION 11.1 Insurance

Each party shall maintain, throughout the term of this Agreement, appropriate comprehensive general liability insurance policies (which shall include contractual

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liability), the limit of which shall be no less than a combined single limit of \$1,000,000 per occurrence for bodily injury and property damage.

ARTICLE XII - GENERAL PROVISIONS

SECTION 12.1 Indemnification

(a) Client covenants and agrees to indemnify and hold harmless Bank, its parent, subsidiaries or affiliates, and their respective officers, directors, employees and permitted assigns, as such, against any direct losses or expenses arising from any legal action, claim, demand or proceedings brought by a third party against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Client, any act or omission of Client or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Client or any third party retained by it; provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Bank, (ii) negligence, willful misconduct or bad faith by Bank, or (iii) the failure of Bank to comply with, or to perform its obligations under, this Agreement

(b) Bank covenants and agrees to indemnify and hold harmless Client and its parent, subsidiaries or affiliates, and their respective officers, directors, employees, and permitted assigns, as such, against any direct, losses or expenses arising from any legal action, claim, demand, or proceedings brought by a third party against any of them as a result of any misrepresentation, breach of warranty or failure to fulfill a covenant of this Agreement on the part of Bank, any act or omission of Bank or its providers which violates any law, by-laws or Governmental Requirements, or any claim relating to obligations owed to or by Bank or any third party retained by it (except to the extent that Client has agreed to fulfill such obligation under this Agreement); provided, that this provision shall not apply if such claim arises out of (i) an act of fraud, embezzlement or criminal activity by Client or its representatives, (ii) negligence, willful misconduct or bad faith by Client or its representatives, or (iii) the failure of Client or its representatives to comply with, or to perform its obligations under, this Agreement.

(c) If any claim or demand is asserted against any party or parties (individually or collectively, the "Indemnified Party") by any person who is not a party to this Agreement in respect of which the Indemnified Party may be entitled to indemnification under the provisions of subsections (a) or (b) above, written notice of such claim or demand shall promptly be given to any party or parties (individually or collectively, the "Indemnifying Party") from whom indemnification may be sought. The Indemnifying Party shall have the right, by notifying the Indemnified Party within ten (10) days of its receipt of the notice of the claim or demand, to assume the entire control (subject to the right of the Indemnified Party to Participate at the Indemnified Party's expense and with counsel of the Indemnified Party's choice) of the defense, compromise or settlement of the matter, including, at the Indemnifying Party's expense, employment of counsel of the Indemnifying Party's choice. If the Indemnifying Party gives notice to any Indemnified

Party that the Indemnifying Party will assume control of the defense, compromise or settlement of the matter the Indemnifying Party will be deemed to have waived all defenses to the claims for indemnification by the Indemnified Party with respect to that matter. Any damages to the assets or business of the Indemnified Party caused by a failure of the Indemnifying Party to defend, compromise or settle a claim or demand in a reasonable and expeditious manner, after the indemnifying Party has given notice that it will assume control of the defense, compromise or settlement of the matter, shall be included in the damages for which the Indemnifying Party shall be obligated to indemnify the Indemnified Party.

(d) The provisions of this Section 12.1 and of Section 12.2 shall survive termination or expiration of this Agreement.

SECTION 12.2 Disclosure

(a) Each party shall promptly notify the other of any action, suit, proceeding, facts and circumstances, and the threat of reasonable prospect of same, which might give rise to any indemnification hereunder or which might materially and adversely affect either party's ability to perform this Agreement.

(b) Each party represents and warrants to the other that it has no knowledge of any pending or threatened suit, action, arbitration or other proceedings of a legal, administrative or regulatory nature, or any governmental investigation, against it or any of its affiliates or any officer, director, or employee which has not been previously disclosed in writing and which would materially and adversely affect its financial condition, or its ability to perform this Agreement.

SECTION 12.3 Legal Compliance

Each party represents and warrants to the other that it is familiar with the requirements of all applicable consumer protection and anti-money laundering laws applicable to it which relate to the Program and its obligations hereunder, and agrees that it will comply, in all material respects, with all such laws and regulations and all other applicable laws and regulations relating to its activities under this Agreement, now and in the future.

SECTION 12.4 Relationship of Parties

Bank and Client agree they are independent contractors to each other in performing their respective obligations hereunder. Nothing in this Agreement or in the working relationship being established and developed hereunder shall be deemed, nor shall it cause, Bank and Client to be treated as partners, joint ventures, or otherwise as joint associates for profit.

SECTION 12.5 Regulatory Examinations and Financial Information

Client agrees to submit to any examination which may be required by any Regulatory Authority with audit and examination authority over Bank, to the fullest extent of such Regulatory Authority. Client shall also provide to Bank any information, which may be required by any Regulatory Authority in connection with their audit or review of Bank or the Program and shall reasonably cooperate with such Regulatory Authority in connection with any audit or review of Bank. Client shall furnish Bank, at Client expense, with audited financial statements prepared by a certified public accountant. Client shall also provide such other information as Bank, Regulatory Authorities, or the System may from time to time reasonably request with respect to the financial condition of Client and such other information as Bank may from time to time reasonably request with respect to third parties contracted with Client.

SECTION 12.6 Governing Law

The Parties acknowledge that Bank, as a federally chartered savings bank, is regulated by the Office of Thrift Supervision, and is therefore subject to federal law, and entitled to preemption from state laws to the fullest extent permitted by law. In any matters not so preempted (if any) this Agreement shall be governed by the internal laws, and not by the laws regarding conflicts of laws, of the State of South Dakota. Each Party hereby submits to the jurisdiction of the courts of such state, and (subject to the Bank's reservation of preemption rights above) waives any objection to venue with respect to actions brought in such courts.

SECTION 12.7 Severability

In the event that any part of this Agreement is deemed by a court, Regulatory Authority, or other public or private tribunal of competent jurisdiction to be invalid or unenforceable, such provision shall be deemed to have been omitted from this Agreement. The remainder of this Agreement shall remain in full force and effect, and shall be modified to any extent necessary to give such force and effect to the remaining provisions, but only to such extent.

SECTION 12.8 Survival

All representations and warranties herein shall survive any termination or expiration of this Agreement. In addition, Articles 8, 9, 10 and 12 shall survive termination or expiration of this Agreement.

SECTION 12.9 Successors and Third Parties

Except as limited by Section 12.10, this Agreement and the rights and obligations hereunder shall bind, and inure to the benefit of the parties and their successors and permitted assigns.

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SECTION 12.10 Assignments

The rights and obligations of Client under this Agreement are personal and may not be assigned either voluntarily or by operation of law, without prior written consent from Bank.

SECTION 12.11 Notices

All notices, requests and approvals required by this Agreement shall be in writing addressed/directed to the other party at the address and facsimile set forth below, or at such other address of which the notifying party hereafter receives notice in conformity with this section. All such notices, requests, and approvals shall be deemed given upon the earlier

of receipt of facsimile transmission during the normal business day or actual receipt thereof. All such notices, requests and approvals shall be addressed to the attention of:

Bank to: First Federal Savings Bank of the Midwest
dba Meta Payment Systems
2500 S Minnesota Ave
Sioux Falls, SD 57105
Attention: General Counsel
Facsimile Number: (605) 977-7501

Client to:

NBO Systems, Inc.

3676 W. California Ave., Bldg. D
Salt Lake City, UT 84104
Attention: Christopher Foley, CFO
Facsimile Number: (801) 973-4951

Tax Identification Number: 55-0795927

SECTION 12.12 Waivers

Neither party shall be deemed to have waived any of its rights, power, or remedies hereunder except in writing signed by an authorized agent or representative of the party to be charged. Either party may, by an instrument in writing, waive compliance by the other party with any term or provision of this Agreement on the part of the other party to be performed or complied with. The waiver by either party of a breach of any term or provision of this Agreement shall not be construed as a waiver of any subsequent breach.

SECTION 12.13 Entire Agreement; Amendments

This Agreement constitutes the entire Agreement between the parties and supersedes all prior Agreements, understandings, and arrangements, oral or written, between the parties with respect to the subject matter hereof. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by the party against whom enforcement of any such modification or amendment is sought.

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SECTION 12.14 Counterparts

This Agreement may be executed and delivered by the parties in counterpart, each of which shall be deemed an original and both of which together shall constitute one and the same instrument.

SECTION 12.15 Disputes

(a) Duty to Notify. In the event of any dispute, controversy, or claim arising out of or relating to this Agreement or the construction, interpretation, performance, breach, termination, enforceability or validity thereof (hereinafter, a "Dispute"), the party raising such Dispute shall notify the other promptly and no later than sixty (60) days from the date

of its discovery of the Dispute. In the case of a Dispute relating to account or Transaction statements or similar matter, the failure of a party to notify the other party of such Dispute within sixty (60) days from the date of its receipt shall result in such matter being deemed undisputed and accepted by the party attempting to raise such Dispute.

(b) Cooperation to Resolve Disputes. The parties shall cooperate and attempt in good faith to resolve any Dispute promptly by negotiating between persons who have authority to settle the Dispute and who are at a higher level of management than the persons with direct responsibility for administration and performance of the provisions or obligations of this Agreement that are the subject of the Dispute.

(c) Arbitration. Any Dispute which cannot otherwise be resolved as provided in paragraph (b) above shall be resolved by arbitration conducted in accordance with the commercial arbitration rules of the American Arbitration Association, and judgment upon the award rendered by the arbitral tribunal may be entered in any court having jurisdiction thereof. The arbitration tribunal shall consist of a single arbitrator mutually agreed upon by the parties, or in the absence of such agreement within 30 days from the first referral of the Dispute to the American Arbitration Association, designated by the American Arbitration Association. The place of arbitration shall be Sioux Falls, South Dakota, unless the parties shall have agreed to another location within 15 days from the first referral of the Dispute to the American Arbitration Association. The arbitral award shall be final and binding. The parties waive any right to appeal the arbitral award, to the extent a right to appeal may be lawfully waived. Each party retains the right to seek judicial assistance: (i) to compel arbitration, (ii) to obtain interim measures of protection prior to or pending arbitration, (iii) to seek injunctive relief in the courts of any jurisdiction as may be necessary and appropriate to protect the unauthorized disclosure of its proprietary or confidential information, and (iv) to enforce any decision of the arbitrator, including the final award. In no event shall either party be entitled to consequential, punitive, exemplary or similar damages (including lost profits).

(d) Confidentiality of Proceedings. The arbitration proceedings contemplated by this Section shall be as confidential and private as permitted by law. To that end, the parties shall not disclose the existence, content or results of any proceedings conducted in

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accordance with this Section, and materials submitted in connection with such proceedings shall not be admissible in any other proceeding, provided, however, that this confidentiality provision shall not prevent a petition to vacate or enforce an arbitral award, and shall not bar disclosures required by any laws or regulations.

SECTION 12.16 Limitation of Liability

Neither Client, the Bank nor any of their respective directors, officers, employees, agents, representatives or controlling persons shall be liable for any action taken or for refraining from taking any action in good faith pursuant to this Agreement; provided, however, that this provision shall not protect Client or Bank against any breach of their respective representations, warranties or covenants made herein, or against any specific liability imposed pursuant hereto, or against any liability which would otherwise be imposed by reason of willful misfeasance, bad faith or gross negligence in the performance of duties or by reason of reckless disregard of obligations or duties hereunder. Client and Bank may rely in good faith on any document, electronic file or other electronic or telephonic communication of any kind, which appears bona fide, submitted by any appropriate person respecting any matters arising hereunder.

SECTION 12.17 Non-Solicitation of Employees

The Parties agree that during the term of this Agreement each Party will not seek out or induce any person (by offering employment or otherwise) who is an employee of the other Party to terminate their employment.

SECTION 12.18 Headings

The table of contents, various captions and section headings in this Agreement are included for convenience only and shall not affect the meaning or interpretation of any provision of this Agreement. References in this Agreement to any Section are to such Section of this Agreement. To the extent possible, each provision of this Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be held to be invalid, illegal, or unenforceable, such provision shall be ineffective only to the extent of such invalidity, illegality, or unenforceability, without rendering invalid, illegal, or unenforceable the remainder of such provision or the remaining provisions of this Agreement.

Signature page to follow

Confidential
9/13/2004

IN WITNESS WHEREOF, this Agreement is executed by the parties' authorized officers or representatives and shall be effective as of the date first above written.

NBO Systems, Inc.
By: /s/ Christopher Foley
Name: Christopher Foley
Title: Chief Financial Officer

**First Federal Savings Bank of the Midwest dba Meta
Payment Systems**
By: /s/ Brad C. Hanson
Name: Brad C. Hanson
Title: Division President

Confidential
9/13/2004

Schedule A

BANK SERVICES AND FEES		
Standard Service Items		Fee
[*		* * *
		* * *
		* * *
		* * *
		* * *
		* * *
		* * *]

Confidential

Schedule B**ACH File Requirements and File Processing Schedule****Bank Transmission Location**

All File of Entries generated by Client must be transmitted to Bank.

Security Procedures

Bank requires the File of Entries being transmitted to comply with the industry standard security standards which at a minimum will be 128-bit, triple DES (Data Encryption Standard).

File Process Timing

(a) In its sole discretion, the Bank may require the Client to provide the File(s) of Entries to the Bank at least one day prior to the transmission date of debit File of Entries and two days prior to the transmission date of credit File of Entries.

(b) The Bank operates under a "continuous balancing" mode which means they can accept a file of Entries from Client ongoing.

(c) The Bank will transmit all approved Files of Entries to the Federal Reserve. All Debit Files of Entries transmitted will be settled the next business banking day. All Credit Files of Entries transmitted will be settled in two business banking days. All return Entries are settled by 5 PM on the business banking day in which the Entry is received.

Confidential

9/13/2004

Schedule C**Pending lawsuits of Client:**

On February 13, 2004, Thomas Ripperda, et al, filed an action in Illinois State Court in St. Clair County, Illinois, against the Company in connection with gift cards sold at the St. Clair Square Mall in St. Clair County, Illinois. The plaintiff's complaint seeks to establish a class action. However, as of this date, the plaintiff has not moved to certify a class. The complaint alleged that the term "valid thru" appearing on the face of the gift card next to the expiration date of the gift card is misleading. The plaintiff seeks a return of all administrative fees charged against his gift card prior to the "valid thru" date. If a class were certified, then the plaintiff would seek to recover similar fees with respect to all gift cards that the Company sold.

Under the terms and conditions of the gift cards and the gift card program, the Company disclosed it may charge an administrative fee against a gift card if the gift card is not used within 90 days from the date of purchase. The "valid thru" date is typically between 12 months and 18 months after the date the gift card is purchased. In some cases, the administrative fee reduces the amount of the gift card prior to the "valid thru" date on the card. The Company

disclosed the charge of an administrative fee on the back side of the gift card and again in the written terms and conditions that are distributed to customers when they purchase the gift cards. The Company also disclosed that a gift card may be renewed after the "valid thru" date with the payment of a renewal fee.

The Company removed the lawsuit to federal court in the Southern District of Illinois and also moved to dismiss the lawsuit. The plaintiff has filed an opposition to the Company's motion. The District Court has not yet ruled on the Company's motion. If the District Court does not grant the Company's motion, the Company expects the plaintiff to move for a remand of the case to the Illinois State Court and then move to certify a class as plaintiffs consisting of those gift card purchasers or holders with respect to whom the Company charged an administrative fee prior to the "valid thru" date.

Notwithstanding the foregoing, the Company is not a party to any other material threatened or pending legal proceedings, which if adversely determined, would have an adverse material effect on the financial condition or results of operations of the Company. From time to time, however, the Company may become subject to legal proceedings, claims, and litigation arising in the ordinary course of business, including, but not limited to, employee, customer and vendor disputes.

Confidential
9/13/2004

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

FIRST AMENDMENT TO CONTRACT SERVICES AGREEMENT

THIS FIRST AMENDMENT

(the "Amendment") to the Contract Services Agreement (the "Agreement") is made as of the 9th day of September 2004, by and between **NBO Systems, Inc.** ("NBO"), a Maryland Corporation, with its principal place of business at 3676 W. California Avenue, Bldg. D, Salt Lake City, Utah 84104 and **Glimcher Properties Limited Partnership**, (the "Customer"), with its principal place of business at 150 East Gay Street, Columbus, Ohio 43215. NBO and Customer are sometimes each referred to herein as a "Party" and collectively the "Parties".

RECITALS:

A. NBO is in the business of developing, marketing, owning and operating distribution and processing systems for gift cards, gift certificates, gift rights, vouchers, and other instruments allowing the giving of a right to receive a credit toward the purchase of merchandise (collectively "Mall Gift Certificates/Gift Cards").

B. Customer is in the business of owning or managing malls and shopping centers as defined in the Agreement, Addendum C (the "Properties").

C. The Parties entered into the Agreement effective October 14, 2003 whereby NBO made available to, and installed its Mall Gift Card distribution equipment and related network components (collectively, the "System") at the Properties, and provided services associated therewith, as further described in the Agreement.

D. Customer and NBO desire to amend certain provisions of the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above, the mutual promises, covenants, agreements and benefits set forth in the Agreement and in this Amendment, and for other good and valuable consideration, the Parties agree as follows:

1. All terms and covenants of the Agreement remain effective and in force until this Amendment, under the modified terms, covenants and conditions, in their entirety, as detailed below, become effective by signature of Customer and NBO.
2. Addendum A - Paragraph 7.k. - The minimum Card face value denomination sold by Customer or NBO shall be [* * *] for all Customer Properties, except for Cards sold at Jersey Gardens, located in Elizabeth, New Jersey, where the minimum Card face value denomination sold by Customer or NBO shall be [* * *]. Cards sold for less than [* * *] The maximum number of Cards sold with a value [* * *]. Customer shall pay NBO [* * *].
3. Addendum A - Paragraph 10. Credit/Debit Card Fees - Customer shall reimburse NBO [* * *]. Said fees are payable within thirty (30) days following Customer receipt of invoice from NBO. This fee covers the actual

transaction cost as well as [* * *] NBO reserves the right to review Customer [* * *] annually and in doing so, also reserves the right to adjust [* * *] as necessary. Customer will not process credit card not-present orders at the Property(ies). However, should credit card not-present transactions occur at the Properties, said transactions shall be invoiced to Customer at a rate of [* * *]. Customer has been advised by NBO of the risks of card not present transactions.

9/10/2004

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NBO Systems, Inc.

Glimcher Properties Limited
Partnership
First Amendment

4. All terms and conditions of the Agreement are hereby ratified and affirmed, as modified by this Amendment. To the extent there is any inconsistency between the Agreement and this Amendment, the provisions of this Amendment control.

5. All capitalized terms in this Amendment shall have the same meanings as in the Agreement unless expressly provided otherwise herein.

IN WITNESS WHEREOF, NBO and Customer have executed this Amendment effective as of the date first written above.

CUSTOMER:

Glimcher Properties Limited Partnership

By: /s/ William G. Cowely
Its:

NBO:

NBO Systems, Inc.

By: /s/ Christopher Foley
Christopher Foley
Chief Financial Officer

9/10/2004

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NBO Systems, Inc.

Glimcher Properties Limited
Partnership
First Amendment

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

**Merchant Processing Agreement
Between
NOVA Information Systems, Inc.,
U.S. Bank, N.A.
And
NBO Systems, Inc.**

MERCHANT PROCESSING AGREEMENT

This Merchant Processing Agreement ("Agreement") is entered into as of the date set forth below, by and among NBO Systems, Inc. ("Merchant" or "you"), NOVA Information Systems, Inc., a Georgia corporation ("NOVA") and U.S. Bank, N.A., Minneapolis, MN, a national banking association ("Member").

Recitals

- A. Merchant desires to accept credit cards validly issued by Visa U.S.A., Inc. ("Visa") and MasterCard International Incorporated ("MasterCard") ("Cards").
- B. NOVA and Member desire to provide credit card processing services to Merchant.
- C. Therefore, Merchant, NOVA and Member agree as follows:

Terms and Conditions

1. Honoring Cards.

A. Without Discrimination. You will honor, without discrimination, any Card properly tendered by a Cardholder. "Cardholder" means a person possessing a Card and purporting to be the person in whose name the Card is issued.

B. Cardholder Identification. You will identify the Cardholder and check the expiration date and signature on each Card. You will not honor any Card if:

- i. the Card has expired,
- ii. the signature on the sales draft does not correspond with the signature on the Card, or
- iii. the account number embossed on the Card does not match the account number on the Card's magnetic stripe (as printed in electronic form) or the account number is listed on a current Electronic Warning Bulletin file.

Unless permitted under the Laws and Rules (defined below), you will not require a Cardholder to provide personal information, such as a home or business telephone number, a home or business address, or a driver's license number, as a condition for honoring a Card.

C. Card Recovery. You will use your reasonable, best efforts to recover any Card:

i. on Visa Cards, if the printed four digits above the embossed account number do not match the first four digits of the embossed account number,

ii. if you are advised by Member (or its designee), the issuer of the Card or the designated voice authorization center to retain it,

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iii. if you have reasonable grounds to believe the Card is counterfeit, fraudulent or stolen, or not authorized by the Cardholder, or

iv. or MasterCard Cards, the embossed account number, indent printed account number and/or encoded account number do not agree, or the Card does not have a MasterCard hologram on the lower right corner of the Card face.

D. Surcharges. You will not add any amount to the posted price of goods or services you offer as a condition of paying with a Card, consistent with the Laws and the Rules. This paragraph does not prohibit you from offering a discount to induce a person to pay by cash, check or similar means rather than by using a Card.

E. Return Policy. You will properly disclose to the Cardholder, at the time of the Card transaction and in accordance with the Rules, any limitation you have on accepting returned merchandise.

F. No Claim Against Cardholder. You will not have any claim against, or right to receive payment from, a Cardholder or any other customer in any Card transaction unless Member or NOVA refuses to accept the Sales Draft (as defined in Section 3) or revokes its prior acceptance of the Sales Draft (after receipt of a chargeback or otherwise). You will not accept any payments from a Cardholder with respect to previous charges for merchandise or services included in a Sales Draft, and in the event of receipt of any such payments, you promptly will remit such amounts to Member.

G. Disputes With Cardholders. All disputes between you and any Cardholder relating to any Card transaction will be settled between you and the cardholder. Neither NOVA nor Member bears any responsibility for such transactions.

2. Authorization.

A. Required on all Transactions. You will obtain a prior authorization via electronic terminal or similar device before completing any transaction. You will follow any instructions received during such authorization process. Upon receipt of authorization, you may consummate only the transaction authorized and must note on the Sales Draft the authorization number. Where authorization is obtained, you will be deemed to warrant the true identity of the customer as the Cardholder. Transactions will be deemed invalid on Cards that are expired, whether or not an authorization has been obtained. For electronic commerce transactions, you must attempt to obtain the Card expiration date and forward it as part of the authorization request.

B. Effect. Authorizations are not a guarantee of acceptance or payment of the Card transaction and will not waive any provision of this Agreement or otherwise validate a fraudulent transaction or a transaction involving the use of an expired Card. You are fully liable for all chargebacks.

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C. Unreadable Magnetic Stripes. If you authorize and present Card transactions electronically and your terminal is unable to read the magnetic stripe on the Card, you will obtain an imprint of the Card and the Cardholder's signature on the imprinted draft before presenting the transaction to Member and NOVA for processing.

3. Presentment of Sales Drafts.

A. Forms. You will use a sales draft or other form approved by Member and NOVA ("Sales Draft") to document each Card transaction. Each Sales Draft will be legibly imprinted with:

- i. Merchant's name and account number,
- ii. the information embossed on the Card presented by the Cardholder (either electronically or manually),
- iii. the date of the transaction,
- iv. a brief description of the goods or services involved,
- v. the transaction authorization number,
- vi. the total amount of the sale (including any applicable taxes) or credit transaction, and
- vii. adjacent to the signature line, a notation that all sales are final, if applicable.

B. Signatures. Sales Drafts must be signed by the Cardholder. The requirement for the Cardholder's signature on the Sales Draft will only be waived if the Card transaction is a valid mail/telephone order or electronic commerce Card transaction which fully complies with the requirements set forth in this Agreement.

C. Reproduction of Information. If the following information embossed on the Card and the Merchant's name is not legibly imprinted on the Sales Draft, you will legibly reproduce:

- i. the Cardholder's name,
- ii. account number,
- iii. expiration date, and
- iv. the Merchant's name and place of business.

Additionally, for MasterCard transactions, you will legibly reproduce the name of the bank as it appears on the face of the Card.

D. Delivery and Retention of Sales Drafts. You will deliver a true and complete copy of the Sales Draft or credit voucher to the Cardholder at the time of the transaction. You will retain the "merchant copy" of the Sales Draft or credit memorandum for at least 3

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years following the date of completion of the Card transaction (or such longer period as the Rules may require).

E. Electronic Transmission. If you utilize electronic authorization and/or data capture services, you will enter the data related to a sales or credit transaction into a computer terminal or magnetic stripe reading terminal no later than the close of business on the date the transaction is completed. If you provide your own electronic terminal or similar device, such terminals must meet NOVA's requirements for processing transactions. Information regarding a sales or credit transaction transmitted with a computer or magnetic stripe reading terminal will be transmitted by you to NOVA or its agent in the form NOVA from time to time specifies, or as required under the Laws or Rules. If Member or NOVA requests a copy of a Sales Draft, credit voucher or other transaction evidence, you will provide it within 10 calendar days following the request.

4. Deposit of Sales Drafts.

A. Funds.

i. Deposits. You agree that this Agreement is a contract of financial accommodation within the meaning of the Bankruptcy Code, 11 U.S.C. § 365, as amended from time to time. Subject to this Section, Member will deposit to the

Merchant Account (defined in Section 6 below) all funds evidenced by Sales Drafts (whether evidenced in writing or by electronic means) complying with the terms of this Agreement and the Rules and will provide you provisional credit for such Sales Drafts (less recoupment of any credit(s), adjustments, fines, chargebacks or fees). You acknowledge that your obligation to NOVA and Member for all amounts owed under this Agreement arise out of the same transaction as Member's obligation to deposit funds to the Merchant Account.

ii. Provisional Credit. Notwithstanding the previous Section, under no circumstance will Member or NOVA be responsible for processing credits or adjustments related to original sales transactions not processed by Member and NOVA. All Sales Drafts and deposits are subject to audit and final checking by Member and NOVA, and may be adjusted for inaccuracies. You acknowledge that all credits provided to you are provisional and subject to chargebacks and adjustments in accordance with the Rules, whether or not a transaction is charged back by the Card Issuer. Member may elect to grant conditional credit for individual or groups of any Sales Drafts. Final credit for those conditional Sales Drafts will be granted within Member's sole discretion.

B. Chargebacks. You are fully liable to NOVA and Member for all transactions returned to NOVA or Member for whatever reason, otherwise known as "chargebacks." You will pay NOVA and Member on demand the value of all chargebacks. You agree to accept for chargeback and will be liable to Member and NOVA in the amount of any sale

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for which the cardholder disputes the validity of the sale. You authorize Member and NOVA to offset from incoming transactions and to debit the Merchant Account, the Reserve Account, or any other account held at Member or at another financial institution the amount of all chargebacks. You will fully cooperate with NOVA and Member in complying with the Rules regarding chargebacks.

C. Excessive Activity. Your presentation to NOVA of Excessive Activity will be a breach of this Agreement and cause for immediate termination of this Agreement. "Excessive Activity" means, during any monthly period, and for any one of Merchant's terminal identification numbers or merchant identification numbers, chargebacks and/or retrieval requests in excess of one percent (1%) of the average monthly dollar amount of your Card transactions. You authorize, upon the occurrence of Excessive Activity, Member and NOVA to take additional actions as either of them may deem necessary, including, but not limited to, suspension of processing privileges or creation or maintenance of a reserve account in accordance with this Agreement on any one or more of Merchant's terminal identification numbers or merchant identification numbers, as may be applicable.

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D. Credits.

i. Credit Memoranda. You will issue a credit memorandum, instead of making a cash advance, a disbursement or a refund on any Card transaction. Member will debit the Merchant Account for the total face amount of each credit memorandum submitted to NOVA. You will not submit a credit relating to any Sales Draft not originally submitted to NOVA, nor will you submit a credit that exceeds the amount of the original Sales Draft. You will, within the time period specified by applicable law, provide NOVA with a credit memorandum or credit statement for every return of goods or forgiveness of debt for services which were the subject of a Card transaction.

ii. Revocation of Credit. Member or NOVA may refuse to accept any Sales Draft or revoke its prior acceptance of a Sales Draft in the following circumstances: (a) the transaction giving rise to the Sales Draft was not made in compliance with all terms and conditions of this Agreement, the Laws and the Rules; (b) the Cardholder disputes his liability to Member for any reason, including but not limited to those chargeback rights enumerated in the Rules; or (c) the transaction giving rise to the Sales Draft was not directly between you and the Cardholder. You will pay Member or NOVA, as appropriate, any amount previously credited to you for a Sales Draft not accepted by Member or NOVA or, where accepted, is subsequently revoked.

E. Reprocessing. Notwithstanding any authorization or request from the Cardholder or customer, you will not reenter or reprocess any Card transaction that has been charged back

F. Factoring. You will not present for processing or credit, directly or indirectly, any transaction not originated as a result of a Card transaction directly between you and the Cardholder.

5. Other Types of Transactions.

A. Mail Order. You may solicit or accept mail orders or telephone orders or any transaction in which the Cardholder and Card are not present ("mail/telephone orders") without NOVA's or Member's prior authorization as presently disclosed on Exhibit "A" attached hereto and incorporated herein and as disclosed subsequently on the Additional Location form for any new location that is approved by NOVA. Mail/telephone orders completed without prior consent of NOVA or Member will be a breach of this Agreement and cause for immediate termination in addition to any other remedies available under the Laws and the Rules. You may be required to use an address verification service ("AVS")

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on mail/telephone transactions. AVS is not a guarantee of payment and the use of AVS will not waive any provision of this Agreement or validate a fraudulent transaction. You will obtain the expiration date of the Card for a mail/telephone order and submit the expiration date when obtaining authorization of the Card transaction. For mail/telephone order transactions, you will type or print legibly on the signature line of the Sales Draft the following applicable words or letters: telephone order or "TO"; or mail order or "MO".

B. Recurring Transactions. For recurring transactions, you must obtain a written request from the Cardholder for such goods and services to be charged to the Cardholder's account, the frequency of the recurring charge and the duration of time during which such charges may be made. You will not complete any recurring transaction after receiving: (i) a cancellation notice from the Cardholder, (ii) notice from NOVA or Member, or (iii) a response that the Card is not to be honored. You must print legibly on the Sales Draft the words "Recurring Transaction".

C. Multiple Sales Drafts. You will include a description and total amount of goods and services purchased in a single sales transaction on a single Sales Draft or transaction record, unless: (i) partial payment is entered on the Sales Draft or transaction record and the balance of the transaction amount is paid in cash or by check at the time of transaction, or (ii) a Sales Draft represents an advance deposit in a Card transaction completed in accordance with this Agreement and the Rules.

D. Deposits.

i. Prior Consent. You will not accept for payment by Card any amount representing a deposit or partial payment for goods or services to be delivered in the future without the prior consent of NOVA or Member. The acceptance of a Card for payment or partial payment of goods or services to be delivered in the future without prior consent will be deemed to be a breach of this Agreement and cause for immediate termination, in addition to any other remedies available under the Laws or Rules.

ii. Acceptance. If you have obtained prior consent, then you will complete such Card transactions in accordance with the terms set forth in this Agreement, the Rules, and the Laws. Cardholders must execute one Sales Draft upon making a deposit with a Card and a second Sales Draft upon paying the balance. You will note upon the Sales Draft the words "deposit" or "balance" as appropriate. You will not deposit the Sales Draft labeled "balance" until the goods have been delivered to Cardholder or you have fully performed the services.

E. Future Delivery. You will not present any Sales Draft or other memorandum to Member or NOVA for processing (whether by electronic means or otherwise) which relates to the sale of goods or services for future delivery without Member or NOVA's

prior authorization. If Member has previously given such consent, you represent and warrant to Member and NOVA that you will not rely on any proceeds or credit resulting from such transactions to purchase or furnish goods or services. You will maintain sufficient working capital to provide for the delivery of goods or services at the agreed upon future date, independent of any credit or proceeds resulting from Sales Drafts or other memoranda taken in connection with future delivery transactions.

F. Electronic Commerce Transactions.

i. Authorization. You have NOVA's prior consent to process electronic commerce ("EC") transactions as presently disclosed on Exhibit "A" attached hereto and incorporated herein and as disclosed subsequently on the Additional Location form for any new location that is approved by NOVA, and you may process such transactions only if the transactions have been encrypted by a third party vendor acceptable to NOVA and Member. If you submit EC transactions without NOVA's consent, NOVA may immediately terminate this Agreement. You understand that transactions processed via EC are high risk and subject to a higher incidence of chargebacks. You are liable for all chargebacks and losses related to EC transactions, whether or not: i) EC transactions have been encrypted; or ii) you have obtained NOVA's consent to engage in such transactions. Encryption is not a guarantee of payment and will not waive any provision of this Agreement or otherwise validate a fraudulent transaction. All communication costs related to EC transactions will be your responsibility. You understand that NOVA will not manage EC telecommunications link and that it is your responsibility to manage that link. All EC transactions will be settled by Member into a depository institution of the United States in U.S. currency.

ii. Requirements. For goods to be shipped on EC transactions, you may obtain authorization up to 7 calendar days prior to the shipment date. The authorization is valid if the Sales Draft amount is within 15% of the authorized amount, provided that the additional amount represents shipping costs. Further, your web site must contain all of the following information: (a) complete description of the goods or services offered, (b) returned merchandise and refund policy, (c) customer service contact, including electronic mail address and/or telephone number, (d) transaction currency (such as U.S. or Canadian dollars), (e) export or legal restrictions, if known, and (f) delivery policy. If you store cardholder account numbers, expiration dates, and other personal cardholder data in a database, you must follow MasterCard's guidelines on securing such data.

G. American Express, Discover, and Diner's Transactions. Upon your request, NOVA will provide authorization or authorization and data capture services for Discover, Diner's and American Express transactions. You must enter into a separate merchant agreement with NOVUS Services, Inc., Citicorp Diners Club,

or American Express if you choose to take such transactions. Neither NOVA nor Member is responsible for finding such transactions.

6. Merchant Account.

A. Establishment and Authority. You will establish and maintain with Member (or with an ACH receiving institution acceptable to Member), one or more commercial checking account(s) to facilitate payment for Card transactions (collectively, the "Merchant Account"). You will maintain sufficient funds in the Merchant Account to accommodate all transactions including, but not limited to, fees, fines, and chargebacks contemplated by this Agreement. You irrevocably authorize NOVA and Member to debit the Merchant Account for chargebacks in accordance with the Rules, fees and any other penalties or payments under this Agreement. You also authorize NOVA's or Member's vendors or agents to debit the Merchant Account for any fees due such vendor or agent. You must obtain prior written consent from Member

and NOVA to change the Merchant Account. If you don't get that consent, NOVA or Member may immediately terminate the Agreement and may take other actions necessary to protect them within their discretion.

B. Member Merchant Account. If the Merchant Account is maintained with Member, Member will deposit all funds evidenced by Sales Drafts to it subject to Section 4 of this Agreement. You authorize Member or NOVA to initiate reversal or adjustment entries and initiate or suspend such entries as may be necessary to grant you conditional credit for any entry.

C. Other Merchant Account. If the Merchant Account is maintained at a depository institution approved by Member, Member will make deposits to the Merchant Account pursuant to this Agreement. You authorize and appoint Member to act as your agent to collect Card transaction amounts from the Card issuing bank. As the collecting agent, Member, in its sole discretion, may grant you provisional credit for transaction amounts in the process of collection, subject to receipt of final payment by Member and NOVA and subject to all chargebacks, returns, fees and fines.

D. Asserted Errors. You must promptly examine all statements relating to the Merchant Account, and immediately notify NOVA in writing of any errors. Your written notice must include: (i) Merchant name and account number, (ii) the dollar amount of the asserted error, (iii) a description of the asserted error, and (iv) an explanation of why you believe an error exists and the cause of it, if known. That written notice must be received by NOVA within 60 days after you received the periodic statement containing the asserted error. You may not make any claim against Member or NOVA for any loss or expense relating to any asserted error for 60 days immediately following NOVA's receipt of your written notice. During that 60 day period, NOVA will be entitled to investigate the asserted error, and you will not incur any cost or expense in connection with the asserted error without notifying NOVA.

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E. Indemnity. You will indemnify and hold NOVA and Member harmless for any action they take against the Merchant Account pursuant to this Section. You will also indemnify and hold harmless the institution at which you maintain your Merchant Account for acting in accordance with any instruction from us regarding the Merchant Account. This section will survive termination of this Agreement.

F. ACH Authorization. You authorize Member, NOVA, and their vendors or agents to initiate debit/credit entries to the Merchant Account, the Reserve Account, or any other account maintained by you at any institution that is a receiving member of ACH, all in accordance with this Agreement. In the event you change the Merchant Account, you will notify NOVA, and this authorization will apply to the new account.

7. Security Interests, Reserve Account, Recoupment and Set-Off.

A. Security Interests. This Agreement will constitute a security agreement under the Uniform Commercial Code. You grant to Member and NOVA a security interest in and lien upon: (i) all funds at any time in the Merchant Account, (ii) all funds at any time in the Reserve Account (as defined below), regardless of the source of such funds, (iii) present and future Sales Drafts, and (iv) all your rights relating to this Agreement including, without limitation, all rights to receive any payments or credits under this Agreement (collectively, the "Secured Assets"). Upon request of Member or NOVA, you will execute one or more financing statements or other documents to evidence this security interest. You represent and warrant that no other party has a security interest in the Secured Assets. These security interests and liens will secure all of your obligations under this Agreement and any other agreements now existing or later entered into between Merchant, NOVA and/or Member including, but not limited to, your obligation to pay any amounts due and owing to Member or NOVA. With respect to such security interests and liens, Member and NOVA will have all rights afforded under the Uniform Commercial Code, any other applicable law and in equity. You will obtain from Member and NOVA written consent prior to granting a security interest of any kind in the Secured Assets to a third party. You agree that this is a contract of recoupment and Member and NOVA are not required to file a motion for relief from

a bankruptcy action automatic stay to realize on any of the Secured Assets. Nevertheless, you agree not to contest or object to any motion for relief from the automatic stay filed by NOVA or Member.

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B. Reserve Account.

i. Establishment. Upon the occurrence of a Reserve Event, you will establish and maintain a deposit account ("Reserve Account") at Member in the amount of the Reserve Amount.

a) Reserve Events. The following will constitute Reserve Events: (1) fraudulent activity in any monthly period that equal or exceeds 1% of Merchant's average monthly volume over the preceding 12 month period, (2) chargebacks in any monthly period that equal or exceed 1% of the total dollar value of incoming items to NOVA, (3) NOVA's reasonable belief that you have accepted deposits but have not delivered the goods or services, (4) the commencement of bankruptcy, receivership, insolvency or similar action or proceeding initiated by or against you, and (5) termination of this Agreement for any reason.

b) Reserve Amount. "Reserve Amount" means an amount equal to the aggregate dollar value of [(Average % credits to processing volume during the same period + Average % chargebacks to processing volume during the same period) multiplied by three] multiplied by [Average Monthly Processing Volume] plus [one month's average fees] plus [# days delayed delivery multiplied by the average day's processing volume]. For purposes of this calculation, the number of days delayed delivery means the number of days between the date on which the cardholder's card is charged and the date the cardholder receives and is satisfied with the product. Further, for purposes of this calculation, NOVA will determine, in its sole discretion, the applicable period considering factors such as Merchant's sale's growth and seasonality.

c) Funding. Member and NOVA have the right to debit the Merchant Account to establish or maintain funds in the Reserve Account. Member or NOVA may deposit into the Reserve Account funds they would otherwise be obligated to pay you, for the purpose of establishing or maintaining the Reserve Account in accordance with this Section, if they determine such action is reasonably necessary to protect their interests. Further, Merchant may at any time replace funds held in the Reserve Account with a letter of credit issued by an institution and in a form acceptable to NOVA.

ii. Authorizations. Member or NOVA may, without notice to you, apply deposits in the Reserve Account against any outstanding amounts you owe under this Agreement or any other agreement between you and Member or NOVA. Also, NOVA or Member may exercise their rights under this

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Agreement to collect any amounts due to Member or NOVA including, without limitation, rights of set-off and recoupment.

iii. Funds. Funds in the Reserve Account will remain in the Reserve Account until 90 days following termination of Reserve Events (1) through (4), above. With regard to Reserve Event number (5), (termination), in no event will you be entitled to a return of Reserve Account funds before 270 days following the effective date of termination of this Agreement, provided, however, that you will remain liable to NOVA and Member for all liabilities occurring beyond such 270 day period. Member and NOVA will have sole control of the Reserve Account. NOVA will, however, review the Merchant account activity and the Reserve Account every 45 days to determine what, if any, funds may be returned to the Merchant before 270 days following the effective date of termination of this Agreement.

C. Recoupment and Set Off. Member and NOVA have the right of recoupment and set-off. This means that they may offset any outstanding/uncollected amounts owed to them from: (i) any amounts they would otherwise be obligated to deposit into the Merchant Account, and (ii) any other amounts NOVA or Member may owe you under this Agreement or any other agreement. You acknowledge that in the event of a bankruptcy proceeding, in order for you to provide adequate protection under Bankruptcy Code § 362 to NOVA, you must create or maintain the Reserve Account as required by NOVA, and NOVA will have the right to offset against the Reserve Account for any and all obligations which you may owe to NOVA and Member, without regard to whether the obligations relate to Sales Drafts initiated or created before or after the filing of the bankruptcy petition.

D. Remedies Cumulative. The rights conferred upon Member and NOVA in this Section are not intended to be exclusive of each other or of any other rights and remedies of Member and NOVA under this Agreement, at law or in equity. Rather, each and every right of Member and NOVA at law or in equity will be cumulative and concurrent and in addition to every other right.

8. Fees.

A. Fees. You are obligated to pay Member and NOVA, or Member's or NOVA's designated agent, fees for services, forms or equipment in accordance with the Schedule of Fees which is incorporated into this Agreement by reference. Such fees will be calculated and debited from the Merchant Account once each month for the previous month's activity.

B. Fee Amendments. The fees set forth on the Schedule of Fees will not be amended by NOVA for the Initial Term of the Agreement except to pass through to you increases in

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interchange, assessments, or fees imposed by a third party. Notwithstanding the previous sentence, the NOVA Processing Fee may be adjusted in NOVA's or Member's discretion for the remaining term of the Agreement if: i) your annualized Visa/MasterCard average ticket or volume falls below projections by more than 20%, or ii) your Visa/MasterCard average ticket or volume for any month falls below 50% of such Visa/MasterCard average ticket or volume during the same month the previous calendar year.

C. Taxes. You are also obligated to pay all taxes and other charges imposed by any governmental authority on the services provided under this Agreement.

9. Application, Indemnification, Limitation of Liability.

A. Application. You represent and warrant to Member and NOVA that all information in the Application is correct and complete. You must notify NOVA in writing of any changes to the information in the Application, including but not limited to: any additional location or new business, the identity of principals and/or owners, the form of business organization (i.e., sole proprietorship, partnership, etc.), type of goods and services provided, and how sales are completed (i.e., by telephone, mail, or in person at your place of business). The notice must be received by NOVA within 10 business days of the change. You will provide updated information to NOVA within a reasonable time upon request. You are liable to Member and NOVA for all losses and expenses incurred by Member or NOVA arising out of your failure to report changes to us.

B. Indemnification. You will be liable for, hold harmless, and will indemnify NOVA, Member and their employees, officers, directors, and agents for all attorneys' fees and other costs and expenses paid or incurred by Member and NOVA in the enforcement of the Agreement, and in collecting any amounts due to Member or NOVA, arising from: (i) a dispute between you and a Cardholder, (ii) the transmission of information by you, or (iii) resulting from any breach by you of this Agreement.

C. Limitation of Liability. The liability, if any, of NOVA or Member under this Agreement for any claims, costs, damages, losses and expenses for which they are or may be legally liable, whether arising in negligence or other tort, contract, or otherwise, will not exceed in the aggregate the amount of fees paid by you, less interchange and assessments, over the previous 12 month period, calculated from the date the liability accrued. In no event will NOVA, Member or their agents, officers, directors or employees be liable for indirect, special, or consequential damages.

D. Performance. NOVA and Member will perform all services in accordance with this Agreement. NOVA makes no other warranty, express or implied, regarding the services, and nothing contained in the Agreement will constitute such a warranty. **NOVA disclaims all implied warranties, including those of merchantability and fitness for a particular purpose.** No party will be liable to the other parties for any failure or delay in

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its performance of this Agreement if such failure or delay arises out of causes beyond the control and without the fault or negligence of such party.

10. Representations and Warranties.

You represent and warrant to NOVA and Member the following:

A. Information. All information contained on the Application or any other document submitted to NOVA is true and complete and properly reflects the business, financial condition, and principal partners, owners, or officers of Merchant. You are not engaged or affiliated with any businesses, products or methods of selling other than those set forth on the Application, unless you obtain the prior written consent of NOVA.

B. Corporate Power. Merchant and the person signing this Agreement have the power to execute and perform this Agreement. Merchant represents and warrants that the person executing this Agreement is duly authorized to bind Merchant to all provisions of this Agreement, and that such person is authorized to execute any documents and to take any action on behalf of Merchant that may be required by NOVA or Member, now or in the future. This Agreement will not violate any law, or conflict with any other agreement to which you are subject.

C. No Litigation. There is no action, suit or proceeding pending or to your knowledge threatened which if decided adversely would impair your ability to carry on your business substantially as now conducted or which would adversely affect your financial condition or operations. You have never been placed on the MasterCard MATCH system or the Combined Terminated Merchant File.

D. Transactions. All transactions are bona fide. No transaction involves the use of a Card for any purpose other than the purchase of goods or services from you and does not involve a Cardholder obtaining cash from you unless allowed by the Rules and agreed in writing with NOVA.

E. Rule Compliance. You will comply with the Laws and Rules.

11. Audit and Financial Information.

A. Audit. You authorize NOVA and Member to audit your records to confirm compliance with this Agreement. You will submit a copy of your latest audit of your business when requested by NOVA or Member. Merchant acknowledges that they have a continuing obligation to provide quarterly reporting to NOVA detailing the funds on hold for gift certificates and gift cards processed under this Agreement. Specifically, the quarterly reporting must contain information on how the Merchant reconciles the cash in the bank to what the Merchant has outstanding with sufficient detail to identify what items the Merchant has taken to the bottom line

to reconcile from prior periods. This report is currently known as the Bank Reconciliation Report.

B. Financial Information.

i. Authorizations. You authorize NOVA and Member to make any credit inquiries they consider necessary to review the acceptance of this Agreement. You also authorize any person or credit reporting agency to compile information to answer those credit inquiries and to furnish that information to them.

ii. Documents. You will provide NOVA and Member financial statements and other financial information as requested from time to time. You will furnish within 120 days after the end of each fiscal year to NOVA and Member a financial statement of profit and loss for the fiscal year and a balance sheet as of the end of the fiscal year.

12. Third Parties.

A. Services. You may be using special services or software provided by a third party to assist you in processing transactions, including authorizations and settlements, or accounting functions. You are responsible for ensuring compliance with the requirements of any third party in using their products. This includes making sure you have and comply with any software updates. NOVA has no responsibility for any transaction until that point in time NOVA receives data about the transaction.

B. Use of Terminals Provided by Others. You will notify NOVA immediately if you decide to use electronic authorization or data capture terminals provided by any entity other than NOVA or its authorized designee ("third party terminals") to process transactions. If you elect to use third party terminals, you agree (1) the third party providing the terminals will be your agent in the delivery of Card transactions to Member via Visa Net or a similar data processing system or network; and (ii) to assume full responsibility and liability for any failure of that third party to comply with the Rules or this Agreement. Neither Member nor NOVA will be responsible for any losses or additional fees incurred by you as a result of any error by a third party agent or a malfunction in a third party terminal.

13. Term and Termination.

A. Term. The Agreement will become effective on the date Member executes this Agreement ("Effective Date"). The Agreement will remain in effect for a period of 1 year ("Initial Term") and will renew for successive 1 year terms ("Renewal Term") unless terminated as set forth below.

B. Termination.

i. Without Cause. The Agreement may be terminated by any party to be effective at the end of the Initial Term or any Renewal Term by giving written notice of its intent not to renew at least 90 days before the end of the current term.

ii. With Cause. The appropriate party may terminate this Agreement immediately upon the occurrence of an Event of Default, defined below. Notice of termination may be given orally or in writing, but if given orally will be confirmed in writing. Termination will be effective on the date specified by the notice.

C. Events of Default. The following will constitute an Event of Default

i. Excessive Event. The occurrence of Excessive Activity.

ii. Mail or Telephone Orders. Accepting mail or telephone orders or EC transactions without NOVA's prior consent.

iii. Nonpayment. You do not pay NOVA or Member any amount you owe NOVA or Member.

iv. Adverse Financial Condition. Your financial condition materially changes adversely.

v. Garnishment. Your deposit accounts with Member, the Merchant Account, or any of your property in the possession of NOVA or Member is garnished or attached.

vi. Asset Assignment. You assign your assets generally for the benefit of creditors.

vii. Bankruptcy. A proceeding is commenced by or against you under any bankruptcy, insolvency or similar law seeking an order to adjudicate you bankrupt or insolvent or other relief with respect to you or your debts, or seek appointment of a receiver or similar official for you or for any substantial part of your assets.

viii. Breach. A party fails to perform a material obligation of this Agreement including but, not limited to, those items set forth in Sections 13.C.ii. through 13.C.vi. above, and such failure continues for a period of 30 days after the breaching party receives notice of the breach unless a lesser time is provided for under the Rules.

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ix. False Representation. Any representation and warranty by a party is or becomes false or misleading in any material respect as of the date made, or becomes false or misleading at any time during the term of this Agreement.

x. Third Party Action. Visa or MasterCard requires Member or NOVA to terminate this Agreement or cease processing transactions.

D. Action upon an Event of Default. Upon the occurrence of an Event of Default, NOVA may take the following action:

- i. suspend processing privileges and terminate this Agreement,
- ii. create a Reserve Account, or
- iii. any other reasonable action deemed necessary by NOVA or Member to protect their interests.

E. Action upon Termination.

i. Terminated Merchant File. You acknowledge that Member and/or NOVA is required to report your business name and the name of Merchant's principals to Visa and MasterCard when Merchant is terminated due to the reasons listed in the Rules. You will waive and hold harmless NOVA and Member for all claims and liabilities you may raise as a result of such reporting.

ii. Merchant Account. All your obligations regarding accepted Sales Drafts will survive termination. You must maintain in the Merchant Account and the Reserve Account enough funds to cover all chargebacks, deposit charges, refunds and fees incurred by you for a reasonable time but, in any event, not less than the time specified in this Agreement. You authorize Member to debit those accounts, or any other account maintained under this Agreement, for all such amounts. If the amount in the Merchant Account and Reserve Account is not adequate, you will pay Member and NOVA the amount you owe them upon demand, together with all costs and expenses incurred to collect that amount, including reasonable attorneys' fees.

iii. Equipment. Within 20 business days of the date of termination, you must return all equipment owned by NOVA and immediately pay NOVA any amounts you owe it for equipment costs.

iv. Early Termination. If you terminate this Agreement before the end of the Initial Term, you will immediately pay us, as liquidated damages, an early termination fee equal to: 10% of the Anticipated Fee if you terminate this

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Agreement in the first 12 months immediately after the Effective Date. "Anticipated Fee" means an amount equal to the monthly NOVA Processing Fee set forth in the Schedule of Fees, multiplied by the number of remaining months in the Initial Term of the Agreement. You agree that the early termination fee is not a penalty, but rather is reasonable in light of the financial harm caused by your early termination.

14. Compliance With Laws And Rules. You agree to comply with all rules and operating regulations issued from time to time by MasterCard and Visa and any policies and procedures provided by Member or NOVA (collectively, the "Rules"). The Rules are incorporated into this Agreement by reference as if they were set forth in this Agreement. You further agree to comply with all applicable state, federal and local laws, rules and regulations (collectively, the "Laws"), as amended from time to time affecting acceptance of the cards, processing of card transactions, and the transactions contemplated by this Agreement. You will assist Member and NOVA in complying in a complete and timely manner with all Laws and Rules now or hereafter applicable to any Card transaction or this Agreement. You will execute and deliver to Member and NOVA all such instruments they may from time to time reasonably deem necessary,

15. Use of Trademarks and Confidentiality.

A. Use of Trademarks. Your use of Visa and MasterCard marks will fully comply with the Rules. Your right to use the Visa and MasterCard mark will terminate upon termination of this Agreement. Your use of Visa, MasterCard or other cards' promotional materials will not indicate, directly or indirectly, that Visa or MasterCard endorse any goods or services other than their own and you may not refer to Visa or MasterCard in stating eligibility for your products or services.

B. Confidentiality.

i. Cardholder Information. You will not disclose to any third party Cardholders' account information or other personal information except to an agent of yours assisting in completing a Card transaction, or as required by law. You must keep all systems and media containing account, Cardholder, or transaction information (physical or electronic including, but not limited to, account numbers, card imprints and TIDs) in a secure manner to prevent access by or disclosure to anyone other than your authorized personnel. You must destroy all material containing Cardholders' account numbers, Card imprints, Sales Drafts, credit vouchers and carbons (except for Sales Drafts maintained in accordance with this Agreement, Laws, and the Rules). Further, you must take all steps reasonably necessary to ensure Cardholder information is not disclosed or otherwise misused. You may not retain or store magnetic stripe of CVV2 data after authorization.

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ii. Prohibitions. You will not use for your own purposes, will not disclose to any third party, and will retain in strictest confidence all information and data belonging to or relating to the business of NOVA (including without limitation the terms of this Agreement), and will safeguard such information and data by using the same degree of care that you use to protect your own confidential information.

C. Return to NOVA. All promotional materials, advertising displays, emblems, Sales Drafts, credit memoranda and other forms supplied to you and not purchased by you or consumed in use will remain the property of NOVA and will be immediately returned to NOVA upon termination of this Agreement. You will be fully liable for any and all loss,

cost, and expense suffered or incurred by NOVA, arising out of or resulting from any failure to return or destroy such materials following termination.

16. General Provisions.

A. Entire Agreement. This Agreement, including the Schedule of Fees, the completed Application, the Rules, and any amendment or supplement to this Agreement made in accordance with the procedures set forth in Section 16.K. below constitutes the entire agreement between the parties, and all prior or other agreements or representations, written or oral, are merged in and superseded by this Agreement.

B. Governing Law. This Agreement will be governed by the laws of the State of Georgia, except that Section 16.F shall be governed by the Federal Arbitration Act. The parties agree that all performances and transactions under this Agreement will be deemed to have occurred in Georgia and that Merchant's entry into and performance of this Agreement will be deemed to be the transaction of business within the State of Georgia.

C. Exclusivity. During the initial and any renewal term of this Agreement, you may enter into an agreement with any other entity that provides credit card or debit card processing services similar to those provided by NOVA and Member as contemplated by this Agreement without NOVA's prior written consent, provided, however that you give written notice to NOVA within 7 business days of entering into such an agreement.

D. Construction. The headings used in this Agreement are inserted for convenience only and will not affect the interpretation of any provision. The language used will be deemed to be the language chosen by the parties to express their mutual intent, and no rule of strict construction will be applied against any party.

E. Assignability. This Agreement may be assigned by Member or NOVA, but may not be assigned by Merchant directly or by operation of law, without the prior written consent of Member and NOVA.

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F. Arbitration. All claims or controversies, or other matters in question, between the parties arising out of or related to this Agreement or the relationship between the parties that are not otherwise settled by agreement of parties will be submitted to and decided by arbitration held in Atlanta, Georgia in accordance with the rules of the American Arbitration Association. The arbitrator will have the authority to award any remedy or relief that a court in Georgia could order or grant, including, without limitation, specific performance, issuance of an injunction, or imposition of sanctions for abuse or frustration of the arbitration process. The parties agree that the underlying Agreement between the parties involves interstate commerce and that, notwithstanding the choice of law provision in Section 16.B, any arbitration shall be governed by the Federal Arbitration Act.

G. Notices. Any written notice under this Agreement will be deemed given upon the earlier of (i) actual receipt or (ii) five days after being deposited in the United States mail, and addressed to the last address shown on the records of the sender.

H. Bankruptcy. You will immediately notify Member and NOVA of any bankruptcy, receivership, insolvency or similar action or proceeding initiated by or against Merchant or any of its principals. You will include Member and NOVA on the list and matrix of creditors as filed with the Bankruptcy Court, whether or not a claim may exist at the time of filing, and failure to do so will be cause for immediate termination or any other action available to NOVA under applicable Rules or Law. You acknowledge that this Agreement constitutes an executory contract to make a loan, or extend other debt financing or financial accommodations to or for the benefit of you, and, as such, cannot be assumed or assigned in the event of your bankruptcy.

I. Attorney's Fees. Merchant will be liable for and will indemnify and reimburse Member and NOVA for all attorneys' fees and other costs and expenses paid or incurred by Member and NOVA in the enforcement of this Agreement, or in collecting any amounts due from Merchant to Member or NOVA or resulting from any breach by Merchant of this Agreement.

J. Customer Contact. You authorize Member and NOVA to contact your customers if they determine that such contact is necessary solely to find out information about any Card transaction between you and the customer.

K. Amendments. Member and NOVA may propose amendments or additions to this Agreement including but, not limited to, changes in interchange, fees, assessments, and the Rules. Member or NOVA will inform you of a proposed change in a periodic statement or other written notice. You will be deemed to have agreed to the change if you continue to present transactions to Member and NOVA after 30 days following the mailing of the notice. Notwithstanding the previous sentence, changes to fees authorized by this Agreement will be effective upon notice to you, unless a later effective date is provided.

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L. Severability and Waiver. If any provision of this Agreement is illegal, the invalidity of that provision will not affect any of the remaining provisions and this Agreement will be construed as if the illegal provision is not contained in the Agreement. Neither the failure nor delay by Member or NOVA to exercise, or partially exercise, any right under this Agreement will operate as a waiver or estoppel of such right, nor shall it amend this Agreement. All waivers must be signed by NOVA.

M. Independent Contractors. NOVA, Member and Merchant will be deemed independent contractors and none will be considered agent, joint venturer or partner of the other.

N. Employee Actions. NOVA and the Merchant are responsible for their respective employees' actions while in their respective employ.

O. Survival. All provisions that by their context are intended to survive termination of this Agreement will so survive.

NBO Systems, Inc.

By: /s/ C. Foley

Name: Christopher Foley

Title: CFO

Date: 10/4/04

NOVA Information Systems, Inc.

By: /s/ Timothy Miller

Name: Timothy Miller

Title: SVP

Date: 10/18/04

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NBO Systems, Inc.

By: /s/ C. Foley

Title: CFO

Date: 10/4/04

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

[NBO Systems, Inc. Logo]

[Children's Heroes Logo]

MERCHANT PARTICIPATION AGREEMENT

This Agreement is entered into as of 10-25, 2004 ("Effective Date"), by and between NBO Systems, Inc., ("NBO") also doing business as Children's Heroes, located at 3676 W. California Avenue, Bldg. D, Salt Lake City, Utah 84104, and [* * *] ("Merchant") with business locations as provided herein, collectively referred herein as the ("Parties").

In consideration of the mutual covenants provided herein, both Parties agree to and accept the terms as follows:

1. **The Merchants:** This agreement covers the following Merchants: Ultimate Electronics and Sound Track
 2. **The Programs:** The Merchant agrees to participate in NBO programs as set forth in this Agreement. This includes the Children's Heroes community fundraising program involving schools, churches, youth sports groups and other non-profit organizations ("NBO customers") It also includes business-to-business incentive programs with NBO corporate and Mall clients ["NBO customers"]. Participation in the NBO program as defined in this agreement requires Merchant to provide NBO a discount/rebate in the amount agreed upon and as stated herein. NBO customers agreement with NBO allows NBO customers to purchase gift certificates, gift cards and other Stored Value financial instruments from NBO for redistribution to NBO customers at full retail face value, with the NBO customers earning a rebate or discount as revenue. The Merchant rebate/discount will be split between NBO and NBO customers participating in the programs.
 3. **The Products:** The products to become an integral part of this agreement include the following, unless otherwise agreed upon in writing:
 - a. **Corporate Incentive Card, Mall Incentive Card, Community Scrip Card:** A Stored Value Card that will be honored by multiple merchants participating in NBO programs. Processed and billed on a major credit / debit card platform just like consumer credit cards. Such Stored Value Card shall be issued by NBO to NBO customers, which in turn may redeem the value on the Stored Value Card at participating merchant locations, including those of Merchant.
 4. **The Rebate/Discount:** The Stored Value Card may be used at the locations of participating merchants, including that of Merchant. To the extent an NBO customer uses or redeems the Stored Value Card at a Merchant location, Merchant agrees to contribute a rebate/discount of the following % based on the Gross amount of the transactions at all participating Merchant locations. The rebate/discount applies to each product identified in paragraph 3 above and is determined on a graduated basis in accordance with the purchase volume achieved in a given calendar year.

[* * *]
 5. **The Payment:** The Merchant agrees to participate in NBO programs identified in paragraph 2 above by accepting Stored Value Cards distributed by NBO and used or redeemed by NBO customers at Merchant locations. The Merchant agrees to pay NBO the rebate/discount disclosed in paragraph 3 above, which amount will be paid on the gross amount of all transactions. NBO will track the use of Stored Value Cards issued by it and the dollar amount of purchases at Merchant's stores. NBO will report such gross sales to Merchant together with an invoice for the rebate percentage applicable to such gross sales. The rebate/discount will be paid by Merchant within thirty days of its receipt of invoice. NBO shall retain accurate books and records tracking such sales and rebates owed by Merchant and shall provide supporting documentation at Merchant's request.
 6. **The Term:** The term of this agreement is perpetual and will remain in effect until either party provides 30 days written notification of its intent to terminate. Either party may terminate the agreement at any time, with or without cause, by such 30 day notice. Nothing herein obligates the parties to refrain from terminating this agreement for any period of time.
-
7. **Advertising:** NBO may use Merchant's name in its sales and marketing, advertising or promotion of the relationship between the parties, solely with Merchant's prior written approval. Any mass media advertisements or promotions using Merchant's name, logos or proprietary trademarks of Merchant shall require prior Merchant approval, which shall not be unreasonably withheld.
 8. **Indemnification:** NBO shall indemnify and hold harmless Merchant from and against any and all liability, claims, damages, judgments, fines, amounts paid in settlement, losses, costs or expenses, including reasonable attorneys' fees ("Losses") resulting from any NBO breach of this agreement, or violation of law, or any tortious conduct. In no event shall either party be liable to the other party for any consequential, incidental, punitive, special or indirect damages of any kind. Merchant shall not be responsible for any Losses resulting from lost or stolen Stored Value cards, or any fraudulent activity with respect to their issuance, use, or redemption. NBO shall indemnify Merchant from any Losses resulting from the foregoing.
 9. **Independent Contractors:** The parties hereto are independent contractors. Nothing in this agreement shall be construed to create a employment, partnership or agency relationship between the parties. Except as otherwise expressly stated in Exhibit B attached hereto, NBO shall not make any representations or warranties, or enter into any agreement or assume any obligation, on behalf of Merchant.

10. **Governing Law:** This Merchant Participation Agreement shall be construed and governed by the laws of the State of Colorado, without regard to conflicts of law principles thereof.

11. **Entire Agreement:** This Merchant Participation Agreement including all attachments hereto, constitutes the entire agreement between the parties, and supersedes all prior agreements, whether written or oral, regarding the subject matter of this agreement. This agreement may not be modified except in writing by authorized representatives of each party.

Upon signature, the Parties agree with and accept all terms and conditions as stated herein.

[* * *] /s/ Chris Hutcherson

Signature (Merchant)

Signature (NBO Systems, Inc.)

[* * *]

Print Name

Chris Hutcherson [Children's Heroes Logo]

Print Name

C.F.O.

Print Title

Senior V.P.

Print Title

EXHIBIT A

NBO / Children's Heroes Fundraising Program INFORMATION SHEET

[NBO Systems, Inc. Logo]

[Children's Heroes Logo]

Business Contact Information	
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[* * *]

Name of Company

9/24/04

Date of Enrollment

[* * *]

Name of Store (DBA)

54/11

of Locations

[* * *]

Owner or Authorized Agent Name

[mike.denuzzi@ulte.com]

Email Address

[* * *]

Corporate Office Address

[* * *]

Website URL Fax #]

EXHIBIT B

AUTHORIZATION FOR RELEASE OR DEBIT CARD TRANSACTION DATA

The undersigned makes this authorization in connection with the undersigned's enrollment and registration as a participating merchant partner in the Children's Heroes™ and related NBO loyalty programs (referred to collectively below as the "Program"). NBO Systems, Inc. ("NBO") either directly or through an appointed agent, is required to perform certain services in connection with the Program, including the initial processing of any data received from NBO's participating merchant partners through the VISA/MasterCard bank card and/or commercial issuer interchange network(s). To facilitate the establishment of these data and/or telecommunications links, the undersigned, by its signature below, authorizes NBO, its employees and/or appointed agents (referred to below collectively as "Agent") as follows:

1. The undersigned authorizes and directs Agent to represent and act for the undersigned before its settlement bank, settlement processor, authorization network processor, information technology department and others within the VISA/MasterCard bank card and/or commercial issuer interchange network(s) for the limited purpose of obtaining electronic authorization and capture/settlement of debit card transaction data of the undersigned as contemplated under the Program, subject to the limitations of the Program and as set forth below.
2. The undersigned authorizes and directs the acquirer of its debit card transactions to report and deliver its transaction data to the Agent and to cause and/or direct the clearing and settlement agents within the VISA/MasterCard bank card and/or commercial issuer interchange network(s), as applicable, to report transaction data to the Agent, through a telecommunications link with or to the Agent; *provided that* Agent shall discard

and make no use of the undersigned's transaction data for consumer transaction data for consumers who are not consumers enrolled or participating in the Program except at the undersigned's separate, specific and written authorization or request to Agent.

3. The undersigned authorizes NBO to use the undersigned's transaction data as contemplated by and in furtherance of the objectives of the Program, subject to any limitations contained in Program and NBO's and the undersigned's privacy policy, as the same may be amended from time to time at NBO's or the undersigned's discretion and in accordance with applicable law. The undersigned further authorizes Agent to process and use the data in accordance with the foregoing purposes and subject to the foregoing limitations, including qualification of transactions for consumer participants and participating merchant members in the Program.
4. The undersigned acknowledges that it will remain responsible for any fees imposed by its settlement bank, settlement processor, authorization network processor, or information technology department in connection with the transmission of data to Agent.
5. Agent confirms and agrees that it will only use transaction data provided to it in connection with the Program for purposes of fulfilling its obligations to NBO and the undersigned in connection with the Program and shall be consistent with NBO's and the undersigned's privacy policy.
6. This authorization may be executed in two or more counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.
7. NBO and Agent shall at all times treat transaction, financial, and customer information obtained and/or processed as a result of the Program in strict confidence. Such information shall be deemed to be the confidential information of the undersigned, and shall not be used or disclosed except as expressly authorized herein.

ACKNOWLEDGED AND AGREED to as of Sept. 27, 2004

[* * *]
[* * *]

Print Name
C.F.O.
Print Title

/s/ Chris Hutcherson
Chris Hutcherson [Children's Heroes Logo]

Print Name
Senior VP
Print Title

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

LETTER OF INTENT

This LETTER OF INTENT (this "LOI") is entered into effective as of NOVEMBER 9, 2004 (the "Effective Date") by and between NBO Systems, Inc., a Maryland Corporation ("NBO"), with its principal place of business at 3676 W. California Avenue, Building D, Salt Lake City, Utah 84104, and GREAT LAKES SCRIP CENTER, L.L.C. ("GLSC"), with an address of 2111 44th Street Southeast, Grand Rapids, Michigan, 49506. NBO and GLSC are sometimes each referred to herein as a "Party" and collectively the "Parties".

RECITALS:

A. NBO is in the business of developing, marketing, owning and operating remote distribution and processing systems for gift cards, gift certificates, gift rights, vouchers, and other instruments allowing the giving of a right to receive a credit toward the purchase of merchandise or services.

B. GLSC is in the business of selling and distributing Scrip and related products to non-profit organizations.

C. The Parties desire to enter into a Pilot Relationship whereby GLSC will utilize NBO's Community Scrip Card ("CSC") for sale and distribution as further defined herein.

D. The Parties desire to evaluate the Pilot Relationship upon its conclusion and, based upon its success, enter into a formal licensing/distribution agreement, the details of which are yet to be defined, and will be executed by separate agreement.

NOW, THEREFORE, In consideration of the premises set forth above, the mutual promises, covenants, agreements and benefits set forth herein below, and for other good and valuable consideration, the Parties agree as follows:

1. That the Parties enter into this LOI as of the Effective Date listed above, with a Pilot Relationship Term ("PRT") beginning as soon as Discover Card Stock (encoded and embossed) is available, and ending not sooner than three months after the start of the PRT. The PRT can be extended beyond the initial three month term through the Parties' mutual written consent.

2. Upon the end of the PRT, the Parties agree to enter negotiations towards the establishment of a formal licensing and distribution agreement. The Parties may embark on such negotiations before the end of the PRT, as they deem necessary.

3. PRT Overview

i. GLSC will designate up to three (3) states as the target market for the PRT. Per recent discussions with GLSC, NBO expects the three states to be California, Iowa, and Minnesota.

ii. Card volumes for the PRT are to be determined, but NBO's expectation is that at least [* * *] cards will be required for the PRT.

iii. During the PRT, NBO and GLSC agree to share sales data, including number of cards delivered to GLSC, and number and denominations of cards delivered to schools in target market states.

iv. The card design for the PRT is the existing NBO CSC design, as shown to GLSC during NBO's Oct 13 2004 visit. NBO is willing to redesign the card to suit GLSC's needs after the PRT, provided that NBO's branding features retain a significant presence on the cards.

v. The current CSC cards are branded Discover prepaid credit cards, with the Discover logo and security marks on the card front.

vi. After the PRT, NBO and GLSC may agree to enable direct sales via the internet or NBO's call center.

4. Economics

i. GLSC will purchase cards from NBO at [* * *].

ii. GLSC may sell the cards in their target market at [* * *]; NBO's expectation is that GLSC will sell cards at a [* * *]

iii. [* * *]

iv. [* * *]

v. [* * *]

vi. [* * *]

vii. [* * *]

5. CSC Details

i. CSC cards are redeemable only at outlets of merchants who participate in the CSC program.

ii. NBO will provide GLSC a baseline list of participating merchants and will supply regular updates to that list.

iii. [* * *]

iv. CSC card denominations for the PRT will be [* * *].

v. NBO to provide cards to GLSC with expiration months set 8 months later than card encoding month. The intent here is to ensure that the cards have no fewer than 6 months worth of valid use when GLSC activates the cards. NBO may adjust the absolute longevity of the cards as necessary, with the continuing intent that the cards have at least 6 months of valid use when GLSC activates the cards.

vi. GLSC will make an initial announcement to all Scrip Coordinators in the three-state pilot area and will send periodic reminders to those clients during the PRT.

vii. [* * *]viii. [* * *]In particular instructing GLSC's customers to ensure that Terms and Conditions sheets accompany every card, per Discover association regulations.

6. Logistics

i. [* * *]

ii. [* * *]If GLSC requires additional activation centers, costs for those centers to be negotiated between the Parties

iii. [* * *]

iv. GLSC activates the cards as necessary in response to GLSC's customers' orders.

v. GLSC ships activated cards, along with collateral material, to GLSC's customers.

IN WITNESS WHEREOF, the Parties have entered into this LOI as of the Effective Date listed above.

Great Lakes Scrip Center

:

By: /s/ Jack Smith
Name Jack Smith
Title President

DATED: 11/9/04

NBO Systems, Inc.:

By: /s/ Christopher Foley
Christopher Foley
Chief Financial Officer

DATED: 11/9/04

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

ADDENDUM TO INTERNET GIFT CARD(S) AGREEMENT

THIS ADDENDUM ("Addendum") to the INTERNET GIFT CARD(S) FULFILLMENT AGREEMENT dated April 1, 2001 is entered into and is effective as of August 8, 2004 (the "Effective Date") by and between NBO Systems, Inc., a Maryland Corporation ("NBO"), with its principal place of business at 3676 W. California Avenue, Building D, Salt Lake City, Utah 84104, and Darden GC Corp, with offices located at 6100 Lake Ellenor Dr., Orlando, FL 32809. NBO and the Darden GC Corp are sometimes each referred to herein as a "Party" and collectively as the "Parties."

WHEREAS, the Parties have previously entered into the Internet Gift Card(s) Agreement dated April 1, 2001 for the operation of Internet fulfillment for Darden GC Corp gift cards ("Agreement"); and

WHEREAS, the Parties agree to further amend said Agreement as specified herein;

NOW THEREFORE, In consideration of the mutual covenants contained herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. All references to GMRI, Inc. or Operator shall be referred to as Darden GC Corp. Hereinafter "Operator" shall mean Darden GC Corp.
2. The term of the Agreement originally set to expire on August 8, 2004 is hereby extended through August 8, 2005, subject to Darden GC Corp's right to terminate without cause upon ninety (90) days written notice ("Agreement Extension").
- 3 Except as otherwise expressly modified herein, the Agreement Extension shall be pursuant to the same terms and conditions of the Agreement as signed by both parties on April 1, 2001. Darden GC Corp and NBO agree to modify the original April 1 2001 terms of the agreement to [***].
4. This Agreement shall not be made effective until an authorized officer of each party signs the Agreement.
5. Except as expressly modified herein, all other terms of the Agreement shall remain unchanged and in full force and effect.

IN WITNESS WHEREOF, NBO and Darden GC Corp have executed this Addendum effective as of the date listed above.

Darden GC Corp

By: /s/ Steve E. Helsel

Signature

Name Steve E. Helsel

[illegible initial 11/04/04]

NBO SYSTEMS, INC.

By: /s/ Christopher Foley

Signature

Christopher Foley
Chief Financial Officer

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DARDEN GC CORP, Inc. Addendum

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

LEASE AMENDMENT #1

On December 8, 1999, 5B Bangerter L.L.C., as Landlord, and Neighborhood Box Office, Inc. a Utah Company, entered into a Lease Agreement (the "Lease") covering the premises commonly known as an approximate 28,800 rentable square foot flex space at Wasatch Corporate Park, 3676 West California Avenue, Suite D-100, Salt Lake City, being situated in Salt Lake County, in the state of Utah.

The Landlord and Tenant desire to amend said lease. The Lease shall be and is hereby amended as follows:

REF #6 "Monthly Rental Installments" to read:

[* * *]

All other terms and conditions of the original lease are hereby ratified and affirmed.

This Amendment has been prepared for submission to your attorney for their approval. No representation or recommendation is made by the Lessor or Its agents or employees as to the legal effect or tax consequences of this Lease Amendment or the transaction relating thereto.

LESSOR:
5B Bangerter L.L.C.
Office, Inc.
By: /s/ Chris R. Stephens
Its: President
Name: Chris R. Stephens
Date: 10/27/04

LESSEE:
Neighborhood Box Office, Inc.

By: /s/ James Hyde
Its: COO/CTO
Name: James Hyde
Date: 10/25/04

CONFIDENTIAL TREATMENT HAS BEEN REQUESTED FOR CERTAIN REDACTED PROVISIONS OF THIS AGREEMENT. THE REDACTED PROVISIONS ARE INDICATED BY THREE ASTERISKS ENCLOSED BY BRACKETS AND UNDERLINED. THE CONFIDENTIAL PORTIONS HAVE BEEN FILED SEPARATELY WITH THE SECURITIES AND EXCHANGE COMMISSION.

**Stored Value Product Agreement between
Adaptive Marketing LLC
and
NBO Systems, Inc.**

THIS AGREEMENT,

dated as of November 19, 2004 (the "Effective Date"), is by and between **Adaptive Marketing LLC**, a Delaware limited liability company ("Adaptive"), with offices located at 680 Washington Boulevard, 11th Floor, Stamford, Connecticut 06901, and **NBO Systems, Inc.** ("Vendor"), with offices located at 3676 W. California Avenue, Building D, Salt Lake City, Utah 84104. Adaptive and Vendor may be referred to hereinafter together as the "Parties" and individually as a "Party".

WHEREAS,

Vendor is in the business of developing, marketing, owning and operating remote distribution, fulfillment and processing systems for stored value cards, reward/incentive/promotional programs, Gift Cards, gift certificates, gift rights, vouchers, and other instruments (collectively "Stored Value Products" or "SVPs") allowing the giving of a right to receive a credit toward the purchase of merchandise or services.

WHEREAS,

Adaptive designs and markets various membership programs that offer rebates and/or other benefits ("Programs") to certain Program participants ("Members");

WHEREAS,

Adaptive wishes to offer to certain of its Members the ability to purchase from Adaptive the SVPs and receive a commission for a portion of the purchase price of the SVPs (the "Benefit"); and

WHEREAS,

Vendor wishes to provide Adaptive the ability to purchase Vendor SVPs under the financial terms identified herein, for use by Members pursuant to this Agreement;

NOW,

THEREFORE, in consideration of the mutual promises and covenants contained herein, the receipt and sufficiency of which are hereby acknowledged, the Parties hereby agree as follows:

1. SVP Cards.

(a) During the Term (as hereinafter defined) and as provided herein, Vendor agrees to sell to Adaptive, and Adaptive agrees to purchase SVPs from Vendor in those denominations and under such terms as set forth in **Exhibit A**, annexed hereto, which is incorporated by reference herein and made a part hereof.

(b) Adaptive will submit SVP purchase orders to Vendor in the minimum amounts in accordance with **Exhibit A, Item 1**. Inactive SVP Cards will be shipped from Vendor via trackable ground delivery method to Adaptive at Vendor's sole expense within three (3) business days of the date Adaptive submits such purchase order in accordance with **Exhibit A** attached to this Agreement. In the event that Adaptive requires a rush shipment of SVPs, such SVPs will be shipped via the common carrier of Adaptive's choice, and at Adaptive's expense. Adaptive accepts sole and full responsibility, financially and otherwise, for all inactive SVPs once received via a trackable method from Vendor. Adaptive shall use all reasonable efforts to secure inactive SVP inventory. For the purposes of this Agreement, an "inactive" SVP shall be a stored value card pre-denominated with a redemption number, but without a present ability to use or redeem the SVP until such time that Adaptive contacts Vendor and authorizes Vendor to activate a pre-determined range of SVP numbers. At such time, said range of then activated SVP Cards will be ready for immediate Member use, subject to receipt of good funds as specified in paragraph 1.d. below.

(c) Vendor will use its best efforts to supply Adaptive with such specific products, services and pricing, which will differ on case-by-case basis, as Adaptive may require from time to time. Vendor reserves the right to change or modify its products or services as needed or

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mandated without prior approval from Adaptive, unless such change or modification affects the pricing particular to products or services provided to Adaptive, as defined by the applicable Exhibit to this Agreement. Such product or service changes or modifications requiring pricing changes shall be agreed upon by the Parties prior to implementation by Vendor, and shall be adopted by Amendment to the applicable Exhibit in this Agreement.

(d) Adaptive shall submit a written request for SVP activation, which may be transmitted to Vendor electronically by email or fax. Along with said request, Adaptive shall make payment to Vendor via ACH or wire transfer according to the terms and conditions identified in **Exhibit A** and 1(g) below.

(e) Adaptive agrees that the pricing contained in **Exhibit A** is based upon a minimum annual purchase of [*** * ***] SVPs, based on the Effective Date defined above. Minimum quantity per order for inactive SVPs shall be [*** * ***] SVPs. In the event that Adaptive does not meet the minimum annual purchase requirement upon the first anniversary of the Effective Date of this Agreement, Vendor's only recourse shall be: (a) to cancel this Agreement upon ninety (90) days' written notice and retain all earned but unpaid Adaptive revenue sharing; or (b) to reserve the right to renegotiate the financial terms in **Exhibit A** to reflect actual Adaptive SVP purchase volume on a going forward basis.

(f) Vendor agrees to allow Adaptive to create and implement one (1) private labeled SVP design, at no cost to Adaptive, pursuant to the terms set forth in the attached **Exhibit A**. Additional private-label SVPs will be created and implemented by Vendor at a minimum cost to Adaptive of [*** * ***]. Complex custom design costs may exceed [*** * ***]. Said costs will be approved by both Parties in writing before a production order is placed by Vendor for said custom SVP design.

(g) Vendor acknowledges and agrees that Adaptive may: (i) resell the SVPs to Members at a discounted rate off the face value of each SVP, which discounted rate shall be determined by Adaptive in its sole discretion; (ii) resell the SVPs to Members at face value of each SVP and then, at the end of the month, credit/rebate a portion (to be determined by Adaptive in its sole discretion) of the SVPs face value back to the Members' account used to purchase the SVP; (iii) limit the number of SVPs each Member may purchase from Adaptive during a membership year; (iv) give the SVPs to Members free of charge. In all cases listed herein, Adaptive shall ensure Vendor receives full payment in good funds via ACH or wire transfer for the full face value of all SVPs sold or distributed to Members by Adaptive on the same day

SVPs are sold or distributed to Members. If full payment is not received within 24 hours of distribution or sale, Vender reserves the sole right to de-activate any/all SVPs sold or distributed for which full payment has not been received.

(h) SVPs shall be in the form and of materials specified by Vendor and Vendor's associated processing partners as described in **Exhibit A**. All SVPs issued will include the Terms and Conditions document that apply to use of that specific SVP. SVPs may be used in whole or in part for purchasing merchandise and/or services up to the amount of the initial value loaded, or the amount of available balance remaining on the SVP at that time, provided a Merchant follows the redemption procedures set forth by Vendor and/or the issuing bank/association. Vendor guarantees payment to such participating Merchant in accordance with the terms of this Agreement. Such redemption procedures shall be governed by processor, issuer and association regulations. Expiration terms and balance inquiry fees are defined in **Exhibit A**.

(i) SVPs issued per the terms of this Agreement can be used to purchase merchandise or services from any participating merchant applicable to the related SVP issuing bank/association. Neither Adaptive, nor any third party represented by Adaptive, shall have

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a financial obligation under the SVP Program to make any payments to merchants. Vendor, issuing bank/association and Vendor's SVP Program financial partner shall each retain the obligation to pay to appropriate participating merchants all or a portion of the purchase price of merchandise or services, depending upon the amount of the purchase made and the balance of available funds to be deducted from the SVP balance remaining at time of purchase. All SVPs issued or distributed by Adaptive, or a third party represented by Adaptive, shall include the Terms and Conditions document containing some or all of the following language, or language similar thereto, which is incorporated into this contract by reference:

"The Terms and Conditions are a contract between the holder, Vendor, the processing network and Adaptive. When presented to a participating merchant for the purchase of merchandise and/or services, Vendor has the obligation to pay the merchant all or part of the purchase price, to the extent of the remaining value of the SVP. The remaining value is equal to the initial value loaded on the SVP, less any previously used amounts, less any fees or charges deducted from the SVP balance by Vendor as detailed in the Terms and Conditions accompanying the SVP at time of issuance".

The following disclosures shall be prominently printed/displayed on the SVP and/or the Terms and Conditions provided with each SVP issued:

- SVP is not redeemable for cash.
- Subject to Expiration except where prohibited by law.
- For use at all participating stores that display the applicable association/ processing network logo.

(k) in addition to SVPs, Vendor may provide to Members such special offers or value-added offers as the Parties may agree in writing from time to time.

(l) Vendor shall use best efforts to provide Members with high quality, courteous service.

2.

Creative Materials. Adaptive shall, at its sole expense, design and print marketing materials used to communicate the availability of the Benefit to Members. Adaptive shall be responsible for its own sales, marketing, and promotional activities. Adaptive agrees to obtain Vendor' prior written approval, subject to issuing bank/association network approval, on the creatives for Adaptive materials (including, without limitation, printed brochures, letters, inserts, scripts, e-mail communications, coupons and Program web sites) containing Vendor or issuing bank/association

network trademarks, service marks, trade names and logos. Notwithstanding Vendor's approval, Adaptive shall remain solely responsible for such items and shall be solely responsible for sales, promotion, and marketing activities.

3.

Term; Termination; Effect of Termination. Unless earlier terminated as provided in Section 1(e), this Agreement shall be for an initial term of one (1) year commencing on the Effective Date (the "initial Term"). Thereafter, this Agreement shall automatically renew for successive terms of one (1) year each (a "Renewal Term"; each Renewal Term, if any, together with the Initial Term, the "Term") from the end of the Initial Term and any subsequent Renewal Term. This Agreement may be terminated by either Party (a) immediately, upon notice, in the event of fraud, bankruptcy, insolvency, liquidation or willful misconduct by the other Party, or (b) upon thirty (30) days' notice to the other Party in the event of a material breach by the other party that is not cured within such ten (10) day period (unless such breach is not susceptible to cure, in which case there shall be no cure period). Vendor agrees to fulfill all Adaptive orders for the SVPs prior to the effective date of termination of this Agreement, unless Vendor has notified Adaptive of a breach on the part of Adaptive and such breach remains uncured at the time.

4. Obligations of Vendor:

(a) Vendor shall obtain and maintain all necessary licenses and insurance to provide the SVPs and Vendor Products.

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(b) Certain depository and other bank accounts shall be established and managed by Vendor as described in **Exhibit B** annexed hereto, which is incorporated by reference herein and made a part hereof.

(c) Vendor shall provide the following support in order for Members to check account balances:

- Through the web site <http://www.myprepaidcard.info>, which shall be maintained by Vendor, at no charge to Adaptive;
- Through an automated voice response system, available 24 hours per day, 7 days per week and maintained by Vendor, at no charge to Adaptive, at a charge as specified in **Exhibit A** to the SVP holders account balance;
- Through a live Adaptive service representative, to be available during normal business hours, at a charge as specified in **Exhibit A** to the SVP holders account balance.

(d) Vendor shall fulfill all Adaptive orders for SVPs as stated herein, provided Adaptive is not in breach of this Agreement.

(e) Vendor shall provide Adaptive with prompt, written notice of any and all substantial changes to the SVP, including, but not limited to the addition or termination of Participating Merchants.

5. Obligations of Adaptive.

(a) Adaptive shall obtain and maintain during the continuance of this Agreement, reasonable general liability insurance adequate for its business activities in connection with this Agreement.

(b) During the Term, Adaptive shall conduct its business in accordance with all applicable Federal, state and local laws and regulations. Adaptive shall obtain and keep in force all permits and licenses required for Adaptive to conduct its business activities in connection with this Agreement.

6.

Press Release. Neither Party shall issue a press release revealing or discussing the existence or contents of this Agreement, or make any other public statement revealing or discussing the existence or contents of this Agreement, without first obtaining the prior written consent of the other Party.

7.

Standard Terms and Conditions. The Parties hereto shall comply with and be bound by the terms and conditions set forth in **Exhibit C** annexed hereto, which is incorporated by reference herein and made a part hereof. In the event of any inconsistency between the terms of this agreement and the terms of the attached **Exhibit C**, the terms of the attached **Exhibit C** shall govern.

IN WITNESS WHEREOF,

each of the Parties has caused this Agreement to be executed by its duly-authorized officer on the date first written above.

Adaptive Marketing LLC

NBO Systems, Inc:

Signed: /s/ Idaptive Marketing LLC

Signed: /s/ CFoley

By: Idaptive Marketing LLC

Title: CEO

Its: Sole Member

Date: 11/19/04

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Exhibit A

1. **SVPs, SVP Design.** Vendor will provide Adaptive a privately branded SVP Program under the following conditions:

a. SVPs shall be of standard credit card size and thickness, shall include no more than four (4) colors on the face of the SVP and one (1) color on the back of the SVP; a magnetic strips and signature panel on the back, and must conform to applicable issuing bank/association network specifications.

b. An SVP carrier ("Carrier" or "Packaging") shall be supplied with each SVP and shall include the SVP Terms and Conditions document.

c. Adaptive has full responsibility, financial or otherwise, for all losses associated with lost, stolen, or fraudulent activity of SVPs and Carriers entrusted to Adaptive.

d. Additional privately branded SVPs will be created for Adaptive by Vendor at a minimum charge of [* * *].

e. Customer acknowledges there is a production lead-time of approximately 90 days once SVPs are ordered.

f. Minimum SVP order or re-order is [* * *].

2. **Denominations.** SVPs will be sold to Adaptive by Vendor in [* * *] denominations. No additional denominations are contemplated by the Agreement or this **Exhibit A**.

3. **Service Fee.** [* * *].

4. **Adaptive Commission.** Adaptive will be entitled to a commission to be paid to Adaptive by Vendor, based upon [* * *].

5. **Payment of Commission by Vendor to Adaptive.** Adaptive, [* * *], as defined in Section 6(b) of this **Exhibit A**.

6. Expiration Terms and Balance Inquiry Fees

a. The SW expiration date is defined during the SVP production and encoding process and is indicated on the face of each SVP Card as a "Valid Thru" date. The SVP Card will expire on such "Valid Thru" date.

b. SVP Cards shall expire no more than six (6) months from the date of Account creation and shall not be extended. For the purposes of this Agreement, "Account creation" shall be defined as that time when Adaptive actually activates the SVPs. All costs associated with unused, expired and obsolete SVP Cards are the sole responsibility of Adaptive, based

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upon orders placed by Adaptive. All unused, expired and/or obsolete SVP inventory in possession of Adaptive shall be returned to Vendor at Adaptive sole expense. Vendor, upon receipt, shall destroy said SVPs.

c. The holder of the SVP shall be charged a fee of [* * *] against their SVP balance for use of the automated voice response Balance Inquiry telephone number.

d. The holder of the SVP Card shall be charged a fee of [* * *] against their SVP balance for Balance Inquiries conducted with a live Adaptive or Vendor service operator.

7. **Reports.** Vendor shall provide Adaptive with a unique login user id and password to access standard reports that detail the progress of the Parties' business relationship. Standard reports shall include, but not be limited to such reports that detail SVP purchases, SVP activations, aggregated SVP redemption-by-participating merchant data, and such additional reports as the Parties agree are normal and customary in the incentive and promotion business. In the event that Adaptive requests non-standard reports of any kind, Vendor will assess Adaptive a fee of [* * *]. Where a non-standard report is requested by Adaptive, Vendor shall make its best efforts to fulfill the requirements of such request and make such non-standard report available as quickly and efficiently as possible. Where Adaptive requests custom (currently non-existent) reports, such report development shall be made available to Adaptive at a cost of [* * *]. Such payments by Adaptive to Vendor must be made in advance of the reports release.

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EXHIBIT B
BANKING TERMS

The following described procedures will be implemented with the financial institutions after the Agreement is signed by both parties and prior to the issuance of any SVPs by Vendor.

1. **Depository Account.** Vendor shall establish a depository bank account (the "Depository Account") to accept payment for SVPs from Adaptive. Said payment may be by ACH (preferred) or wire. Funds deposited into the Depository Account shall be used for transfer of funds to accounts described below. Funds deposited into the Depository Account for the cost of SVPs shall be swept into Vendor's operating accounts at Vendor's discretion. Funds deposited into the Depository Account for the full SVP denomination shall be swept into the Settlement Account on a regular basis at a financial institution designated by Vendor. Service Fees owed to Vendor by Adaptive in accordance with Section

3 of the attached **Exhibit A** to this Agreement must be received in the Depository Account before SVPs are ordered by Vendor. Balances owed with regard to SVPs activated by Adaptive must be received in the Depository Account on the same day as SVP activation and in no case later than 24 hours after SVP activation for each inactive SVP shipped.

2. **Required Accounts.** Vendor shall establish any and all other bank accounts required to operate the SVP Program including those specifically described below:

a. **Settlement Account** - Applicable funds from the Depository Accounts as described in Item B.1 above shall be swept into the Settlement Account on a regular basis located at the Vendor designated financial institution. The required balance of the Settlement Account shall be determined and communicated daily to the financial institution by issuing bank/association via the SVP processing partner. Vendor shall not have direct access to funds in the Settlement Account. Funds in the Settlement Account shall first be used for outstanding SVP redemption liability. Vendor earnings from the collection of Account Maintenance Fees, Expiration Fees and all other fees and all other income earned by Vendor per this Agreement shall be paid to Vendor by the financial institution after a collaborative determination by the issuing bank/association network and Vendor that sufficient funds remain to honor outstanding SVP redemption liability and are on deposit. Vendor shall determine and send commission payments to Adaptive in accordance with Section 4 of the attached **Exhibit A**.

b. **Reserve Account** - Vendor has deposited funds on reserve as a contingent liability for SVP redemptions and for inadvertent or unforeseen events regarding the SVP Program. Vendor shall be liable to ensure adequate funds are maintained at all times to match the outstanding SVP redemption liability in the Settlement Account. The issuing bank/association network reserves the right to immediately suspend or discontinue subsequent SVP sales if discrepancies exist.

3. **Account Funds.** Except for funds which are earned by Vendor in the form of SVP costs, Account Maintenance Fees, Expiration Fees, Account fees, interest, dividends, breakage, estimated breakage and other income as set forth herein, all funds held in the accounts established in this **Exhibit B** shall be held for the benefit of SVP holders and the participating merchants who are entitled to payment in connection with the use of the SVPs. With the exception of commissions due by Vendor to Adaptive, funds are not the property of Adaptive and shall be paid to Vendor, the Consumer, or Merchants, as applicable, and upon redemption.

4. **Fees and Interest.** All fees charged by the banks associated with the accounts above will be shared equally between Adaptive and Vendor. All income, interest, dividends, breakage, estimated breakage and other amounts earned on all of the accounts described above shall be the sole property of Vendor and will be distributed to Vendor regularly, except as detailed in the Commission terms of **Exhibit A**.

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EXHIBIT C

1. Representations, Warranties and Covenants of the Parties.

Each Party (the "Representing Party") represents, warrants and covenants to the other Party that: (a) the Representing Party is a corporation duly organized, validly existing and in good standing under the laws of its state of organization with full power to carry on its business as presently conducted and as contemplated by this Agreement and to enter into and perform this Agreement in accordance with its terms; (b) this Agreement constitutes its legal, valid and binding obligation, enforceable against the Representing Party in accordance with its terms; and (c) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate actions of the Representing Party and does not and will not conflict with, violate or breach its constituent documents or any

agreement, decree, order or judgment or any law or regulation to which the Representing Party is a party or subject or by which any of its properties or assets is bound.

2.

Costs and Expenses. Unless otherwise specifically provided in this Agreement, each Party shall be solely responsible for bearing its own costs and expenses incurred in performing its responsibilities under this Agreement, including all tariffs, taxes, filings, licensing and/or other fees.

3.

Regulatory. Each Party currently has, and shall maintain during the Term, all federal, state, and local consents, approvals, and licenses required to be obtained and/or maintained by that Party in connection with its obligations hereunder.

4.

State or Federal Laws and Regulations. State (including political subdivisions thereof, hereafter together 'State') or Federal laws and regulations, and the interpretations of State or Federal laws and regulations, including laws under which private lawsuits might be brought, may change from time to time. The requirements of the issuing bank, association and/or company regarding the format and wording of the SVPs and the rules governing the use of the SVPs may change from time to time. All such changes are beyond the control and planning of the Parties. Accordingly, if through the application of law (which includes the application or interpretation of State or Federal law or regulation, whether by legislative action, regulatory action, judicial interpretation or otherwise), or changes by the issuing bank, association and/or company, the fees and revenues (together "Fees") to be collected by Vendor pursuant to this Agreement cannot be collected in whole or in part, or must be refunded or paid over to some other person, including any governmental entity, then the Parties shall have the right to renegotiate the terms of this Agreement to take such uncollectibility, refund or payment into account.

5. Indemnification by Vendor

(a) Vendor shall indemnify Adaptive and shall hold Adaptive harmless from any and all liability, lawsuits, claims, actions, threats, administrative proceedings, damages, fines, levies, liens, garnishments, executions, loss of income, costs, expenses, judgments, attorneys' fees, professional fees, injunctions, business disruption, and other items (collectively "damages") arising from any action, claim, proceeding, or threat thereof, whether by any individual, company, entity, partnership, class, group, association or governmental entity or subdivision relating to or arising from the (i) the breach of this Agreement by Vendor, (ii) the failure by Vendor to satisfy any licensing law applicable to Vendor, (iii) the failure by Vendor to comply with any law applicable to Vendor's business, and (iv) the commission or omission of any act by Vendor that is tortuous, fraudulent or in bad faith. These obligations shall include, without limitation, the obligation by Vendor to advance monies to Adaptive to cover damages at the time such damages are incurred by Adaptive but prior to payment by Adaptive of such damages to cover attorneys and professionals fee and retainers paid to attorneys and professionals at the time such fees and retainers are due, and all other costs and expenses necessary for Adaptive to defend itself against damages at the time such costs and expenses are due.

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(b) Promptly after receipt by Adaptive of notice of any claim, liability or expense to which the indemnification obligations hereunder would apply, Adaptive shall give notice thereof in writing to the Vendor, but the omission to so notify Vendor promptly shall not relieve Vendor from any liability except to the extent that Vendor shall have been prejudiced as a result of the failure or delay in giving such notice. Such notice shall state the information then available

regarding the amount and nature of such claim, liability or expense and shall specify the provision or provisions of this Agreement under which the liability or obligation is asserted.

(c) With respect to third party claims, if within forty-five (45) days after receiving the notice described in paragraph (b) above Vendor gives written notice to Adaptive stating that it intends to defend against such claim, liability or expense at its own cost and expense, then counsel for the defense shall be selected by Vendor and Vendor shall not be required to make any payment with respect to such claim, liability or expense as long as Vendor is conducting a good faith and diligent defense at its own expense; provided, however, that the assumption of defense of any such matters by Vendor shall relate solely to the claim, liability or expense that is subject or potentially subject to indemnification. Adaptive shall cooperate in all respects, at Vendor's request, with Vendor and its attorneys in the investigation, trial and defense of such claim, liability or expense and any resulting suit, proceeding or enforcement action and any appeal therefrom. Vendor shall have the right, with the consent of Adaptive, which consent shall not be unreasonably withheld, to settle all indemnifiable matters related to claims by third parties which are susceptible to being settled, provided that such settlement does not impose any obligation on Adaptive or waive any rights of Adaptive, other than signing the settlement agreement. Vendor shall keep Adaptive apprised of the status of the claim, liability or expense and any resulting suit, proceeding or re-enforcement action, shall furnish Adaptive with all documents and information that Adaptive shall reasonably request and shall consult with Adaptive prior to acting on major matters, including settlement discussions. Notwithstanding anything herein stated, Adaptive shall at all time have the right to fully participate in such defense at its own expense directly or through counsel; provided, however, if the named parties to the action or proceeding include both Vendor and Adaptive and representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the expense of separate counsel for Adaptive shall be paid by Vendor, or if such diligent good faith defense is not being or ceases to be conducted, Adaptive shall, at the expense of Vendor, undertake the defense of (with counsel selected by Adaptive), and shall have the right to compromise or settle such claim, liability or expense. of such claim, liability or expense is one that by its nature cannot be defended solely by Vendor, then Adaptive shall make available all information and assistance that Vendor may reasonably request and shall cooperate with Vendor in such defense.

(d) The indemnification required by this Section 5 shall not apply to Fees that the Vendor shall be required to return as described in Section 4 of this **Exhibit C** or to actions brought for the purpose of requiring the return of such Fees.

6. Indemnification by Adaptive.

(a) Adaptive shall indemnify Vendor and shall hold Vendor harmless from any and all liability, law suits, claims, actions, threats, administrative proceedings, damages, fines, levies, liens, garnishments, executions, loss of income, costs, expenses, judgments, attorneys' fees, professional fees, injunctions, business disruption, and other items (collectively "damages") arising from any action, claim, proceeding, or threat thereof, whether by any individual, company, entity, partnership, class, group, association or governmental entity or subdivision relating to or arising from (i) the breach of this Agreement by Adaptive, (ii) the failure by Adaptive to satisfy any licensing law applicable to Adaptive, (iii) the failure by Adaptive to comply with any law applicable to Adaptive's business, (iv) the commission or omission of any act by Adaptive that is tortuous, fraudulent or in bad faith, and (v) any of the

activities of Adaptive described in Section 2 of the Agreement. These obligations shall include, without limitation, the obligation by Adaptive to advance monies to Vendor to cover damages at the time such damages are incurred by Vendor but prior to payment by Vendor of such damages, to cover attorneys and professionals fees and retainers paid to attorneys and professional at the time such fees and retainers are due, and all other costs and expenses necessary for Vendor to defend itself against damages at the time such costs and expenses are due.

(b) Promptly after receipt by Vendor of notice of any claim, liability or expense to which the indemnification obligations hereunder would apply, Vendor shall give notice thereof in writing to Adaptive, but the omission to so notify Adaptive promptly shall not relieve Adaptive from any liability except to the extent that Adaptive shall have been prejudiced as a result of the failure or delay in giving such notice. Such notice shall state the information then available regarding the amount and nature of such claim, liability or expense and shall specify the provision or provisions of this Agreement under which the liability or obligation is asserted.

(c) With respect to third party claims, if within forty-five (45) days after receiving the notice described in paragraph (b) above Adaptive gives written notice to Vendor stating that it intends to defend against such claim, liability or expense at its own cost and expense, then counsel for the defense shall be selected by Adaptive, and Adaptive shall not be required to make any payment with respect to such claim, liability or expense as long as Adaptive is conducting a good faith and diligent defense at its own expense; provided however, that the assumption of defense of any such matters by Adaptive shall relate solely to the claim, liability or expense that is subject or potentially subject to indemnification. Vendor shall cooperate in all reasonable respects, at Adaptive's request, with Adaptive and its attorneys in the investigation, trial and defense of such claim, liability or expense and any resulting suit, proceeding or enforcement action and any appeal therefrom. Adaptive shall have the right, with the consent of Vendor, which consent shall not be unreasonably withheld, to settle all indemnifiable matters related to claims by third parties which are susceptible to being settled, provided that such settlement does not impose any obligation on Vendor or waive rights of Vendor, other than signing the settlement agreement. Adaptive shall keep Vendor apprised of the status of the claim, liability or expense and any resulting suit, proceeding or re-enforcement action, shall furnish Vendor with all documents and information that Vendor shall reasonably request and shall consult with Vendor prior to acting on major matters, including settlement discussions. Notwithstanding anything herein stated, Vendor shall at all times have the right to fully participate in such defense at its own expense directly or through counsel; provided, however, if the named parties to the action or proceeding include both Adaptive and Vendor and representation of both parties by the same counsel would be inappropriate under applicable standards of professional conduct, the expense of separate counsel for Vendor shall be paid by Adaptive, or if such diligent good faith defense is not being or ceases to be conducted, Vendor shall, at the expense of Adaptive, undertake the defense of (with counsel selected by Vendor), and shall have the right to compromise or settle such claim, liability or expense. If such claim, liability or expense is one that by its nature cannot be defended solely by Adaptive, then Vendor shall make available all information and assistance that Adaptive may reasonably request and shall cooperate with Adaptive in such defense.

(d) The indemnification required in this Section 6 shall not apply to fees that the Vendor shall be required to return as described in Section 4 of this **Exhibit C** or actions brought for the purpose of requiring the return of such Fees.

7.

Confidentiality. Each Party agrees that it will (a) not disclose, without the other Party's prior written consent, the other Party's Confidential information (as hereinafter defined) to any third party (other than a Party's legal and financial advisors as provided in clause (c) below); (b) use the other Party's Confidential Information only to the extent necessary to perform its obligations or exercise its rights

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under this Agreement; and (c) disclose the other Party's Confidential Information only to those of its employees and legal and financial advisors who need to know such information for purposes of this Agreement and who are bound by confidentiality obligations no less restrictive than those contained in this Section 7. For purposes hereof, "Confidential Information" means information concerning the disclosing Party's trade secrets, "know-how", business plans, marketing strategy, financial information, customer lists, information relating to loyalty programs or loyalty technology, enrollee or member lists, solicitation, membership and marketing methods, the terms and conditions of this Agreement, information that the disclosing Party designates as being confidential or which under the circumstances surrounding disclosure ought to be treated as confidential, and any tangible materials, in any media, incorporating,

analyzing or compiling any of the foregoing information. "Confidential Information" does not include information that: (I) is now or subsequently becomes generally available to the public through no fault or breach on the part of the receiving Party; (ii) the receiving Party can demonstrate to have had lawfully in its possession without an obligation of confidentiality prior to disclosure hereunder; or (iii) is independently developed by the receiving Party without the use of any Confidential Information of the disclosing Party as evidenced by written documentation. Notwithstanding any provision to the contrary contained in this Section 7, the receiving Party may disclose Confidential Information to the extent required pursuant to a subpoena or order issued by a court of competent jurisdiction or by a judicial, administrative, legislative, regulatory or self regulating authority or body, provided that the receiving Party shall use its best efforts to give the disclosing Party sufficient prior written notice in order to contest such requirement or order.

8. Insurance.

Vendor and Adaptive agree to maintain in full force and effect adequate insurance coverage, with limits that are reasonable and customary for its business, to cover liabilities and claims which may arise in relation to or in connection with providing the Benefit and other benefits and discounts and otherwise in performing its obligations under this Agreement.

9.

Trademarks. Vendor hereby grants to Adaptive a non-exclusive, non-transferable license, without the right of sub-license, to use, during the Term, Vendor's trademarks, service marks, trade names and logos for the marketing and fulfillment of the Programs in accordance with this Agreement, provided that all proposed usage of Vendor's trademarks, service marks, trade names or logos shall be subject to the prior written approval of Vendor as provided in Section 2 of this Agreement. Nothing herein shall give either Party any rights, title or interest in or to any trademarks, service marks, trade names or logos owned or otherwise used by the other Party.

10.

Arbitration. With the exception of seeking injunctive or other relief for violation of the Confidential information of a Party pursuant to Section 7 of this **Exhibit C**, any dispute arising out of or relating to this Agreement, including any issues relating to arbitrability or the scope of this arbitration clause, will be finally settled by arbitration in the accordance with the rules of the American Arbitration Association and the United States Arbitration Act. Judgment upon the award rendered by the arbitrator(s) may be entered by any court with jurisdiction. The arbitration will be held in a place mutually agreed upon by both Parties.

11.

Miscellaneous. This Agreement constitutes the entire agreement of the Parties with respect to the subject matter hereof and may only be amended by a written document signed by both Parties. Neither this Agreement nor the rights and obligations hereunder may be assigned by either Party, whether by agreement or operation of law, without the prior written consent of the other Party. This Agreement shall be governed by the laws of Connecticut, without regard to its conflicts of law principles and rules of construction requiring that it be interpreted against the Party causing it to be drafted, and shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. The failure of either Party to insist upon strict performance of a provision or exercise any right hereunder shall not be construed as a waiver of such Party's right to rely on such provision or assert any such right in that or any other instance. All notices which are required to be given by either Party hereunder shall be in writing or by email and shall be deemed to be properly given (a) when delivered personally, (b) three (3) business days after being sent by certified mail, return receipt requested, first-class postage paid, (c) one (1) day after being sent by a nationally recognized overnight delivery service, (d) upon receipt of facsimile ((i) to (203) 674-7026 in the case of notice to Adaptive and (ii) to

800-545-5776 in the case of notice to Vendor or (e) upon receipt of email, in each case to the other Party's legal department at its address set forth above. All terms and provisions hereof which should by their nature survive the expiration or earlier termination of this Agreement, including, without limitation, Sections 4 and 5 of this Agreement and Sections 1, 4, 5, 6, 7, 8, 9, 10, 11 and 12 of this **Exhibit C**, shall so survive. This Agreement may be executed in counterparts, each of which shall be deemed one and the same instrument. A facsimile transmission of this Agreement bearing a Party's signature shall be legal and binding on such Party.

12.

Relationship. Neither Party shall be or represent itself to be an agent, employee or joint venture of the other, nor shall either Party have or represent itself to have any power or authority to act for, bind or commit the other.

13.

Disclaimers. EXCEPT AS EXPRESSLY SET FORTH HEREIN, NEITHER PARTY MAKES ANY REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED. EACH PARTY HEREBY EXPRESSLY DISCLAIMS ALL OTHER WARRANTIES, WHETHER EXPRESS, IMPLIED OR STATUTORY, INCLUDING, BUT NOT LIMITED TO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE AND NONINFRINGEMENT.

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CERTIFICATION

I, Keith A. Guevara, as Chief Executive Officer of NBO Systems, Inc., certify that:

1. I have reviewed this Annual Report on Form 10-KSB/A for the fiscal year ended December 31, 2004 of NBO SYSTEMS, INC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within the company, particularly during the period in which this report is being prepared;
 - (b) [paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986]
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls and over financial reporting.

Date: April 29, 2005
/s/ Keith A. Guevara
Keith A. Guevara

CERTIFICATION

I, Christopher Foley, as Chief Financial Officer of NBO SYSTEMS, INC., certify that:

1. I have reviewed this Annual Report on Form 10-KSB/A for the fiscal year ended December 31, 2004 of NBO SYSTEMS, INC.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report; 4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:
 - (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant is made known to us by others within the company, particularly during the period in which this report is being prepared;
 - (b) [paragraph omitted pursuant to SEC Release Nos. 33-8238 and 34-47986]
 - (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) disclosed in this annual report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal controls over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal controls over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls and over financial reporting.

Date: April 29, 2005
/s/ Christopher Foley
Christopher Foley

Chief Financial Officer

**CERTIFICATION Pursuant to
18 U.S.C. Section 1350**

Keith A. Guevara, as Chief Executive Officer of NBO Systems, Inc. (the "Company"), and Christopher Foley, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. § 1350, that

(1) the Company's Annual Report of Form 10-KSB/A for the period ended December 31, 2004, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), fully complies with the applicable requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: April 29, 2005 _

/s/ Keith A. Guevara

Keith A. Guevara
Chief Executive Officer and President

Dated: April 29, 2005 _

/s/ Christopher Foley

Christopher Foley
Chief Financial Officer