

FAS *Floral Accounting Systems, Inc.*

1503 Farmerville Highway
Ruston, Louisiana 71270
(318) 251-2146

November 27, 2006

Dear FAS Customer,

I hope you had a Happy Thanksgiving season. It's hard to believe that Christmas is just a few short weeks away and that a new year will begin in only five weeks. When I last wrote in September, I discussed FAS's continuing relationships with FTD and Teleflora. You may recall the discussion about FTD's requiring florists to upgrade to the Internet-based Mercury network interface (MNAPI). Many FAS users have taken advantage of the last couple of months to upgrade their FAS servers in order to be able to convert to the MNAPI. In addition to allowing florists to use the MNAPI, FAS's new servers will allow florists to process credit cards over a high-speed Internet connection with FAS's FAScash credit card program, and they will allow florists to integrate multiple shop locations over high-speed connections, greatly improving the overall performance of the system. And FAS's new servers create complete data backups in 3-5 minutes, in contrast to the 1-3 hours required by the older servers.

Shops that convert to FAS's new server and the MNAPI will reduce their Mercury fees substantially. In fact, with FAS's financing program, the savings in Mercury fees will offset most of the cost of the upgrade. As I mentioned in my last letter, FTD is requiring FAS customers to convert to the MNAPI by April, 2008. Although April, 2008, may seem a long way off, when you exclude weekends, holidays, and other busy floral seasons, FAS will need to convert users to the new interface daily in order to meet this conversion schedule.

In reviewing the files of those shops that have upgraded their FAS systems recently, I'm reminded of the importance of long-term relationships with dependable, stable business partners. Some of the shops that have upgraded their servers have been FAS customers for more than 20 years, while others have been FAS customers for 5-10 years. In an industry that has seen unprecedented change in the last 10 years, long-term relationships like those FAS has enjoyed with its customers have become increasingly rare. FAS users have been able to take advantage of the stability FAS has offered due to fact that FAS has had the same ownership and programming staff during the entire history of the company. FAS has also been fortunate enough to enjoy stability within its technical support, administrative, and FASnet personnel. During this same time, other companies that offer floral technology have experienced continual changes in ownership, management, technology staffs, and technology platforms. Coincidentally, Reuters announced on November 16th that FTD had recently hired investment bank Goldman Sachs to explore selling the company yet again.

You showed confidence in FAS's products, services, and staff when you purchased your original FAS system. FAS remains just as committed to the success of its customers today as we were when the company began more than 20 years ago. FAS sincerely appreciates the vote of continued confidence as customers continue to invest in our newest technology offerings. For more information about converting to the MNAPI or for more information about how FAS's new servers can benefit your shop, please call FAS at (800) 830-6160.

Teleflora Dove User Agreement

Enclosed is a copy of Teleflora's Intellectual Property User Agreement. One of the terms of the recent agreement between FAS and Teleflora was that FAS customers who use the FAS Dove interface would be required to sign an agreement to protect confidential information related to the Dove system. This agreement is similar to the one Teleflora requires of its own technology customers and does not put any restrictions on your ability to continue to use, modify, or upgrade your FAS system in any way. However, Teleflora will not allow you to continue to use the Dove system unless you sign the agreement. Please sign the last page of the agreement and fax **only** the signature page to FAS at (318) 251-9938. Thanks for your cooperation.

Web sites for FAS Users

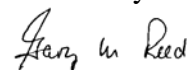
In January, 2005, I recommended that FAS customers establish several goals for themselves as that year began. One of those goals was to acquire an independent, e-commerce web site for their shops. Although many florists have accomplished this task, there are still many shops that either have no web site at all for their businesses, or they are relying on competitors to provide this vital service through the use of "cookie-cutter" web sites that are essentially the same as the sites used by thousands of other shops.

Customers can view your products and place orders on your web site 24 hours a day, regardless of whether they are located on the other side of town or on the other side of the world. A significant and growing volume of retail business is being conducted over the Internet in all industries. The floral industry is not being excluded from this trend. Millions of consumers are, in fact, buying more and more products from their homes and offices over the Internet. A web shopper can find a florist or a supplier of any other product anywhere in the world in a matter of seconds on the Internet—far more quickly than he can pick up the yellow pages.

Your web site should be maintained by an independent party that represents no competitive threat to your company. You wouldn't allow a local competitor to have access to your lists of customers or recipients, and you shouldn't allow companies who are competing against you on the Internet to have access to this information either. Your web site's effectiveness will be determined almost entirely by how you promote the site. The address of your site should appear on your vans, store front, enclosure cards, statements, and ads. Finally, your web site should be integrated with your FAS system, so that orders you receive are automatically imported directly into your system. One vendor, www.floristboard.net (800-769-8073), can host your site for as little as \$19.99 a month. If you don't already have an independent web site, developing one should be one of your top priorities in 2007.

If you have any questions about the issues discussed above, please call FAS at (800) 830-6160. Thanks.

Yours truly



Gary M. Reed
President