

ABUS USA Distributor Agreement

ABUS Vitesse™ Restricted Keying System Form AV#22



Security Tech Germany

This is an Agreement **BETWEEN**

ABUS USA, LLC, an Arizona Limited Liability Corporation (aka ABUS USA, ABUS)
located at 23910 N. 19th Ave. #56, Phoenix, AZ 85085

AND

Name of Company	Contact		
Address	City	State	ZIP
Legal Form of Business			

The effective Date of this Agreement is the date it is executed by ABUS USA LLC.

BACKGROUND

ABUS USA, LLC (aka ABUS USA, ABUS) is engaged in the business of manufacturing locks and security products, including locks, cylinders, padlocks, key blanks and other related safety and security items. ABUS USA also manufactures a restricted keyway system product which comprises of a 14mm cylinder with 13 key depths, offering 1.5 million true key differs. ABUS Vitesse™ unique combination of patent protection, unlimited trademark protection and highest technical key copy protection, along with the curved precision profile and Intop System offer highest picking protection. ABUS USA has established a program for making the ABUS Vitesse™ Restricted Keyways available to select wholesaler distributors on a protected geographic basis for distribution and resale to the locksmith trade.

Distributor is currently one of ABUS USA wholesale distributors for some or all of these products.

Distributor desires, and ABUS USA is willing, to expand their relationship to designate Distributor as an authorized wholesale distributor of one or more ABUS Vitesse Restricted Keyways for one or more geographic areas for wholesale distribution under the terms and the conditions set forth in this Agreements.

TERMS

Appointments

Subject to the terms and conditions of this Agreement, ABUS USA appoints Distributor, and Distributor accepts the appointment, as an exclusive distributor to market and sell to the locksmith trade the ABUS Vitesse™ Distributor High Security Restricted Keyway(s) listed below in the geographic area(s) ("Distributor's Territory") indicated.

Restricted Keyway	Distributor Territory
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ABUS USA will not authorize any other party to market or sell the Distributor's Restricted Keyway in Distributor's Territory during the term of this Agreement. Distributor's rights under this Agreement are limited to the Distributor's Restricted Keyway in Distributor's Territory.

Distributor acknowledges that ABUS USA retains the right to market and sell, and the right to appoint others to market and sell, Distributor's Restricted Keyway or different Restricted Keyways outside the Distributor's Territory.

ABUS USA will only produce master keyed products with Distributor keyway to bitting lists provided by Distributor (#1 master pins cannot be used).

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1. Distributor Purchase Requirements

- 1.1 Minimum Inventory. Within thirty (30) days of effective date, Distributor will purchase from ABUS USA a minimum of \$_____ of the items and at the prices set forth in Vitesse™ High Security Price List, as an agreed upon initial inventory investment of Distributors Restricted Keyways for the Initial Term of this Agreement as defined in Section 4.
- 1.2 Renewal Years. During each renewal year, if any Distributor's minimum purchase requirement shall be at least to the level of the minimum purchase requirement from the prior year, with the manufacturer maintaining the option to increase this by not more than 5%.

2. Distributor's Obligations. Distributor agrees as follows:

- 2.1 Key Section Restrictions. To market and sell Distributor's Restricted Keyways only to those sub-distributors and/or locksmith customers who have been informed of and agree to be bound to Distributor's Territory restrictions in Section 1 and Distributor's obligations and liabilities under this section 3. The Distributor shall maintain a list of these sub-distributors and/or locksmiths and provide to the manufacture upon demand.
- 2.2 Key Blank/Section Control. To permit access to blank keys used with Distributor's Keyways to only those of Distributor's employees who need to have such access, who have been informed about the restrictive requirements of this Agreement, and who agree to uphold the restrictions. Distributor will maintain a current list of such employees and make the list available to ABUS USA, upon request.
- 2.3 Use of ABUS USA Trade Name. To use ABUS USA name and ABUS USA trademarks only in connection with the authorized marketing, sale and distribution of Distributor's Restricted Keyway and only in the format provided by ABUS USA. No other right to use the "ABUS" name or trademarks is implied by this Section.
- 2.4 Product Stock. To purchase and maintain an adequate on-hand stock of (the products as defined in Exhibit 1) in order to meet the normal daily requirements of its regular locksmith customers. Distributor shall maintain an adequate inventory of other typical service items, such as pin kits and key blanks. Purchases of Distributor's Restricted Keyways and other products shall be pursuant to the terms and conditions of the Contract and ABUS USA standard terms and conditions, as applicable, including without limitation, the price of products, product warranties, ordering, payment terms, claims, returned goods.
- 2.5 Unauthorized Key Duplication by Third Parties. To promptly inform ABUS USA in the event that Distributor becomes aware of any instances of duplication of keys for Distributor's Keyways by parties other than Distributor.

- 2.6 Key Records. To institute internal record keeping and other procedures to prevent shipment of blank keys used with Distributor's Restricted Keyway to unauthorized locations/customers.
- 2.7 Notification. To promptly notify ABUS USA of any unauthorized third party's attempt to buy or sell any Restricted Keyway products or key blanks.

3. Term

Unless earlier as provided below, this Agreement shall have an "Initial Term" of one year beginning on the Effective Date ("Year 1"), and will thereafter renew automatically for successive periods of one year (each a "Renewal Year") unless either party gives notice to the other of an intent not to renew at least ninety (90) days prior to the expiration of the Initial Term or any Renewal Year.

4. Termination

- 4.1 Immediate Cause. ABSUS USA may terminate this Agreement, effective immediately the day of notice to Distributor, if Distributor breaches any of its obligations under Section 1 or 3 above.
- 4.2 Termination Coincident with Contract Termination. This Agreement will terminate in the event, and on the date, of termination of the Contract, pursuant to its terms and conditions.
- 4.3 Just Cause. Either party may terminate this Agreement thirty (30) days following written notice to the other party of a material breach by the other party, if the breach remains uncured at the end of notice period. The notice shall set forth in reasonable detail the alleged breach.
- 4.4 Effect of Termination: Option to Purchase Inventory. As of the notice date, ABUS USA may terminate any order placed by Distributor for (products used in connection with Distributor's Restricted Keyways) if Distributor is the breaching party. Upon termination of the Agreement by either party, ABUS USA will have the option to repurchase any inventory, including without, limitation pre-bitted key blanks for Distributor's Restricted Keyway(s) held by Distributor at the purchase price paid by Distributor and Distributor shall promptly ship the product, or make the product available for pick-up by ABUS USA at ABUS USA's expense. Upon termination of the Agreement, Distributor agrees that ABUS USA has the right to appoint another party to market and sell Distributor's Restricted Keyway in Distributor's Territory.

5. Indemnification

Distributor agrees to defend, indemnify, and hold harmless ABUS USA, its parent, affiliates, successors and assigns, officers, directors, employees and agents, from and against all losses, liabilities and damages incurred by ABUS USA due to third party claims, suits or proceeding arising from Distributor's, its employees or agents or omissions in performing or adhering to Distributor's restrictions and obligations under this Agreement. Distributor waives any

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recourse against ABUS USA, its parent, affiliates, successors and assigns, officers, directors, employees and agents, resulting from improper installation by Distributor of Distributor's Restricted Keyway or negligence on the part of Distributor's customers in properly servicing or maintaining Distributor's Restricted Keyways.

6. Assignment

This Agreement is not assignable by the Distributor.

7. No Waiver

No waiver will be implied from conduct or the failure to enforce rights, and no waiver will be effective unless in writing and signed by both ABUS USA and the Distributor.

8. Notices

All notices and statements to be given and all payments to be made hereunder, shall be given or made at the respective address of the parties as set forth above unless notification of a change of address is given in writing. Any notice shall be in writing and shall be deemed given (i) when delivered by personal delivery, (ii) the next business day following transmittal when sent by confirmed facsimile transmission or by a nationally recognized overnight courier that provides for signed receipt upon delivery, or (iii) three (3) days after mailing by certified or registered mail, return receipt requested, postage prepaid, whichever occurs first.

9. Miscellaneous

This Agreement constitutes the entire agreement and understanding between the parties relating to the subject matter and supersedes and terminates any prior written or verbal understanding by and between the parties relating to the subject matter. It does not, however, supersede the Contract referred to above because the Contract is understood to not cover the subject matter of this Agreement. The terms and conditions of the Contract remain in full force and effect upon execution of this Agreement. Any amendment, variation or modification to this Agreement must be in writing and signed by ABUS USA and Distributor. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns. This Agreement will be construed in accordance with the laws of the State of Arizona, without regard to its principles of conflicts of laws.

IN WITNESS WHEREOF, duly authorized representatives of the parties have entered into this Agreement and executed it by signing below in duplicate, each copy being considered an original.

Distributor to return two original signed agreements to ABUS for signature. ABUS will then return fully executed original agreement back to the Distributor for their records.

ABUS USA

Representative Name

Signature

Position

Fax No.

Date

DISTRIBUTOR

Distributor Name

Representative Name

Signature

Position

Fax No.

Date