

LIST SERVICES CORPORATION

LIST MANAGEMENT SERVICES

Introduction

In order to answer some frequently asked questions, List Services prepared this company overview and more specifically information on our List Management services, the process of representing customer mailing lists to the direct marketing community.

What is List Management?

List Management is the process by which List Services will represent your customer mailing list and rent it for mailing by a third party direct marketing company. The result is list rental revenue from each use of the mailing list. List Services provides all of the sales and marketing, accounting, and order processing for the right to be the exclusive manager of each client's mailing list. We are paid a commission from the actual revenue generated and do not charge additional fees for these services. The majority of mailing list rental orders are placed by list brokers representing a direct marketing mailer.

About List Services Corporation

List Services has enjoyed steady growth and stability since 1980 and we continue to look to the future with great optimism. The owners and founders are Mal and Angela McCluskey. Our stability is a tribute not only to their leadership but the experience, skills and work ethic of our staff.

As one of the top List Management companies in the country, we continuously find innovative ways to deliver to our clients increased list rental revenue. We also provide a breadth of direct marketing services beyond List Management that many of our clients have come to depend upon. Our other major operating divisions include: Brokerage, Data Processing, Alternative Media, Interactive, International, and Fundraising.

Our headquarters, located in Bethel, CT is 90 minutes from Manhattan, NY. We employ a total of 125 professionals across all of our operating divisions and we have satellite offices in several locations around the country.

List Services is a member or affiliate of the following direct marketing industry organizations and associations:

DMA – Direct Marketing Association

CMA – Canadian Marketing Association

DMCNY – Direct Marketing Club of NY

NEMOA – New England Mail Order Association

HVDMA – Hudson Valley Direct Marketing

NYWICI – Women of Direct Marketing International

What Makes List Services Unique?

Leadership – As a List Services client, you will enjoy the leadership and entrepreneurial spirit created by our founders. You will have a direct line to the McCluskeys, who are very active in the decision-making process and have always given our clients their time, energy and talent. This allows us to be responsive to any need or request and guarantees that you will always have access to the owners.

Privately Owned – List Services is a privately held company. Also, we own our headquarters building in Bethel, Connecticut. List Services is debt-free. We have enjoyed steady growth and stability since 1980 and forecast continued growth for the future.

Experienced Sales and Support Staff – We have a significant presence in a broad spectrum of direct marketing business categories and have the experienced staff necessary to handle additional business. We have a large presence in both the consumer and business List Management marketplace. Our clients benefit from the diversity of mailers with whom we work, as well as, our aggressive sales effort. We provide a sales team that includes a Vice President, Sales Director and supporting sales associates.

Also, the sales team works hand-in-hand with a support staff that includes an Operations Manager, who oversees order entry, billing staff, as well as programming and credit and collections personnel. The sales team is additionally supported by our in-house Advertising & Promotion department.

In-House Fulfillment and Computer Services – Few firms can match our ability to sell and understand our clients' data because we handle all aspects in one secure shop. Our computer services expertise provides additional sales by maximizing the available list rental quantities. Our fulfillment services are unique in that we only charge fees when our clients earn revenue on a list order.

Proprietary Databases – Our Data Processing department has established List Services as a pioneer in building enhanced databases that give our clients a decided advantage in generating incremental list rental revenue. List Services has created through our licensing agreements with various data providers a unique variety of product offerings. List Services has a dedicated sales team responsible for leveraging this list rental revenue.

The categories of Proprietary Databases products include:

- Consumer databases with lifestyle and demographic selections.
- Ethnic and religious databases with lifestyle and demographic selections.
- Business-to-business databases with company and employee demographics.
- Consumer and B-to-B email databases with both consumer and business demographics

In-House Promotions Staff – Our In-house Advertising & Promotions department is comprised of advertising, marketing, graphics and web design professionals who are skilled in promoting mailing lists to mailers and brokers. They create a promotion and media schedule to suit each client’s needs. This media plan provides maximum exposure and it ensures all promotions arrive when mailing plans are under consideration.

How Does List Services Rent Lists?

For both our inbound and outbound sales efforts, List Services has a strategic marketing plan in place to proactively and efficiently increase list rental sales.

All inbound count and information requests (company wide) are looked upon as opportunities to up-sell and cross-sell our list rental properties. The LIST SERVICES sales staff understands that the list recommendation makes our “first impression” and that each recommendation package must be constructed thoughtfully and with great care. With each list recommendation, our sales people present the best selections for a mailer to test, along with appropriate counts, usage and often times a sample of the mail piece or product. We utilize an internal database that informs us of all the brokers that work with a particular mailer, so that recommendations may be sent to all participating brokers in order to increase the chances of our managed lists being selected.

Outbound sales efforts include personal sales visits, outbound telemarketing, e-mails and faxes, along with list recommendations, in order to secure new testing and continuation opportunities.

How is Your Sales Team Structured?

The following details your List Management sales team structure and each team member's responsibility:

Vice President, List Management

Responsibilities:

- Develop budget & strategic plan
- Coordinate all marketing efforts
- Maintain client contact
- Hold daily list recommendation meetings
- Monitor outbound telemarketing efforts
- Hold bi-weekly meetings with all sales managers

Sales Director

Responsibilities:

- Sell tests via sales visits & outbound telemarketing
- Maximize continuations
- Communicate daily with the mailer/broker community
- Cross-sell with similar demographic mailing lists

Sales Coordinator

Responsibilities:

- Coordinate list approvals
- Monitor list fulfillment
- Conduct extensive background checks on new mailers
- Traffic and expedite all orders
- Interface with credit/collection department
- Maintain liaison with fulfillment/brokerage house

Operations Manager

Responsibilities:

- Oversee collections and re-billing manager
- Liaison with accounting and List Management sales team
- Work with programming

Support Staff

Responsibilities:

- Track Decoys
- Order entry
- Invoice orders
- Credit and collection
- Create monthly financial reports

Why Does the List Services Sales Team work so hard for you?

List Services prides itself in being one of the pioneers in the List Management business to recognize and reward our sales teams with a monetary incentive program. This sales incentive program has evolved over the years to the present form where the sales teams are compensated on a monthly basis in the following two ways:

- **Generating new tests.** Since list rental test orders are the genesis of all future sales this is the single most important job requirement of the sales team. The various sales tools available from the List Services database allow the sales teams to thoroughly research and cover all potential sales leads. We conduct timely telemarketing, written list recommendations and road calls to brokers and mailers. This coverage provides the maximum opportunity for the sales teams to generate new tests. The program rewards the Sales Director for each test generated in a given month.
- **Exceeding sales goals.** This recognizes and rewards quarterly the sales teams for achieving budgeted client sales goals.

This incentive program ensures you that your sales team is constantly looking for ways to maximize your revenue.

What is List Services' Order Clearance & Approval Process?

As a List Owner you have the right to accept or deny any mailing list rental request. The following procedure details the work flow and business rules for orders placed:

- Full mail piece required on all clearances and test orders.
- Understanding that some clearances may only provide a mock-up mail piece, final copy must be submitted prior to shipment or the order.
- Full mail piece required on continuation orders with significant copy changes.
- First time mailers to List Services or first time broker – cash with order is required.
- First time mailer from a known broker – guarantee or cash with order required.
- Mailer background checks and bank reference check sometimes required.

- Strict quality control over each order will be strictly adhered to.
- List rental agreement signed by proper individual.
- Bonded, third party mail house required.
- One-time direct mail use.
- Revisions required for all changes made to original order.
- Proper decoy insertion.
- Orders cancelled post merge/purge, must be authorized by List Services account manager.
- Orders will be on a “run don’t ship” hold status from a mailer to comply with invoice delinquencies.
- Full rental fees apply to all orders cancelled after mail date.
- Orders sent via FTP (File Transfer Protocol direct to an IP address) or a secure e-mail address and are required to identify the physical address of the service bureau.
- Proper computer verification must accompany all payments. Re-use policy to be established and followed.
- List Services will perform complete analysis and research prior to contacting you for recommendations on negotiations.

What Reports Will I Receive?

List Owner reports are sent monthly and can be provided more frequently upon request. On the tenth of each month we provide reports that detail billing, aging and payment of list rental orders from the previous calendar month, as well as a year-to-date summary. A remittance check for monies paid will accompany these reports. These reports are distributed by the method of each list owner’s choosing.

List Services can customize reports to suit your needs. We are staffed to provide customization on any report as needed at no extra cost.

What is List Services’ Credit and Collection Policy, Procedures & Payment Schedule?

List Services will function as a collection agent for your list rental receivable. We ask that you provide us with a copy of your current receivables, if applicable. This information will be used, along with our accounting records and tracked on a regular basis until the outstanding balance is satisfied. This minimizes bad debt by avoiding rental of a mailing list to mailers and/or brokers who are seriously past due.

List Services provides each month an aged receivable report which can be sorted in a variety of ways, and reflects a 30, 60 and 90+ day time frame based on mail date. At each month-end, List Services will provide a narrative detailing collection efforts on all orders that are 60+ days past due.

New mailers/brokers and chronically late pay offenders are required to pre-pay until a solid payment history has been established with List Services. Orders from new mailers through established brokers will, in most instances, require a written broker guarantee of payment.

On a daily basis, all new orders received are reviewed for accuracy, corrected if necessary (brokers are immediately notified) and tracked in the List Services system. The system has a built-in, fail safe program that will identify any brokers or mailers attempting to rent mailing lists while owing our clients money past 60 days. Our system automatically identifies these situations by rejecting all orders until the past due invoices have been satisfied or the List Owner grants the mailer permission to use their mailing list.

On a regular basis, the credit and collections team at LSC will follow-up on all invoices that are 45 days past due or more. They consistently monitor all payment activity and disseminate information to the sales staff through a daily update report.

Our system is designed to automatically generate statements on all accounts that are past due by 90 days or more. If we are unable to secure payment from the broker by this time, we will initiate efforts, to contact the mailer directly to secure monies due. Our on-staff attorney will send several letters requesting payment for all outstanding orders. Should we still be unable to collect funds at this point, we will contact the list owner to discuss placing the overdue account into collections. List Services will handle all contact with our collection agency until a settlement satisfactory to our list owner has been achieved.

Payments are remitted on the 10th day of each month.

When Does LIST SERVICES Schedule List Owner Meetings?

At List Services we consider our clients to be “partners” with us in realizing our shared list rental goals. We consider ourselves to be an extension of your organization and seek to learn as much as we can about your business so that we may best represent you and your products to the direct mail community.

Consistent communication with our clients is one of the hallmarks of our success and we strive to keep our clients informed in all areas of the list rental process.

We recommend the following meeting schedule.

- Bi-annual list rental reviews at your offices
- Quarterly reviews
- Monthly conference calls
- Trade show and conference meetings

Can List Services Provide List Rental Fulfillment?

List rental fulfillment is the process by which the requested names and addresses of a mailing list are generated and sent to the mailer. List Services has been providing our List Management clients with superior list rental fulfillment service. Rather than relying on an outside service bureau that sometimes has other priorities, List Services runs the list fulfillment group for a majority of our clients in-house. In addition to list rental fulfillment, the data processing center provides merge/purge, analytical services, database creation and maintenance, new mover processing, address standardization/hygiene, and postal presort processing.

The process is straightforward and simple to implement. All we need is a copy of your mailing list on a monthly basis and List Service handles the rest. Once the mailing list is received, List Services will convert and prepare the mailing list for list rental fulfillment.

Mailing list security is of the utmost importance and only authorized personnel are allowed access to our client's customer mailing list. In order to provide world-class service, List Services accepts orders up to 4PM on any given day and can provide same day service. This assures our clients that every possible order will be shipped to meet the required deadlines. The fact that our sales managers are in the same department as the list fulfillment coordinators assures the maximization of each and every order. Constant communication is part of the process.

Our computer system is state-of-the-art and the production of orders is quality controlled and checked for proper name fulfillment. A by-product of the fulfillment service is participation in List Services proprietary databases.

List Services needs no substantial ramp-up time. Everything is in place to house the entire database. Upon receipt of a copy of a client's mailing list the names are quickly and efficiently formatted for use with our order fulfillment program.

How Does List Services Protect Your Mailing List?

Security of our list owners' mailing lists is a top priority at List Services. Our decoy program (list seeding) and broker/mailler screening techniques have proven to be the best in the industry in detecting the un-intended or un-approved use of our clients' mailing lists.

All rental orders are automatically seeded in-house with a list of our secured decoy names and addresses. Decoys are alpha and/or numerically coded to correlate with each list rental order. This algorithm assures that the decoy name survives prior mail suppression and is delivered.

Seed mail arrives at our office daily, where it is logged into our tracking system. Our system verifies all components of the mailing such as mailer; mail-date and offer match the original order. If an additional decoy arrives the system flags the order automatically and the re-use is investigated immediately. If list abuse is detected, our first step is to immediately inform you of the circumstances and make our recommendations to correct the situation.

Cautious evaluation of each mailer is another measure we take to protect misuse of our clients' lists. We require each mailer to sign a list rental agreement thereby ensuring a specific consequence for any mis-use.

Besides our internal seeding procedures, many of our list owners also retain an outside seeding service to enhance list security. We can supply additional information or help you arrange for this add-on service.

Can List Services Enhance Lists With Demographics and Lifestyle Interests?

List Services pioneered consumer list enhancement overlays during the early 1980's by recognizing the added value and additional revenue stream we could create for our List Management clients. Our data partners provide List Services with demographic and lifestyle information on over 180 million U.S. households. This allows List Services to create demographic and lifestyle overlays for our List Management clients, which in turn generates incremental list rental income. The success of that program for our clients led to additional partnerships with the largest data providers of business-to-business information. List Services can match our clients' consumer mailing lists at a verified business address and thereby bringing an added dimension to a consumer list. We also offer the direct mail community the ability to overlay mailing lists with ethnicity and religious selections. This has created yet another list rental revenue stream that takes advantage of the recent push of many direct mail marketers' mailing plans.

Thank You!

These are answers to the most frequently asked questions about List Management and List Services Corporation. If you have more specific questions or would like to learn how to generate revenue from your mailing list, please contact us through the following ways:

Telephone: (203) 743-2600, ask for Mal McCluskey

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Or write to:

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