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International Distributor Sales Policy

LAW ENFORCEMENT

2010

Mailing Address:

Box 1794
Appleton, WI 54912

Shipping Address:

2511 E Capitol DR
Appleton, WI 54911

This Agreement is entered into by and between the undersigned Distributor (hereafter Distributor) and Armament Systems and Procedures, INC (hereafter ASP). Distributor clearly understands and agrees to be bound by the terms herein, including the ASP sales, delivery, service and warranty policies.

GENERAL SALES POLICY

An opening order of \$5,000.00 is required for a Distributor account. Annual sales volume of at least \$10,000.00 in ASP merchandise at Distributor price is a requirement for annual Distributorship renewal. Products are shipped in accordance with published prices in effect at the time of shipment. The terms and conditions of the ASP Sales Policy are in effect through December 31 of the year of this contract. ASP reserves the right to change this Sales Policy without notice.

DISTRIBUTOR QUALIFICATION

All new ASP accounts must be personally interviewed and set up by an ASP Technical Support Manager. Establishment of an ASP account is at the sole discretion of ASP. Distributors are selected according to their standing in the community and ability to meet ASP Distributor qualifications. ASP appoints only a limited number of Distributors worldwide. All ASP Distributors must maintain a full time place of business. Distributors must stock and display a cross section of the product line. Part time or special order Distributors cannot be accepted. To maintain an ASP account, Distributors must:

- Instruct sales personnel in the technical knowledge necessary to adequately demonstrate and sell ASP products.
- Conduct a year round promotional effort through a catalog, flyers, telemarketing or other means to inform the public that the Distributor stocks ASP products.
- Prominently display ASP plaques, decals and other material furnished by ASP.
- Order at least \$10,000.00 of ASP merchandise each year at Distributor price.
- Sponsor an ASP Instructor Certification (AIC) Program each year.

DISTRIBUTOR DISCOUNT

Distributor pricing is 40% off the retail price. A \$25.00 surcharge will be added to orders of less than \$250.00 at Distributor cost.

MAP PRICING

The ASP Unilateral Minimum Advertised Pricing Policy is in effect for all products listed on the ASP price schedule. MAP pricing for all ASP products is 15% below suggested retail price.

WEB SITE SALES

Only registered ASP Distributors or their registered dealers are authorized to use ASP trademarks and copyrighted images on the World Wide Web (www). It is the policy of ASP to vigorously enforce the authorized use of its protected trademarks and images. ASP Distributors are responsible for the actions of the dealers to whom they resell ASP products. Web sites violating terms of the ASP Sales Agreement should be reported to ASP.

TERRITORY

Distributors may sell ASP products only in areas where they have an active sales presence. Determination of the acceptability of the sales presence qualification for a specific area is at the sole discretion of ASP. Unless otherwise agreed in writing, Distributors shall not quote or sell ASP products in foreign countries. Quoting, selling or shipping ASP products outside of the designated sales territory will result in termination of the Distributorship, void product warranties and preclude factory repair service.

PRODUCT TRAINING

Exclusive Distributors must attend an ASP Technical Support Manager training program within the first year of appointment.

DISTRIBUTOR SALES

The sale of ASP products to other Distributors is prohibited. Selling or shipping ASP products to other Distributors will result in termination of the Distributorship.

SALES VOLUME

Exclusive Distributors must meet jointly agreed to sales goals each year. Failure to attain minimum sales levels is grounds for non-renewal of exclusivity.

LABELING

All ASP products display Uniform Product Council (UPC) machine readable bar code labels. There is a charge of \$.25 per application of additional product labels.

DROP SHIPMENT

ASP products will be drop shipped only to locations within the foreign country where the selling Distributor is located.

FREIGHT AND HANDLING

All products are FOB Appleton. Shipment is made via UPS wherever possible. A street address (not Post Office Box) is required for all orders. Each ASP order is subject to a \$5.00 handling charge for the first box and \$1.00 for each additional box or a \$50.00 per pallet charge.

TERMS

All invoices are Net 30. A 3% discount (less freight) is allowed on orders paid within 15 days of invoice date. Distributors who do not have an established credit history with ASP must provide prepayment, a credit card number (Visa, MasterCard, American Express, Discover) or arrange a wire transfer to assure payment of their account. This 3% discount is allowed on wire transfer payments. A 3% discount is not allowed on credit card payments. The wire transfer fee must be paid by the Distributor at both the point of origination (Distributor's bank) and the point of receipt (ASP's bank). The ASP bank wire transfer fee will be waived for a payment totaling \$10,000.00 or more that is paid within discount terms.

COOPERATIVE ADVERTISING

Cooperative Advertising is available to all Distributors. To qualify for Cooperative Advertising funds for a catalog, ASP products must be used in 75% of the photos where items from an ASP category of products are featured as auxiliary props in the photo for another product. Competitor's products may not be pictured with ASP products in such a way that they might be mistaken for ASP products. ASP products pictured with competitive products in this manner are not eligible for an advertising allowance. **All Cooperative Advertising must be pre-approved and signed by the ASP TSM.**

MASTER DISTRIBUTOR REBATE QUALIFICATION

To qualify for a rebate under the Master Distributor Program, the Distributor must carry and promote the full line of ASP products.

BACK ORDERS

Due to the unprecedented demand for ASP products, occasionally ASP may be unable to fill an order completely. Back ordered items will be noted on the invoice and shipped as promptly as possible.

PAST DUE ACCOUNTS

ASP reserves the right to refuse shipment and cancel Distributor discounts on past due accounts. A finance charge of 1.5% per month (18% per year) is added to all past due balances. This interest rate is modified consistent with prevailing exchange rates. Accounts past 60 days must be prepaid. Accounts past 90 days will be closed.

RETURNED CHECKS

Checks returned by the bank for any reason will be subject to a \$50.00 service charge and is cause to terminate this Agreement.

COLLECTION

In the event that collection is required, the Distributor agrees to pay all ASP's costs and expenses in securing the unpaid indebtedness including actual attorney fees.

ORDERING

Include your Distributor number on all orders to ensure proper discount. Use product code numbers on all orders. Any order received with incomplete information will be shipped in the most popular configuration.

PRICING

All prices are subject to change without notice.

RETURNS

- Authorization from the factory or a Return Authorization (RA) Number **are not** required for return shipments.
- Only items currently on the ASP price list can be returned.
- Products with expiration dates can only be returned within 90 days of their purchase.
- Stock balancing is allowed at the time of return.
- Non-balanced merchandise returned through no fault of ASP is subject to a 20% restocking charge.
- Refurbishing or repair costs required to put returned merchandise in new condition will be assessed in addition to the 20% restocking charge.
- Returns must be shipped prepaid to ASP.
- Invoice numbers on which return items were originally received are required for credit.

SHORTAGE CLAIM

ASP is not responsible for shortage or damage incurred during shipment. Contact the carrier to report opened or damaged parcels. Shortage or incorrect order claims against ASP must be made within ten (10) days of delivery after which no claims will be accepted.

TERMINATION

This Agreement terminates December 31 of the year of this contract. In addition, ASP retains the right to terminate a Distributorship for cause due to violation of any condition set forth herein. ASP retains the option to terminate a Distributorship upon transfer of ownership, failure to meet credit requirements or delinquency of the account. Purchase of less than \$10,000.00 of ASP merchandise at Distributor cost during any calendar year or the sale, bidding or shipment of ASP products into foreign countries in violation of this Agreement constitutes cause for termination.

WARRANTY

All products are warranted to be free from defects in material or workmanship. Specific product warranties are packaged with each item. No warranties will be honored on products sold into foreign countries in violation of the terms and conditions of this Agreement. In such cases, warranty service or replacement becomes the sole responsibility of the selling Distributor.

SERVICE

ASP maintains a service repair department in Appleton, Wisconsin. Prices for such repairs shall be fair and reasonable. Products returned for warranty repair will be processed on a no charge basis. Repair due to damage or misuse will be billed at a fair and reasonable service rate. Merchandise returned to the factory for service will be processed as promptly as workloads permit. A repair estimate will be provided prior to any non-warranty work. No factory repair service will be provided on products sold into foreign countries in violation of the terms and conditions of this Agreement. In such cases, service or repair becomes the sole responsibility of the selling Distributor.

DIRECT SALES

ASP reserves the exclusive right to sell and deliver ASP products directly to agencies of the United States Government, foreign governments, its own employees and OEM accounts.

PRODUCT AWARENESS

ASP will provide national training and advertising. Sales aids will be provided to Distributors on a no charge basis at the option of ASP.

TRADE SECRETS

This Agreement, all technical information about ASP products, information about the pricing and distribution of ASP products and the identities of customers of ASP are confidential trade secret information entrusted to Distributor solely for use in its capacity as a Distributor of ASP products and shall not be divulged to any person outside of Distributor's employ except with the written consent, or at the written direction of ASP. The terms of this paragraph survive termination of this Agreement.

TRADEMARKS AND TRADE NAMES

Distributor shall not use, except with regard to the resale of ASP products, the trademarks and trade names used by ASP for the sale of ASP products, including, but not limited to, the trademarks ASP, Tactical Baton, the ASP Eagle logo, the Strike Force logo or any similar marks or trade names that may confuse or tend to confuse customers with regard to product origin or endorsement. ASP is the sole and exclusive owner of and has all right, title and interest to its trademarks and trade names and reserves all rights and remedies for infringement thereof. The terms of this paragraph survive termination of this Agreement.

INSTRUCTIONS

All ASP products are packaged with complete instructions. These instructions must be read in order to ensure that ASP products are handled and used in a safe manner. It is the Distributor's responsibility to ensure that this material is provided to the customer. Distributors must include this material with each ASP product sold.

DISTRIBUTOR INPUT

ASP has been built on the input received from Distributors and their customers. Suggestions concerning new products, modifications to existing products or changes in sales procedures, pricing and distribution are encouraged. ASP will periodically survey Distributors to obtain input regarding products being considered for introduction. In addition, pre-production samples of new products may be sent to Distributors who serve on the ASP Test Panel. Distributors interested in obtaining information concerning a position on the panel should contact the factory.

SALES REPRESENTATIVES

For prompt personal attention and professional assistance, contact the factory for the name of the ASP Technical Support Manager for your area.

ASP CERTIFIED INSTRUCTORS

ASP provides National Certification for Tactical Baton and Handcuff Instructors. Distributors interested in hosting a sanctioned Instructor Training Seminar should contact the ASP Training and Certification Section.

ASP TRAINING TOUR

Each year ASP conducts a series of regional training programs throughout the world for Tactical Baton and Handcuff Instructors. Distributors wishing to host a seminar in their area should contact the ASP Training Coordinator.

APPLICABLE LAW

This Agreement shall be construed and governed by the laws of the State of Wisconsin, USA, and all actions based on this Agreement or for breach thereof shall be venued in the Circuit Court for the State of Wisconsin, Milwaukee County, or the United States District Court for the Eastern District of Wisconsin.