



STANDARD DISTRIBUTION AGREEMENT WITH TERMS AND CONDITIONS FOR USA AUTOMOTIVE AFTERMARKET DISTRIBUTORS

RUPES USA, a USA corporation located at 531 South Taylor Avenue, Louisville, CO 80027 (the “Corporation”), establishes the following Terms and Conditions for companies seeking to distribute its products in the United States of America (hereinafter referred to as the “Distributor”).

WHEREAS:

- A) The Corporation produces and sells pneumatic power tools, electric power tools and accessories bearing certain trademarks;
- B) The Distributor desires to obtain the non-exclusive right to promote, distribute and sell the Products in the Territory (as hereinafter defined);
- C) The Distributor has assured the Corporation that it possesses the necessary technical and commercial competence and the ability to easily structure the organization necessary to ensure efficient performance of its contractual obligations hereunder; and
- D) The Corporation is willing to sell the Products to the Distributor for marketing in the Territory (as hereinafter defined) under the terms and conditions of this Agreement.

NOW THEREFORE, in consideration of the premises and the mutual covenants herein contained, the parties hereto agree as follows:

Article 1: Appointment of Distributor

1.1 - Appointment: Subject to the terms and conditions of this Agreement, the Corporation grants to the distributor the non-exclusive right to promote, market, distribute and sell the Products in the Territory. The Distributor hereby accepts such non-exclusive appointment and agrees to use its best efforts to develop and promote the sale of the Products in the Territory during the Term (as defined hereunder) and in accordance with the terms and conditions of this Agreement. The Distributor acknowledges that the Corporation reserves the right to market and sell the Products within the Territory directly or through one or more distributors and the Distributor further acknowledges the right of the Corporation to define the geographic and market segment boundaries of the Territory.

1.2 - License: Subject to the provisions of Article 10 hereof, the Corporation grants to the Distributor the non-exclusive right and license to use the Corporation’s registered trademarks (the “Trademarks”) in the Territory, only for as long as this Agreement is in force, for the sole purpose of promoting and selling the Products in the Territory, and for no other purpose.



1.3 - Discontinuations: Nothing in this Agreement shall preclude the Corporation from discontinuing the sale of any Product that the Corporation concludes is no longer in its best interest to sell provided the Corporation gives the Distributor at least thirty (30) days prior written notice of such discontinuation.

1.4 - Limitations: The Distributor shall buy and sell the Products in its own name and for its own account. The Distributor acknowledges that it is an independent contractor and not an employee, agent, joint venturer or partner of the Corporation. The Distributor is prohibited from accepting any obligation, incurring any liability, promising any performance, or pledging any credit on behalf of, or in the name of, the Corporation unless expressly permitted under this Agreement. Each party shall pay any and all expenses incurred in connection with its contractual obligations hereunder.

Article 2: Products

2.1 - Products: The Products covered in the Agreement shall include pneumatic power tools, electric power tools and accessory and spare parts manufactured or sold by the Corporation as defined in the USA Automotive Aftermarket price list.

Article 3: Territory

3.1 - Territory: The Territory covered by this Agreement shall be the United States of America and its territories and protectorates. Exportation of the Products outside the defined Territory without the prior written consent of the Corporation is prohibited. Exportation of the Products to Mexico and Canada is expressly forbidden without prior written consent from RUPES USA management. Sales of the Products to any individual or entity that the Distributor knows or should have known has the intention to export the Products, or who the Distributor has a reasonable expectation will export the Products is forbidden unless prior written consent from RUPES USA management is obtained. Distributors in violation of Article 3 are subject to penalties including, but not limited to, reduction in discount and/or termination of this Agreement.

Article 4: Prices

4.1 - Prices: The Corporation will sell Products to the Distributor in accordance with its appropriate wholesale price list in effect at the time of the Distributor's order. Prices do not include transportation costs which shall be borne by Distributor unless otherwise stated by the Corporation. Prices do not include federal, state or local taxes applicable to the products sold under the Agreement. An amount equal to the appropriate taxes will be added to the invoice by the Corporation where the Corporation has the legal obligation to collect such taxes. Distributor shall pay such amount to the Corporation unless Distributor provides Corporation with a valid tax exemption certificate authorized by the appropriate taxing authority.



4.2 - The Distributor must submit purchase orders for the Products to the Corporation by email, setting forth at a minimum: an identification of the products ordered, quantities and requested delivery dates.

4.3 - The Corporation's price list is subject to change on thirty (30) days prior written notice to the Distributor and any such price changes shall take effect only on orders placed after such thirty (30) day period.

4.4 - The Corporation will establish payment terms for Distributor. In the event that Distributor does not comply with its payment terms, the Corporation shall have the right to suspend deliveries to Distributor and may, at its sole discretion, terminate the order, as well as any future orders, and may ultimately terminate this Agreement. The Distributor shall make all payments in accordance with the terms of this Agreement notwithstanding any claim for any alleged fault, defect or irregularity in the Products. The Distributor shall be liable for all costs and expenses, including reasonable attorney's fees, incurred by the Corporation in connection with any unpaid balance of the Distributor's account.

Article 5: Duties of Distributor

5.1 - The Distributor, at its own cost and expense, shall use all reasonable commercial efforts to develop and maximize its sales for the entire line of the Products in the Territory. These efforts shall include, but are not limited to, the following obligations:

1. Sales Organization: Distributor shall establish and maintain sales personnel that are fully trained and knowledgeable about the Products.
2. Inventory: Distributor shall maintain as inventory an adequate selection and stock of the Products necessary to fulfill customers' demands.
3. Advertising and Promotion: Distributor agrees to conduct, at its own expense, advertising and public relations campaigns. The Corporation will provide advertising materials to use in promoting and advertising the Products. All advertising and promotional materials relating to RUPES products and not directly supplied by the Corporation shall be submitted to the Corporation for written approval prior to the use of any such material.
4. Licenses and Permits: Distributor shall comply with all applicable federal, state and local laws governing its business practices and shall obtain all necessary permits and licenses necessary for its business operations.

5.2 - Except as expressly provided by this Agreement, any and all expenses and/or charges connected with the fulfillment of the Distributor's obligations and activity pertaining to this Agreement shall be exclusively borne by the Distributor.



5.3 - Distributor agrees to operate in compliance with the RUPES USA MAP policy attached as an addendum to this Agreement.

Article 6: Duties of Corporation

6.1 - The Corporation shall provide the Distributor the opportunity to obtain reasonable quantities of all Products for distribution within the Territory.

6.2 - The Corporation shall provide catalogs and other available marketing literature to assist the Distributor in the sale of the Products.

6.3 - The Corporation shall provide technical service for the Products through email, telephone and training sessions as approved by the Corporation on a case by case basis.

Article 7: Warranty

7.1 - The Corporation warrants that Products sold by it are free from defects in material and workmanship when properly maintained under normal use for a period of 12 months from date of purchase by the original end user.

7.2 - Products that are defective in material or workmanship will, in the Corporation's discretion, be either replaced, repaired, or credited for the original purchase price. The Distributor must notify the Corporation in writing of such defect within thirty (30) days of discovering the defect and must return the Product in accordance with the Corporation's instruction. No Product may be returned without the Corporation's prior written authorization.

7.3 - This warranty does not apply to any Product that has been subjected to misuse, abuse, negligence or accident by the Distributor or third parties and does not extend to normally wearable parts including, but not limited to, bearings, blades, and electric cords.

7.4 - The Corporation makes no other warranty or representation of any kind with respect to the products, either express or implied, including without limitation, that of merchantability or fitness for a particular use.

THE FOREGOING CONSTITUTES THE DISTRIBUTOR'S SOLE AND EXCLUSIVE REMEDY AND THE CORPORATION'S SOLE OBLIGATION WITH RESPECT TO THE PRODUCTS FURNISHED HEREUNDER.



Article 8: Term and Termination

8.1 - The duration of this Agreement shall be for the period beginning with the date of execution of this Agreement and extending through 12 months (the "Initial Term"). Thereafter, this Agreement shall be automatically renewed, at the same terms and conditions, for additional, successive one (1) year periods.

8.2 - This Agreement may be terminated at any time by the Corporation immediately upon written notice to the Distributor in the event that:

1. Distributor fails to comply with applicable federal, state and local laws and regulations, pursuant to Section 5.1(d) above;
2. Distributor fails to comply with price and payment term provisions set forth in Section 4.4 above;
or
3. Distributor fails to comply with regulations set forth in MAP policy document (incorporated herein by reference).

8.3 - Notwithstanding anything to the contrary in Sections 8.1 and 8.2 above, this Agreement may also be terminated at any time by either party immediately upon written notice to the other party in the event that:

1. Either party suspends or discontinues its business or makes an assignment for the benefit of, or composition with, creditors, or becomes insolvent or unable to pay its debts when due; becomes a party or subject to any liquidation or dissolution action or proceeding, or to any bankruptcy, reorganization, insolvency or other proceeding for the relief of financially distressed debtors; or if a receiver, liquidator, custodian or trustee is appointed for it; or if a substantial part of its assets are liquidated.
2. A change in control of either party takes place. For the purposes of this Agreement, "control" shall mean possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or partnership or other ownership interest, by contract or otherwise).
3. Either party attempts to assign this Agreement or any rights or obligations hereunder without the prior written consent of the other party.
4. Either party materially breaches any provision of this Agreement and fails to cure such default within thirty (30) days of receipt of written notice thereof, with the exception of the reasons for default set forth in Section 8.2 above, the occurrence of which gives the Corporation the right of immediate termination.



8.4 - Mutual Right Of Termination: Both parties maintain the right to terminate the relationship, without cause, by giving the other party a written thirty (30) day notice of intent.

8.5 - Procedure Upon Termination: Upon termination of this Agreement, the Corporation is entitled to restrict or cease deliveries of the Products to the Distributor, including deliveries on orders already received at the time of the notice of termination. Also upon termination of this Agreement, the Distributor shall cease to have any rights under the Agreement; however, the Distributor's obligations under Section 4.4, Article 10 and Article 11 will survive termination. Notwithstanding the foregoing, except in the event of termination by the Corporation pursuant to Sections 8.2 and 8.3(a) above, the Corporation is required to make the Products available to the Distributor in such quantities so as to enable the Distributor to maintain the Distributor's own delivery commitments existing before the effective date of termination, subject to proof being given by the Distributor to the Corporation that it was under unconditional contractual obligations at the time it received notice of termination to make deliveries which it cannot fulfill from its inventory. After any notice of termination is given, the Corporation may modify the terms of payment for any subsequent shipment.

8.6 - Effect Of Termination: Upon termination or expiration of this Agreement, all of the Distributor's rights with respect to the Trademarks shall immediately cease, provided, however, that the Distributor may utilize the Trademarks to sell any Products remaining in inventory or otherwise delivered after said expiration or termination for a period of six (6) months from the date of termination.

8.7 - The Corporation is under no obligation to accept stock returns in the event that either party terminates the Agreement.

Article 9: Confidentiality

9.1 - Confidential Information: During the Term hereof and thereafter, the Distributor agrees to keep secret all the Confidential Information (defined hereunder) and will take all steps and institute any internal procedures necessary to maintain the secrecy of the Confidential Information and further agrees that it shall not use the Confidential Information except in connection with the performance of its obligations under this Agreement. Upon termination of the Agreement, Distributor shall immediately cease to use the Confidential Information and shall return to the Corporation all documents and copies in its possession or control which in any way embody or evidence the Confidential Information. As used herein, the term "Confidential Information" is defined as all information disclosed to the Distributor or otherwise acquired by the Distributor in connection with performance of its obligations under this Agreement concerning or relating in any way to the markets, customers, Products, procedures, plans, operating experience, marketing strategies, organization, employees, financial conditions or plans or business of the Corporation, its subsidiaries or affiliates, except for such knowledge or information which: 1) is or later becomes publicly known under circumstances involving no breach of this Agreement



by the Distributor; 2) was already known to the Distributor at the time it received the information or knowledge; 3) is made available to the Distributor by a third party without secrecy obligation and without breach of its obligations to the Corporation; or 4) the Distributor is required by law to divulge.

Article 10:Trademarks

10.1 - During the term of this Agreement, the Distributor shall have the limited, non-exclusive, royalty-free right to use the Trademarks in connection with the promotion and sale of Products in the Territory. The parties acknowledge that any misuse of the Corporation's trademarks will cause irreparable harm to the Corporation.

Use of the Trademarks shall conform to the following requirements:

- a) The Distributor shall not use the Trademarks in any manner other than as set forth in Section 10.1 above without the prior written approval of the Corporation.
- b) The Distributor shall not put or retain the Trademarks in the Distributor's own name or any business name.
- c) The Distributor shall not use the Trademarks in any manner which suggests an affiliation with the Corporation other than that of distributor of the Products.
- d) The Distributor shall not add to, or use with, the Trademarks, any other trade name, trademark, symbol or device without the prior written approval of the Corporation.
- e) The Distributor shall not include the Trademarks in any registration activities involving the Distributor's activities on websites or social media sites.
- f) The Distributor shall include any symbol or notice with the Trademarks which the Corporation advises is necessary, from time to time, to identify and protect the Corporation's interest in the Trademarks.
- g) The Distributor shall apply no other trade name, nor any labels, signs or markings of any kind to the Products without the prior written consent of the Corporation.
- h) The Distributor shall comply with all tenets set forth in the Corporation's Corporate Identity Manual.
- i) Use of the Trademarks is granted only to authorized Distributors of the Products and is not transferable to other commercial entities without the express written consent of the Corporation.



10.3 - The Distributor hereby acknowledges that the Corporation is the sole owner of the Trademarks and the goodwill pertaining thereto and that nothing contained herein shall constitute an assignment of the Trademarks or grant to Distributor any right, title or interest therein, except the right to use it as set forth in this Article. The Distributor agrees that it will not contest the Corporation's ownership of the Trademarks, either during or after the Term.

The Distributor shall notify the Corporation of any infringement of the Trademarks in the Territory, of any applications or registrations for the Trademarks or marks similar to the Trademarks within the Territory, of any suit or proceeding or action of unfair competition involving the Trademarks in the Territory, promptly upon discovery.

10.4 - The Distributor agrees that, upon termination of this Agreement, it shall have no interest in or right to use the Trademarks in any manner or for any purpose whatsoever, except for the limited right to sell its then remaining inventory of Products bearing the Trademarks.

10.5 - If the Distributor acquires any rights to the Trademarks for any reason, it undertakes to promptly return such rights to the Corporation immediately and without expense to the Corporation.

10.6 - The Corporation represents and warrants to the Distributor that: a) it is the registered owner of the Trademarks and/or is the sole authorized licensee of such Trademarks in the Territory, pursuant to valid license agreements; and b) has the right, power and authority to enter into this Agreement and grant to the Distributor the rights granted hereby.

10.7 - Distributor agrees to act in compliance with the Corporation's policies regarding use of Trademarks as described in the official corporate statement as distributed from time to time.

Article 11: Force Majeure

Neither party shall be liable for any delay or failure in performance under this Agreement when such delay or failure is a direct result of: any present or future statute, law, ordinance, regulation, or order; a failure to deliver on the part of a supplier; a judgment or decree; an act of God including but not limited to flood or earthquake; an epidemic, explosion, lockout, boycott, strike, labor unrest, riot, war or similar catastrophic occurrence beyond the party's control and without the fault or negligence of the non-performing party.

11.2 - In the event of any such delay or failure, the affected party shall send written notice by mail, email or fax of the delay or failure and the reason thereof to the other party within fourteen (14) calendar days from the time the affected party knew or should have known of the Force Majeure in question.



11.3 - The provisions of this article shall not be applicable to any obligations involving the payment of money.

Article 12: General Provisions

12.1 - Governing Law: This Agreement shall be governed by the laws of Colorado.

12.2 - Notices: Any notice, request, demand, waiver, consent, approval or other communication required to be given pursuant to this Agreement shall be in writing and shall be deemed given: a) upon delivery, if by hand; b) after two (2) business days if sent by express mail or courier; or c) upon transmission if sent by facsimile or email, provided that a confirmation copy is sent in the manner provided in clause (b) of this Section within thirty-six (36) hours after transmission, except that if notice is received by facsimile or email after 5:00 pm on a business day at the place of receipt, it shall be effective as of the following business day. All Notices are to be given or made to the parties at the addresses appearing on the first page hereof, or to such other address as any party may designate by a notice given in accordance with provisions of this Section.

12.3 - Entire Agreement; Amendment: This Agreement, together with any exhibits or attachments hereto, contains the entire agreement and understanding of the parties hereto with respect to the matters herein set forth and all prior negotiations and understandings relating to the subject matter of this Agreement are merged herein and are superseded and canceled by the Agreement. This Agreement may not be modified except in writing and signed by both parties.

12.4 - Waiver: The failure by the Corporation to require the performance of any term of this Agreement or the waiver by the Corporation of any breach under this Agreement shall not operate or be construed as a waiver of any subsequent breach by the Distributor hereto.

12.5 - Assignment: Neither party shall assign its rights nor delegate the performance of its duties or other obligations under this Agreement, including any claims arising out of or connected with this Agreement, without the prior written consent of the other party.

12.6 - Choice of Venue: Any dispute deriving from or in connection with this Agreement shall be finally settled by the courts of Colorado. The Corporation however, shall have the right, at its option, to act in the court having jurisdiction over the area where the Distributor's head office is located.

12.7 - Survivability: The offer of distribution does not survive transfer in ownership at the Distributor level. The offer of distribution does not automatically transfer to any entity that purchases the Distributor.



12.8 - Severability: In case any one or more provisions contained in this Agreement or any application thereof shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and other applications thereof shall not in any way be affected or impaired thereby.