

March 28, 2008

Ms. Kerry Joyce
Quebecor World
150 E. 42nd Street, 11th Floor
New York, NY 10017

Tel: 212-583-6604 Fax: 212-583-6648
Kerry.Joyce@quebecorworld.com

Dear Kerry:

In follow up to our telephone conversation yesterday regarding the monetary damages we are seeking reimbursement from Quebecor.

1. Walgreens

I am providing Walgreens with a credit for 190,000 issues at 90¢ for a total of \$171,000. In addition to monetary damages, we have lost a 30 year account. I have been begging Walgreens to reconsider the program—thus far, they have declined to continue producing the publication.

2. Longs Drug

You have seen the email from Longs. I don't know why short shipping was a consistent problem for Quebecor and the Longs account; however, they have cancelled a 20 year relationship due to this problem. With 6,300 issues per quarter at a cost of 90¢, we will lose \$22,680 in income this year.

3. Rite Aid

Per my March 25th memo, Rite Aid is seeking \$30,000 in advertising and display costs.

4. CVS

CVS was short shipped thirty cases. Quebecor took inventory from our sample reserve which we utilized for our advertisers, and shipped them overnight to CVS and billed us for the shipping.

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Kerry, the major issue is the Walgreens issue where the plant screwed up and inserted the Walgreens internal store personnel publication into the consumer publication which were distributed to Walgreens and sold to their customers.

When confronted by Walgreens I told them that this was impossible as I have a memo from Quebecor stating that all these issues were destroyed. Thus, I was perceived as a liar and lost a profitable, 30 year relationship.

Kerry, I would prefer to settle this amicably with Quebecor and not resort to bring in our legal counsel—which will be costly for both Beauty Handbook and Quebecor.

We are still expecting to continue printing with Quebecor; however, we need to resolve the above issues and receive assurances that short shipments and critical print and binding screw ups will not continue.

Regards,

John "Jack" McAuliffe
President & Publisher

cc. *Michael J. Riley*
David H. Bair

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MEMO FROM
John "Jack" McAuliffe
PRESIDENT AND PUBLISHER



SUBJECT: BEAUTY HANDBOOK BELLEZA BEAUTY HANDBOOK TEEN BEAUTY HANDBOOK MONITOR YOUR HEALTH
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January 11, 2006

PARTIAL LIST
OF PARTICIPATING
CHAINS

- Walgreens
- CVS
- Kmart
- Rite Aid
- Brooks Pharmacy
- Eckerd Pharmacy
- Oscar/Sav-On
- Duane Reade
- Longs Drugs
- Medicine Shoppe
- Hig H
- Genovese
- Discount Drug Mart
- Hanco Drugs
- Drug Fair/Cost Cutter
- Pharmhouse
- Pic N Save
- Snyder's Drugs
- Super D Drugs
- Happy Harry's
- Kinney Drugs
- Thirdway
- Bartell Drugs
- Thirty-White
- Sav-Mor
- May's Drug
- Medic Discount
- Drug Town
- H School Pharmacy
- Arrow
- Lowe's Stores
- Harrison Discount
- Fruith Pharmacy
- Rx Place Drug Mart
- Med X
- Stop & Shop

PLUS OVER 500
MORE CHAINS

- McKesson Wholesale
- Bergen Brunswig
- Alco Health Services
- Associated Druggists

Military Exchanges



REPLY TO
 CORPORATE OFFICE
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Mr. Mark Mulvoy
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duke.mulvoy@quebecorworld.com

Duke:

Our worst nightmare has become a reality.

Late last night we received a phone call from Rite Aid headquarters, Harrisburg, PA, stating that certain Rite Aid stores received Eckerd Beauty Handbooks.

Complicating the problem further is the fact that the Rite Aid *Beauty Handbook* could have been shipped to Eckerd's.

Needless to say, this is a worst case scenario for us and it is impossible for us to fully assess the damage we will be exposed to at this time—it will take months for Brooks/Eckerd and Rite Aid to inform us as to which issues they have received.

If we bring this problem to the retailer's attention at this time, they could recall all the magazines from the stores back to the warehouse, where they will be returned to us for inspection. This is a costly matter.

Duke, I know that you did not create this problem --it is an issue of supervision at the plant. However, what is critical about this situation is that it is the second time it has happened. The first incident was Duane Reade receiving Rite Aid books. You may recall that Duane Reade refused the entire order and stopped doing business with us—we lost an account after a 22 year relationship.

I am doing everything I can to get Duane Reade back and I am hopeful this will happen; however, my job is not to put out Quebecor's fires.

I will try to tactfully evaluate what has happened with the retailers and get back to you ASAP.

Kindest regards,

cc. Mr. Mike DeSisto
Ms. Lauren Yarish
Mr. Kevin McGivney
Mr. Jim Christopher

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SIGNED _____ DATE _____
 IMMEDIATE ATTENTION
 PLEASE REPLY IN WRITING
 PLEASE TELEPHONE
 NO REPLY NECESSARY



Mike

From: <Duke.Mulvoy@quebecorworld.com>
To: "jack" <jack@beautyhandbook.com>
Cc: "jc JIM CHRISTOPHER" <jim@beautyhandbook.com>; "KEV MC GIVNEY" <KEVIN@beautyhandbook.com>; "Lauren Yarish" <lauren@beautyhandbook.com>; "md mike de sisto" <mike@beautyhandbook.com>; <Mike.Riley@quebecorworld.com>
Sent: Tuesday, January 17, 2006 4:10 PM
Subject: Re: RITE AID PROBLEM

Jack,

I received the fax. Please let me know if there is anything else we can do at this point in time.

Please note that I will be on a Jet Blue flight to Merced, CA tomorrow and will be unreachable until about 2PM EST.

Mike Riley will be in the office and can be reached at (212) 583-6542 in the event any new information is discovered.

Thanks
Duke

Duke Mulvoy
Sales Executive
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"jack"
<jack@beautyhandbook.com> To: "DUKE MULVOY" <duke.mulvoy@quebecorworld.com>
cc: "md mike de sisto" <mike@beautyhandbook.com>, "jc JIM CHRISTOPHER" <jim@beautyhandbook.com>,
"Lauren Yarish" <lauren@beautyhandbook.com>, "KEV MC GIVNEY" <KEVIN@beautyhandbook.com>
01/17/2006 04:44 PM Subject: RITE AID PROBLEM

DUKE--TO SHOW PROMPT ATTENTION TO THE RITE AID PROBLEM --I SENT OVERNIGHT REPLACEMENT DISPLAYS TO THE STORES IN QUESTION....SEE YOUR FAX....MORE STORES WILL COME....HOWEVER MY INTENSION WAS TO SHOW RITE AID A PROMPT RESPONSE....

JACK

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