

Lodsys LLC

July 15, 2011

Via Federal Express
Ms. Lisa Gersh
Martha Stewart Living Omnimedia, Inc
601 W 26th St
New York, NY 10001

Dear Ms. Gersh,

Re: Infringement of U.S. Patent Nos. 5,999,908, 7,133,834, 7,222,078, and 7,620,565 (Abelow)

Lodsys, LLC a Texas limited liability company is the owner of United States Patents 5,999,908, 7,133,834, 7,222,078, and 7,620,565 (the "Lodsys Patents"). The Lodsys Patents are directed to systems and methods for providers of products and/or services to interact with users of those products and services to gather information from those users and transmit that information to the provider. Attached is a complete copy of the '908 patent as well as certain pages of the '834, '078, and '565 patents for your review.

The inventions described by these patents are used by companies to interact with users of their products and services to, among other things:

- provide online help, customer support, and tutorials
- conduct online subscription renewals
- provide for online purchasing of consumable supplies
- survey users for their impressions of their products and services
- assist customers to customize their products and services
- display interactive online advertisements
- collect information on how users actually use their products and services
- sell upgrades or complimentary products
- maintain products by providing users notice of available updates and assisting in the installation of those updates.

Some of the benefits companies receive from using these inventions are:

- increased product sales (of consumables, subscriptions, and complementary products)
- increased additional revenues (of in-product digital items and interactive advertising)
- more efficient design of subsequent products (through faster time to market, better targeted features, and the ability to interactively update products in the field)
- greater customer satisfaction (both in terms of future product development as a result of consumer input and through keeping products up to date or providing more effective online help resources in a cost efficient manner).

The inventions detailed in the various claims of these patents were developed by Daniel Abelow, an expert in usability and in the organization, presentation, and incorporation, of information in websites,

Lodsys LLC

products, services, and enterprise systems. Dan earned a Bachelor's of Science in Economics degree from the Wharton School of Business at the University of Pennsylvania in 1971 and a master's degree from Harvard University, which included graduate work at the Massachusetts Institute of Technology. As an independent consultant on presenting information via the internet, Dan's clients have included companies such as Accenture, Agilent Technologies, Cisco, Harvard Business School, IBM, and Lotus Development.

To date, companies including - **American Express, Apple, eBay, Google, Intuit, Microsoft, Nokia, Nokia-Siemens, Nvidia, SAP, Sony, Sony-Ericsson, Verizon, and several other Fortune 1000 companies** - have chosen to license the Lodsys Patents.

We have reviewed your use of the Lodsys Patents and have prepared the enclosed claim chart demonstrating at least one instance of how you utilize the inventions embodied in the Lodsys Patents. The images used in the charts are representative only and in addition to the charted claim of the referenced patent, you should consider the remaining claims of that patent and the other Lodsys Patents both with respect to the charted utilization and to other products and services offered by you.

The Lodsys Licensing Opportunity

Lodsys' patented technology provides numerous benefits to your company by reducing costs, increasing customer satisfaction, increasing revenues, and providing customer data and impressions that allow you to build more effective and relevant products faster and with greater certainty of meeting real customer needs. This is made possible by your collection of customer product usage details, demographic information, impressions on the usefulness of features or relevance of advertisements, and desires to customize your products or services and in what manner. It further occurs through the sale of consumable supplies and product upgrades or enhancements, the sale of complementary products, sales of subscription renewals, the provision of online support (to discover what customers do not understand or are having troubles with), and in product (or in website) customer satisfaction surveys and interactive advertising. These actions among many other instances of customer data collection, provide you with the opportunity to sell more products and services, build new versions faster in a competitive marketplace, have greater relevancy of your products and services (leading to greater customer satisfaction and greater brand value).

We are interested in reaching a negotiated non-litigation licensing arrangement with you for all of your uses of the Lodsys Patents under your brand names and would like to discuss this matter with you within 21 days of your receipt of this letter. Please contact the undersigned at your earliest convenience.

Lodsys, LLC

Lodsys is a limited liability company based in Marshall, Texas. We have retained the firms of Kelley, Donion, Gill, Huck & Goldfarb PLLC (www.kdg-law.com) based in Seattle, Washington, and The Davis

Lodsys LLC

Firm, P.C. (www.bdfirm.com) based in Longview, Texas, to assist the company in the licensing of the Lodsys Patents.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark Small", written in a cursive style.

Mark Small, CEO
Lodsys, LLC
Mark.Small@Lodsys.com
(903) 935-3202

Enclosures (3)

Notice

Lodsys LLC reserves all rights with regard to the '908, '834, '078, and '565 patents, including: (1) the right to seek damages anytime within the last six years that your company started to make use of Lodsys' patented technology; (2) the right to change its royalty rates at any time; (3) the right to change this licensing program at any time without notice, including variance to conform to applicable laws. You should not rely on any communication or lack of communication from Lodsys, Kelley, Donion, Gill, Huck & Goldfarb PLLC, or The Davis Firm Group as a relinquishment of any of Lodsys' rights.

**Martha Stewart Living Omnimedia,
Inc. – Everyday Food Magazine**

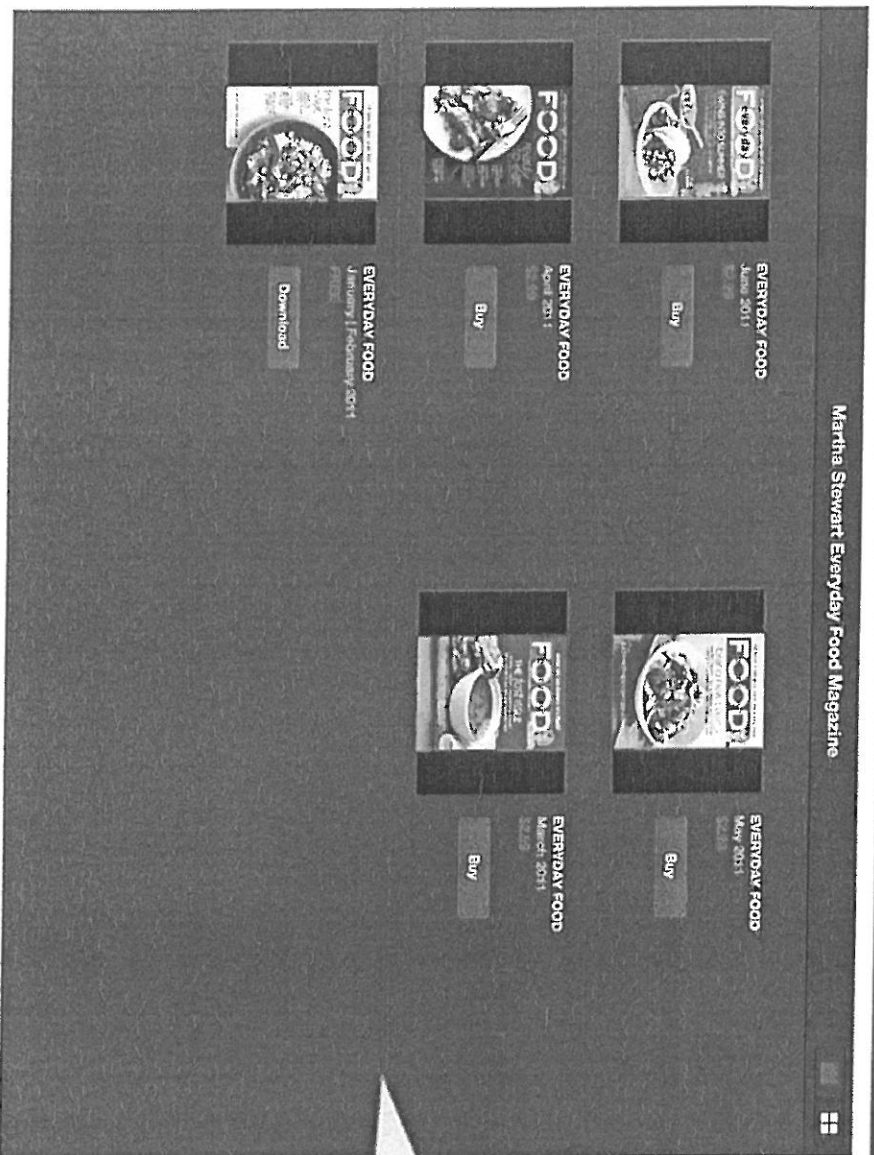
Infringement Claim Chart for

Claim 1 U.S. Pat. No. 7,222,078

Claim 1 of U.S. Pat. No. 7,222,078

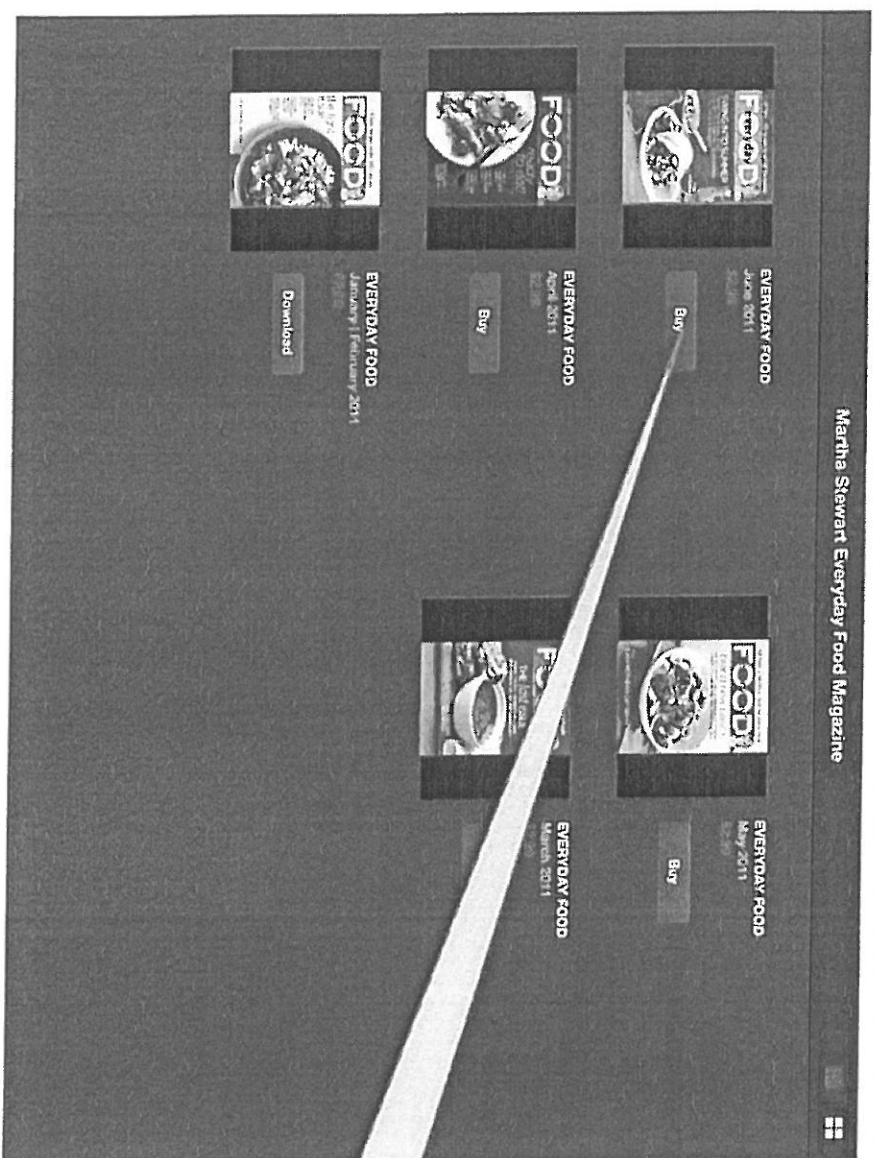
- A system comprising:
- Units of a commodity that can be used by respective users in different locations,
- A user interface, which is part of each of the units of the commodity, configured to provide a medium for two-way local interaction between one of the users and the corresponding unit of the commodity, and further configured to elicit, from a user, information about the user's perception of the commodity,
- A memory within each of the units of the commodity capable of storing results of the two-way local interaction, the results including elicited information about user perception of the commodity. A communication element associated with each of the units of the commodity capable of carrying results of the two-way local interaction from each of the units of the commodity to a central location and,
- A component capable of managing the interactions of the users in different locations and collecting the results of the interaction at the central location.

Claim 1 of U.S. Pat. No. 7,222,078: Units of a commodity that can be used by respective users in different locations,



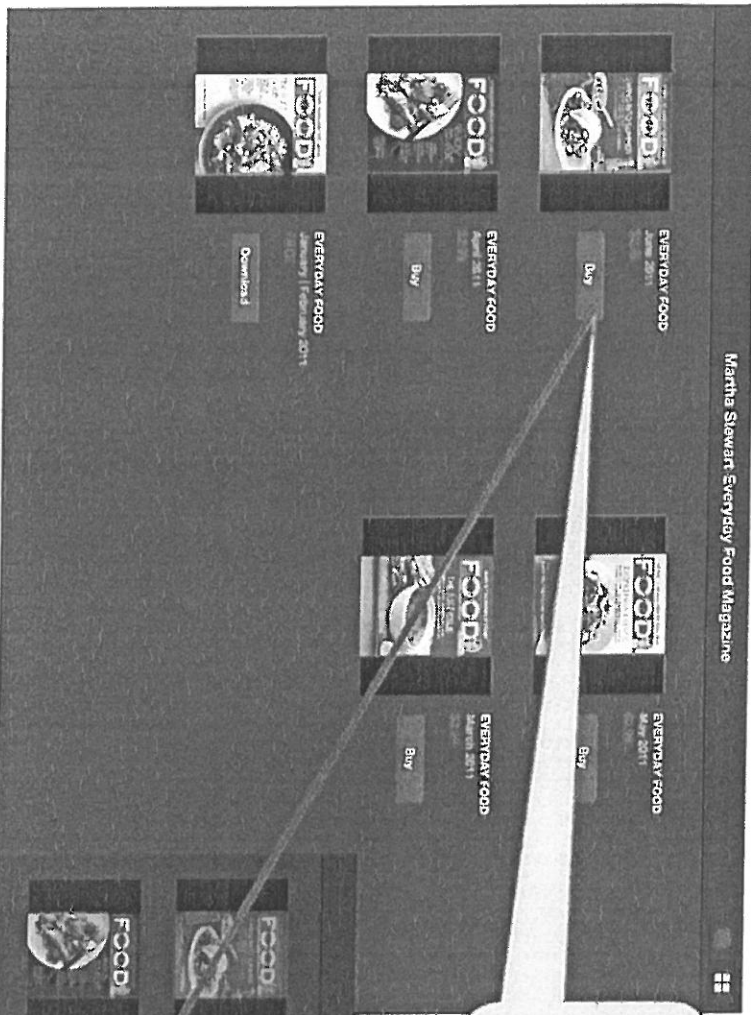
Product used by users in different locations as an iPad application.

Claim 1 of U.S. Pat. No. 7,222,078: : A user interface, which is part of each of the units of the commodity, configured to provide a medium for two-way local interaction between one of the users and the corresponding unit of the commodity, and further configured to elicit, from a user, information about the user's perception of the commodity,

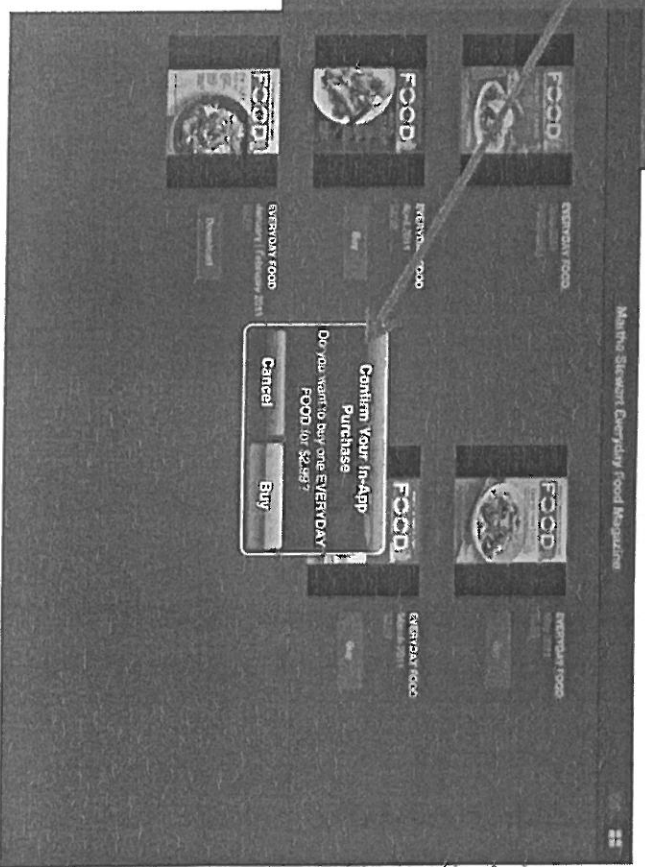


Perception of the value of the product offering elicited through an upgrade purchase path for content access.

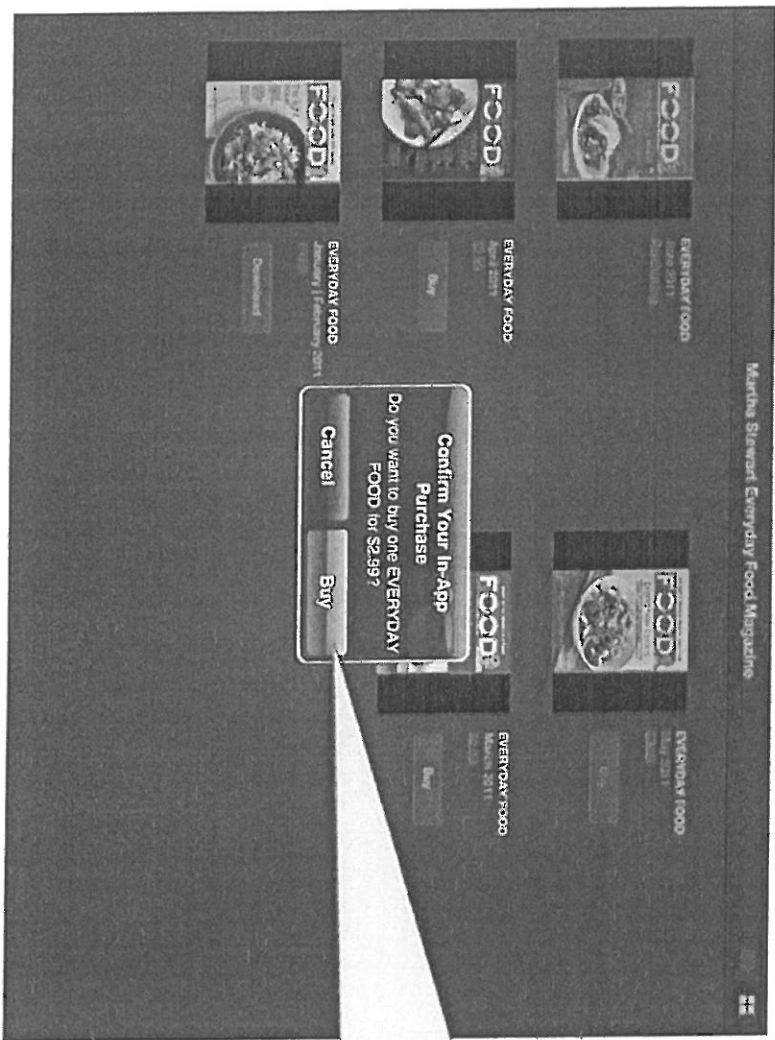
Claim 1 of U.S. Pat. No. 7,222,078: A memory within each of the units of the commodity capable of storing results of the two-way local interaction from each of the units of the commodity to a central location . A communication element associated with each of the units of the commodity capable of carrying results of the two-way local interaction from each of the units of the commodity to a central location, and



Interaction through the upgrade is stored in a central website for the transactional process.



Claim 1 of U.S. Pat. No. 7,222,078: A component capable of managing the interactions of the users in different locations and collecting the results of the interaction at the central location,



Transactional data is collected by the central website as indicated by the ability for the online ordering system to provide access to the transaction once the successfully processed as well as to process recurring transactions monthly.