

FAS *Floral Accounting Systems, Inc.*

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

April 22, 2009

Dear FAS Customer,

The last six to eight months have certainly been an interesting time for our industry and for our entire nation. Unemployment is at record highs. Businesses' sales and profits are at record lows. Housing prices have tumbled, and construction of new homes has slowed to the lowest level in decades. Automobile manufacturers have seen their sales fall by 30%-50%. Businesses that were "too big to fail" have failed. Several of the largest banks in the country have been on the verge of collapsing. The U.S. government has committed *trillions* of dollars that it doesn't have in an effort to stimulate the economy, as the recession has spread around the globe. And even though all of the previously-committed stimulus funds have not yet been released into the economy, there's already talk of additional stimulus plans being considered. Many cities and states throughout the U.S. are also finding themselves in serious financial binds. Some industrial giants such as GM are considering bankruptcy protection, and there will undoubtedly be other companies that do not survive this economic storm.

If you've been concerned about your shop's sales during this recession, you're certainly not alone. I've talked to florists around the country who have reported, not surprisingly, that their sales are down. Most shops have reported being down by 20%-30%. A few have mentioned sales decreases as severe as 40%. Other shops have been more fortunate and reported sales declining only 5%-10%. An article in the April, 2009, issue of *Floral Management* reported similar findings when comparing Valentine's sales for 2009 to Valentine's sales in 2008. Specifically, *Floral Management* reported that 74% of the shops surveyed reported declining sales and that the average drop in sales was 23%. However, I'm not sure that this report is as bleak as it may first appear. In evaluating this survey, one must keep in mind that in 2008, Valentine's fell on a Thursday, and this year Valentine's Day was on Saturday. Historically, Valentine's sales on weekends tend to be considerably lower than when Valentine's Day falls on a weekday, often by as much as 15%-20%. One has to assume that some portion—possibly a significant portion—of the 23% decline reported in the survey was a result of Valentine's Day being on Saturday, although there is no doubt that the weak economy played some role in the softer sales, but perhaps not as much as it may first appear. Jerry Osteryoung, director of outreach of the Jim Moran Institute for Global Entrepreneurship in the College of Business at Florida State University, recently wrote that the vast majority of businesses (across all industries) is experiencing sales decreases ranging from 20%-30%.

Although this economic slump is unquestionably severe, those of you who have been in business for 20 years or more have witnessed and dealt with several major financial downturns in the past. As has been the case in the past, the economy will recover—though there is little agreement among experts as to when the recovery will occur—and most businesses will survive this economic storm. There has been some good news recently, as several public companies have announced better-than-expected financial results for the first quarter of 2009. As the consumer regains confidence there *will* be opportunities for growth and success for those shops that successfully weather the storm.

Mr. Osteryoung also wrote of the importance of a business focusing its marketing efforts on its existing customer base in these challenging financial times, and I too believe that is good advice. The FAS system provides numerous features that will help you promote your products and services to your existing customers. Please feel free to contact FAS if you need assistance in taking advantage of these features.

FASwin available for general release

I recently sent an announcement to FAS's customers concerning the general release of FAS's FASwin software. You can review a copy of the announcement at www.fasinc.org. As mentioned in my announcement, FAS is the only system in the floral industry that allows its users to take advantage of a traditional menu-driven interface *and* a graphical Windows interface ***all on the same system***. Users of other systems have had to scrap their entire investments in their systems in order to convert to a graphical system, but FAS users can continue to use much (if not all) of their existing equipment while making the transition to Windows. FAS's touch-screen POS system makes it quicker and easier than ever to enter cash register transactions. If you've been considering an upgrade to your system because you wanted a Windows-based graphical interface, you **MUST** look at FASwin before converting to any other system. For general information about the system capabilities and system requirements of FASwin, please contact FAS's support staff at 800.830.6160, option #1.

Payment Card Industry Data Security Standards Compliance

You may recall receiving a brochure in one of your earlier credit card merchant statements discussing compliance with the Payment Card Industry Data Security Standards (PCI DSS). Over the last several years, credit card theft and fraud have skyrocketed. Hackers are always looking for ways to break into systems to steal valuable cardholder data. In January, 2009, Heartland Payment Systems, a leading credit card processor, reported that its systems had been breached and that cardholder data had been compromised. Heartland handles 100 million transactions a month for more than 250,000 businesses, so clearly, tremendous volumes of data were put at risk. Similarly, in 2007, clothing retailer T.J. Maxx reported that information from at least 45.7 million credit cards and debit cards had been stolen from its systems. The DSS was developed by the PCI Security Standards Council on behalf of the credit card companies in order to prevent this type of data theft. The PCI DSS is a very complex, comprehensive set of policies, procedures, and practices designed to protect cardholder data from unauthorized access and use. For example, you must take steps to prevent those who are not authorized to see your customers' credit card information from accessing that data, and you must make certain that you protect backup media (CDs, DVDs, or tapes) because those media contain your customers' confidential information.

In addition, the Council has also implemented the Payment Applications Data Security Standards (PA DSS) which is another set of security measures that must be incorporated by software developers into computer systems such as the one FAS provides its customers. The idea behind this program is that software developers who comply with these security standards will be providing users with systems that are safe and secure. Although FAS had already taken many precautions in securing data stored on your system, the PA DSS raises the security bar significantly. Furthermore, the Council no longer allows software developers to verify their own compliance. Software developers must now submit complete systems to Payment Application Qualified Security Assessors who perform extensive audits and testing on the systems to verify compliance with the PA DSS. This has been a massive project that has required significant labor and expense on FAS's part. However, FAS's effort will generate huge dividends for its customers. Ultimately, it is the merchant (you) who is responsible for protecting cardholder data. Merchants whose systems are breached can be hit with huge punitive fines that would wipe out most small businesses. A compliance and database security company

estimated that the T.J. Maxx breach will eventually cost the company \$4.5 billion, or about \$100 per lost record, based upon the costs of fines, legal fees, notification expenses, and brand impairment. A business can also be subjected to lawsuits by its customers. And if the business is fortunate enough to survive all of this, it must itself go through an audit for PCI DSS compliance before the business can continue processing credit cards. FAS is confident that its PA DSS validation will be completed in the near future. When questioned by your bank, credit card processor, or other vendor about your business' PCI compliance, you'll be able to rely upon FAS's efforts to satisfy those parties' concerns over your PCI compliance. I'll be sending you additional information about this issue in the coming months.

Internet-based Dove interface

FAS recently signed an agreement with Teleflora under which FAS will develop an Internet-based Dove interface. This new system feature will allow you to process Dove transactions using a high-speed Internet connection instead of a dial-up phone line. In addition to being able to process these transactions with greater speed and efficiency, you'll be able to eliminate the cost of a dedicated phone line for Dove. FAS sincerely appreciates Teleflora's cooperation with this project, and we hope to release the new interface in the coming months.

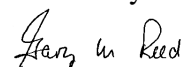
FAS celebrates its 25th Birthday!

In April, 1984, Juan Mora and I met a florist in Ruston, LA, (James Dugdale at The House of Flowers) who wanted a system that would help him better manage his business. At that time, Juan and I were developing software for various industries, including convenience stores, video rental shops, wood products manufacturers, oil and gas processors, and insurance companies. I was also a professor of Computer Science in Louisiana Tech's College of Engineering, and Juan was developing software to control the manufacturing processes of a large, national wood products company that had several plants located in the region. When we developed the original FAS system, we assumed it would be a "one-time thing" and that after we completed that system we might never see another flower shop again. Well, a few florists around the area heard about that first system we designed, and we sold several more systems. Today, 25 years later, FAS has customers located throughout the United States, and our product has grown from the original order-entry/accounts receivable system it was created as, into a very advanced, comprehensive business management system.

On one hand the time seems to have flown by, and on the other, 25 years seems like a lifetime ago. Our industry has changed drastically during the last 25 years—maybe more in the last 10 than in the previous 100 years. As you know, many of the biggest and best-known names that were in our floral industry and in the technology industry 25 years ago are no longer with us today.

Juan and I continue to love our work at FAS. We are as excited about our new products today as we were 25 years ago. We realize that FAS would not be celebrating its 25th birthday without the loyal support of its customers and the dedicated work of its employees. Juan and I want to thank our customers and our staff for the last 25 years, and we look forward to what the next 25 years will bring! Thanks.

Yours truly



Gary M. Reed
President