



To: Allied Customers
From: Sales Department
Re: Requirements to become an Allied Distributor (**NeXGen Forecourt Controller**)

Enclosed, you will find a copy of the Allied Electronics, Inc. Distributor agreement for your review.

As an Allied Distributor you must be able to fully support our products for your customers.

Support Requirements:

- Sales support
- Attend the NeXGen training class
- Provide installation and/or Start-up services
- Provide technical support (troubleshooting for hardware and software)
- Provide repair services (when required)
- Purchase a spare/back-up unit for Sales and Service support
- Complete and return the Distributor agreement

In order to finalize this agreement you must purchase the spare/back-up NeXGen.

You are also encouraged to complete and return a credit application so that we may set up an account with your company. This will enable us to bill you for any items that you may purchase.

We will also accept Visa, MasterCard, Discover and American Express credit cards as well as Wire transfer for payment.

When we receive your order for NeXGen the Distributor agreement will be signed by the President of Allied Electronics, Inc. and a copy will be returned to you.

Customer acceptance signature, _____

If you have any questions please feel free to contact me at your convenience.

Thank you.

Al Magro
Sales Representative
Allied Electronics Inc.

Phone 215.785.6200
Fax 215.785.0230
E-Mail al@alliedelectronics.com
Web www.alliedelectronics.com



DISTRIBUTORSHIP AGREEMENT

Effective this _____ day of _____, 20___, Allied Electronics Inc., ("COMPANY"), having its principal place of business at Bristol, Pennsylvania and _____ ("DISTRIBUTOR"), having its principal place of business at _____ mutually covenant and agrees as follows:

I. APPOINTMENT

COMPANY hereby appoints DISTRIBUTOR to promote, market and sell Company's Station Site Controller (SSC) and Protocol Box (PCB)™ and spare parts thereto ("PRODUCTS"). DISTRIBUTOR agrees to perform these sales and services subject to the terms and conditions of the Agreement. COMPANY reserves the right to sell or otherwise provide the PRODUCTS; (a) directly to large national accounts per the policy stated in Exhibit B; (b) to other authorized distributors; (c) to OEM customers; and (d) to authorized service representatives.

II. RESPONSIBILITIES OF THE PARTIES

A. During the term of this Agreement Distributor shall:

1. Maintain in its employ at least one technically capable and qualified person knowledgeable in the use of, and actively selling, COMPANY'S PRODUCTS. COMPANY will train such individual at our Bristol, PA., location. DISTRIBUTOR shall bear all costs of travel, temporary living, and other expenses of those attending such training.
2. Use its best efforts to promote and sell COMPANY'S PRODUCTS.
3. Maintain in its possession one complete demonstration unit for COMPANY'S PRODUCTS.
4. Maintain itself as an Authorized Service Representative.
5. Carry continuously and/or have readily available sufficient quantities of PRODUCTS to enable it to meet promptly the needs of its customers. Said inventory shall include spare parts adequate to support its customer base.
6. Assist COMPANY'S employees providing to COMPANY (a) information which will aid in expanding PRODUCTS usage, (b) data regarding customers and potential customer requirements, (c) relevant technical information and (d) forecasts of purchases of PRODUCTS from COMPANY.
7. Furnish to COMPANY pertinent financial and other reasonable information as required to establish and maintain credit.
8. Collect all applicable sales, use and personal property taxes and remit said taxes to the proper governmental authorities.
9. Pay all costs and expenses associated with its business and activities hereunder.

B. During the term of this Agreement, COMPANY shall:

1. Cooperate fully with DISTRIBUTOR by providing technical information and reasonable quantities of appropriate sales and promotional literature and other printed material relating to the PRODUCTS. If additional information or promotional material is desired by DISTRIBUTOR, COMPANY will expend reasonable efforts to accommodate DISTRIBUTOR'S request, with the understanding that the DISTRIBUTOR may have to share in the cost of producing such additional information and material. Any material and brochures concerning the PRODUCTS which DISTRIBUTOR wishes to prepare on its own behalf shall be done at its own cost, and shall be submitted to COMPANY for approval prior to being distributed to any third parties.
2. Provide reasonable sales support and technical advisory service to assist DISTRIBUTOR in promoting sales.
3. Provide training to DISTRIBUTOR'S personnel in the use and sale of COMPANY'S PRODUCTS at COMPANY'S facility in Bristol, or at another mutually acceptable location.
4. Provide advance information regarding the introduction, advertising and distribution of new product lines.

III. PURCHASE OF PRODUCTS BY DISTRIBUTOR

COMPANY shall sell to DISTRIBUTOR such PRODUCTS as COMPANY makes available for distribution under this Agreement. DISTRIBUTOR shall purchase PRODUCTS at the list price in effect at the time an order is accepted by COMPANY, less discounts as set forth in Exhibit A. PA and NJ sales tax will not be collected for COMPANY with a resale certificate or other exemption evidence. All prices specified in the COMPANY'S price list are F.O.B. carrier at COMPANY'S Bristol facility. COMPANY agrees that DISTRIBUTOR'S orders shall receive careful attention by COMPANY, but does not bind itself to fill any such orders unless first accepted by COMPANY. COMPANY will insure the shipment of PRODUCTS at DISTRIBUTOR'S expense if so requested by DISTRIBUTOR.

IV. PRICE CHANGES

COMPANY reserves the right at any time to change its list prices for the PRODUCTS. PRODUCTS under orders accepted but unfilled by COMPANY at the time such changes become effective shall be delivered at the prices in effect at the time of acceptance of the order.

V. TERMS OF PAYMENT

Until such time that an acceptable credit rating has been established for DISTRIBUTOR, all sales of PRODUCTS shall be on a cash or C.O.D. basis. Following the establishment of such credit, DISTRIBUTOR agrees to pay COMPANY in full within thirty (30) days after date of invoice. Amounts not paid within (30) days after date of invoice shall incur an interest charge amounting to 1 1/2% per month to all accounts over thirty (30) days.

VI. ORDERS AND DELIVERY

Delivery schedule supplied by COMPANY shall only represent its best estimate. COMPANY shall not be liable for any loss or damages resulting from failure to meet its stated delivery schedule.

DISTRIBUTOR assumes all risks of loss or damage to the PRODUCTS after the PRODUCTS have been delivered to the carrier for shipment to DISTRIBUTOR.

VII. SPECIFICATION CHANGES

COMPANY reserves the right at any time to change the specifications or design of any of the PRODUCTS. COMPANY will notify DISTRIBUTOR of such changed specifications or design. PRODUCTS under orders accepted but unfilled by COMPANY at the time such changes become effective shall be delivered per the specifications or design prevailing at the time of acceptance of the order or shipment, at COMPANY'S sole option. In the event of any change in specifications or design, COMPANY shall not be required to incorporate such changes in any of the PRODUCTS previously shipped or to install or furnish any other or different additional parts for such products.

VIII. WARRANTY

The extent to which COMPANY warrants the PRODUCTS is expressed in COMPANY'S Standard Warranty for the PRODUCTS (presently Exhibit C) in effect at the time of the delivery of such PRODUCTS. COMPANY requires that all installation and repair work be done by a COMPANY-authorized Service Representative to keep COMPANY'S warranty in effect.

IX. WARRANTY REPAIR

- A. If DISTRIBUTOR wishes to provide warranty service for COMPANY'S PRODUCTS, DISTRIBUTOR must maintain itself as an authorized Service Representative.
- B. This Article in no way prohibits DISTRIBUTOR from making an independent determination that a failure covered by warranty has occurred or from performing the requisite repairs and/or removal and reinstallation of PRODUCTS at its own expense and cost.
- C. DISTRIBUTOR shall notify COMPANY of any damage to, abuse or misuse of PRODUCTS by DISTRIBUTOR'S customers which would void COMPANY'S warranty.

X. CONFIDENTIAL INFORMATION

DISTRIBUTOR agrees to maintain in confidence all technical information supplied by COMPANY and not to divulge such technical information, to third parties or use such technical information, except to the extent necessary to enable DISTRIBUTOR to perform its obligation under this Agreement, during the term of this Agreement or any extension thereof or thereafter for a period of five (5) years, without COMPANY'S prior written consent.

Notwithstanding the above, DISTRIBUTOR shall have no obligation to prevent the disclosure of any information which (a) was of written record in DISTRIBUTOR'S files prior to its first receipt from COMPANY, (b) is now or hereafter becomes a matter of public knowledge or literature through no fault of DISTRIBUTOR, or (c) is at any time lawfully received from a third party under circumstances permitting its disclosure to others by DISTRIBUTOR.

XI. TERM

This Agreement shall continue in effect for a period of one (1) year from its effective date, to be automatically renewed annually thereafter unless and until terminated in accordance with Article XII.

XII. TERMINATION

A. This Agreement may be terminated by either party without cause upon thirty (30) days written notice to the other except that in the event of insolvency or bankruptcy of DISTRIBUTOR, COMPANY may terminate this Agreement as of the date it mails a written notice of termination to DISTRIBUTOR'S address.

B. Upon termination of this Agreement, the following provisions shall apply:

1. DISTRIBUTOR shall immediately deliver to COMPANY upon COMPANY'S request and at DISTRIBUTOR'S expense, all records, correspondence, advertising material, price lists, and other documentation, pertaining to COMPANY'S business or supplied by COMPANY hereunder.
2. If COMPANY terminates this Agreement, it will, within thirty (30) days after date of termination, repurchase any of DISTRIBUTOR'S unused, undamaged and, resalable inventory of products at the current list prices for the PRODUCTS less applicable discounts or at DISTRIBUTOR'S net cost, whichever is lower.
3. COMPANY may cancel any and all unfilled orders without incurring any liability therefor to DISTRIBUTOR. In no event shall DISTRIBUTOR'S obligation to pay in full for all PRODUCTS invoiced and delivered hereunder be discharged in the event of termination.

XIII. INTANGIBLES

DISTRIBUTOR shall not use COMPANY'S or any combination of names containing COMPANY'S name as part of any trade or business name.

XIV. LIMITATIONS

A. DISTRIBUTOR is an independent contractor and not an agent or employee of COMPANY.

B. No licenses are granted or implied by this Agreement under any patents, patent applications, trademarks, or trade names owned or controlled by COMPANY or under which COMPANY has rights, except the right to sell, or use the PRODUCTS.

XV. INDEMNIFICATION, LIMITATION OF LIABILITY AND INSURANCE

A. DISTRIBUTOR shall pay all expenses incurred by him in the performance of his obligations under this Agreement.

B. DISTRIBUTOR shall indemnify and hold COMPANY harmless from any and all liability, claims, damages or other expenses arising from or in connection with any activity of DISTRIBUTOR, or of DISTRIBUTOR'S agents and employees pursuant to this Agreement.

C. Under no circumstances shall COMPANY be liable in contract or in tort (including negligence) or otherwise for any special, incidental or consequential damages resulting from the sale or use of PRODUCTS sold hereunder.

D. DISTRIBUTOR shall carry adequate liability and property insurance at its own expense and supply certificate of insurance to COMPANY.

XVI. ASSIGNMENTS

Any attempted assignment or transfer of this Agreement by DISTRIBUTOR without COMPANY'S prior written consent shall be void.

XVII. NOTICE

Any notice to be given by either party shall be sent by registered or certified mail, addressed as follows:

DISTRIBUTOR: _____

COMPANY: ALLIED ELECTRONICS, INC.
P.O. BOX 624
2210 FARRAGUT AVE.
BRISTOL, PA 19007

Routine correspondence, payments, and orders may be sent by regular mail to said addresses. Telephone orders and inquiries from DISTRIBUTOR will also be accepted.

XVIII. CHOICE OF LAW

This Agreement shall be interpreted and construed in accordance with the laws of the State of Pennsylvania.

XIX. ENTIRE AGREEMENT

This Agreement sets forth the entire DISTRIBUTORSHIP AGREEMENT between the parties. Any modification to this Agreement must be in writing and signed by both parties.

In WITNESS WHEREOF, the parties have executed this Agreement on the day and year first above written.

DISTRIBUTOR

ALLIED ELECTRONICS, INC.

By _____

By _____

Title _____

Title _____

Date _____

Date _____

EXHIBIT A

DISTRIBUTOR DISCOUNT SCHEDULE

Discount

DISTRIBUTOR shall purchase spare units and repair services at list price less 20%.

EXHIBIT B

NATIONAL ACCOUNT POLICY

A customer may qualify as a National Account by committing, in writing, or ordering and taking delivery of at least \$100,000.00 in sales in a calendar year.

A DISTRIBUTOR may protect an account for ninety (90) days by written notice to COMPANY detailing their involvement.

Each National Account must submit a purchase order to COMPANY describing their blanket order commitment level. COMPANY will notify all REPRESENTATIVES and DISTRIBUTORS of each National Account agreement as soon as it is final. All subsequent DISTRIBUTOR orders for a National Account must reference the National Account purchase order number to assist COMPANY in administering the policy.

The National Account must agree to employ COMPANY'S Service Representatives to perform installation and service support of PRODUCTS.

If the National Account insists on ordering directly from COMPANY, COMPANY will:

- A. Accept the order directly from the National Account.
- B. Invoice the National Account and accept responsibility for the accounts receivable.
- C. Deliver to the designated ship-to address.

EXHIBIT C

WARRANTY

ALLIED ELECTRONICS, INC., ("COMPANY") warrants for a period of one (1) year from the date of installation, that New Protocol Systems manufactured by COMPANY are free from defects in material and workmanship when installed and serviced by a COMPANY-authorized Service Representative in accordance with COMPANY'S installation instructions and specifications. No labor warranty is offered on the PCB.

During this warranty period, COMPANY will, at its option, repair or provide replacement parts for defective SYSTEMS when defective parts are returned, transportation prepaid, to COMPANY. USE OF REPLACEMENT PARTS FROM OTHER THAN COMPANY OR COMPANY'S AUTHORIZED REPAIR CENTER WILL VOID THIS WARRANTY. Normal transportation charges for return of repaired or replacement parts to the REPRESENTATIVE OR DISTRIBUTOR will be paid by COMPANY. Risk of loss for returned parts shall only be with COMPANY from the time of its receipt until the time it is put into the possession of a carrier for return delivery. At DISTRIBUTOR'S option, COMPANY will insure the returned parts and bill REPRESENTATIVE or DISTRIBUTOR for such insurance. The warranty period of any repaired or replacement part shall be one (1) year from date of installation of such part.

Excluded from the warranty coverage stated herein are SYSTEMS or spare parts that have been damaged due to contamination, improper handling or storage; SYSTEMS or spare parts not installed or not maintained or not used in accordance with COMPANY'S instructions and specifications; SYSTEMS or spare parts which have been modified or altered without COMPANY'S written authorization; any equipment not supplied by COMPANY.

COMPANY shall not be liable in contract or in tort (including negligence or otherwise) for any special, incidental, or consequential damages, including without limitation, damage to property, loss of product, loss of business, claims of customers, and damages resulting from delays in delivery.

The express warranties or remedies set forth in this Exhibit C are exclusive and NO OTHER WARRANTIES OR REMEDIES OF ANY KIND, WHETHER STATUTORY, WRITTEN, ORAL, EXPRESS OR IMPLIED IN THIS AGREEMENT OR OTHERWISE (INCLUDING WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE AND/OR MERCHANT ABILITY) WILL APPLY.

Additional Requirements for becoming an Allied Distributor:

NeXGen Forecourt Controller

1. Sign and return the Distributor Agreement
2. Purchase a spare/back-up NeXGen
3. Schedule training on the NeXGen

* Distributors will receive the appropriate discount as long as the invoice is paid within (30) days.