

DISTRIBUTION AGREEMENT

between

DANIK HOOK LLC

and

[_____]

DATED

_____, 201_

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THIS AGREEMENT is entered into as of [•] (the “COMMENCEMENT DATE”), by and between the parties described immediately below:

PARTIES

- (1) DANIK HOOK LLC, a California limited liability company whose primary office is located at 2140 S. Reservoir Street, Pomona, California 91766 (“DH”).
- (2) [FULL COMPANY NAME], a [_____] corporation, whose primary office is located at [_____] (“DISTRIBUTOR”).

BACKGROUND

DH wishes to appoint the Distributor as its non-exclusive distributor for the promotion and sale certain products of DH within the Territory (as defined below), and the Distributor wishes to promote and sell the Products within the Territory on the terms of this agreement.

AGREEMENT

NOW THEREFORE, in view of the Background and in consideration of the obligations and undertakings set forth below, DH and Distributor agree as follows:

1. INTERPRETATION

1.1 The definitions and rules of interpretation set out in this clause apply in this agreement:

“BUSINESS DAY” means a day (other than a Saturday, Sunday or public holiday in the United States of America when banks in Los Angeles are open for business.

“CONTROL” means the term “control” (including the terms controlling, controlled by and under common control with) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise.

“PRODUCTS” means any of the following that DH sells to Distributor hereunder, including: (i) those Danik Hook products set forth under Exhibit 1; and (ii) and other product or device developed by DH, which DH may permit the Distributor, by express notice in writing, to distribute hereunder by amendment of Exhibit 1.

“RESERVED CUSTOMERS” means both (i) the customers specified in Exhibit 3, which comprise the customer groups in respect of which DH has appointed an exclusive distributor or has reserved to itself; and (ii) any other customer groups in respect of which DH informs the Distributor by notice in writing that it has appointed or will appoint an exclusive distributor or has reserved to itself.

“RESERVED TERRITORIES” means the geographic areas specified in Exhibit 3 which DH has reserved for itself or for which DH has appointed an exclusive distributor and any additional geographic areas in respect of which DH informs the Distributor by notice in writing that it has reserved to itself or appointed an exclusive distributor.

“TERM” is defined in Section 8 of this agreement.

“TERRITORY” means the geographic areas specified in Exhibit 2.

“TRADEMARKS” means the trademark registrations and applications identified in Exhibit 4 (and any further trademarks which DH may by express notice in writing permit or procure permission for the Distributor to use in the Territory in respect of the Products).

1.2 Section and subsection headings shall not affect the interpretation of this agreement. The Exhibits form part of this agreement and shall have effect as if set out in full in the body of this agreement. Any reference to this agreement includes the Exhibits.

2. APPOINTMENT

Subject to the terms and conditions of the Agreement, DH hereby appoints Distributor, and Distributor hereby accepts the appointment, as a non-exclusive distributor for the sale of Products in the Territory during the term of this Agreement.

3. DISTRIBUTOR'S OBLIGATIONS

3.1 The Distributor agrees that at all times during the Term it shall:

(a) use its best efforts to maximize the sale of the Products within the Territory, including, without limitation, (i) using diligent efforts to promote the sale of Products and the reputation thereof, as well as customer confidence in them and the goodwill of the Products, and (ii) advertising the Products, at its expense and agreeing that said advertisements shall prominently display DH's Trademarks and shall be subject to prior approval by DH with respect to content and format.

(b) market the Products on terms and conditions consistent with the sales prices and conditions established by DH for the Territory and in accordance with any and all applicable laws, including without limitation, those of the Territory.

(c) maintain a reasonable inventory of Products for sales presentations, training meetings, shows and other marketing purposes as needed, or if requested by DH.

(d) keep full and proper books of account and records showing clearly all transactions and proceedings relating to the Products and allow DH, on reasonable notice, access to its accounts and records relating to the Products for the purpose of inspection.

(e) make all records and correspondence to and related to customers and accounts available to DH, which records shall include details of sales, outstanding customer orders and orders placed by the Distributor with DH that are still outstanding, and any other information relating to the performance of its obligations under this agreement that DH may reasonably require from time to time.

(f) forward to DH all inquiries that Distributor receives regarding the purchase of Products from interested parties outside of the Territory.

(g) inform DH immediately of any change of Control of the Distributor and of any change in its organisation or method of doing business which might affect the performance of the Distributor's duties in this agreement.

3.2 Distributor shall not, directly or indirectly, during the term:

- (a) sell or seek to sell any of the Products to customers located outside the Territory, including through visits, direct mail or electronically, or to any party seeking to purchase Products with the intent of reselling them outside of the Territory.
- (b) make any advertisement, have any establishment or maintain any site for sale or distribution of Products outside the Territory.
- (c) sell or seek to sell any of the Products under a brand name, trademark or trade name other than “Danik Hook” or any other trade mark or trade name set forth under Exhibit 4 or otherwise in a manner not expressly permitted under the terms of this Agreement.
- (d) resell the Products at a price exceeding the maximum resale price specified by DH in writing from time to time.
- (e) engage in any Conflicting Activities (as defined in Section 13 below).
- (f) select or appoint any sub-distributors for the Products within the Territory without the prior written approval of DH.
- (g) represent itself as an agent of DH for any purpose; pledge DH’s credit; give any condition or warranty on the DH’s behalf; make any representation on the DH’s behalf; or commit DH to any contracts.
- (h) make any warranties, promises or guarantees about the Products beyond those contained in any promotional material supplied by DH, without DH’s prior written consent.

3.3 In addition, Distributor acknowledges that:

- (a) All costs and expenses connected with and/or incidental to the distribution of Products in the Territory and Distributor’s performance under this Agreement shall be borne by Distributor, and Distributor shall not be entitled to reimbursement therefor from DH, except as otherwise agreed in writing by DH in its sole and absolute discretion;
- (b) DH may change the design of any of the Products at any time, or may discontinue selling any or all of the Products or parts without advance notice to Distributor.
- (c) Notwithstanding anything to the contrary contained herein, Distributor shall have no claim against DH for failure to furnish Products or parts of the model, design or type previously sold, or for failure to incorporate modifications in any Products previously purchased by Distributor.

4. DH’S OBLIGATIONS

4.1 DH agrees that at all times during the Term it shall:

- (a) supply the Products to the Distributor for resale in the Territory. DH reserves the right to supply the Products directly to customers in the Territory.
- (b) provide any information and support that may be reasonably requested by the Distributor to enable it properly and efficiently to discharge its duties under this agreement.

(c) approve or reject any promotional information or material submitted by the Distributor within ten Business Days of receipt.

(d) provide Distributor 30 days' notice before excluding one or more of the Products from Exhibit 1 of this agreement.

5. ORDERS

5.1 The Distributor shall buy the Products for its own account for resale under this agreement. The parties understand and agree that all orders for Products purchased by Distributor from DH hereunder shall be placed and memorialized through written purchase orders ("POs"), using DH's standard PO form, a copy of which is attached under Exhibit 7 hereto. No PO shall be binding upon DH unless signed and returned by DH.

5.2 Title to the Products shall remain with the Seller until Seller ships the Products or otherwise no longer has physical possession or control of the Products, at which time Purchaser will take title in the Products. Risk of loss for the Products transfers to Purchaser upon Purchaser's taking title of the Products.

5.3 DH will make reasonable commercial efforts to provide to Distributor (via email, facsimile or otherwise as may be reasonably requested by Distributor and supported by DH) within three (3) business day of receipt, a written acknowledgment of each Purchase Order accepted by DH.

5.4 Distributor also agrees to provide DH with estimates of its anticipated Product purchases required for the ensuing six (6)-month period.

5.5 DH undertakes to use its commercially reasonable efforts to fulfil all orders by Distributor.

5.6 If a request to change or cancel a Purchase Order is accepted by DH, DH may, as a condition to such acceptance, require Distributor to compensate DH for any costs incurred by DH as a result of the change or cancellation.

5.7 The standard terms and conditions of sale in force from time to time shall apply to all sales by the DH to the Distributor under this agreement. The conditions of sale that apply at the Commencement Date are set out in Exhibit 7. If there is any inconsistency between DH's conditions of sale and the terms of this agreement, this agreement shall prevail.

5.8 If DH disputes any invoice or adjustment, it will provide written notice of this dispute to DH within ten (10) days of the date thereof and provide DH with a detailed accounting of its basis for disputing such invoice or adjustment. The dispute resolutions provisions of Section 16.4 shall then take effect. Distributor agrees to pay all of DH's costs of collection, including costs of litigation and reasonable attorneys' fees.

5.9 With regard to all Product provided to Distributor on credit basis, which means, before payment for the Product has been received by DH, DH shall hold a first priority security interest in all such Product and the proceeds therefrom, including the right of repossession (together, the “COLLATERAL”). Distributor hereby authorizes DH to take such actions as may be necessary or appropriate to perfect DH’s security interest granted by this Section 5.9. At the request of DH, Distributor shall execute a security agreement reflecting this first priority security interest in the Product. At the request of DH, Distributor shall execute all such other documents as may be necessary or appropriate to perfect a security interest in favor of DH for any delivery of Product on a credit basis.

5.10 Minimum Quantity. [check the applicable box.]

- (a) No minimum quantity requirement shall be applicable; or
- (b) In each Year the Distributor shall place orders with DH for the Minimum Quantity for that Year as set out in 0.

6. PRICES AND PAYMENT

6.1 The prices to be paid by the Distributor to DH for the Products are to be the Products’ wholesale prices, as in effect from time to time. The prices applicable at the Commencement Date are set out in Exhibit 6. These prices are subject to change at DH’s sole discretion. A Price change shall be effective on the fifth business day following written notice to Distributor. Product shipped to Distributor will be invoiced at the price in effect at the time of shipment.

6.2 Any and all expenses, costs and charges incurred by the Distributor in the performance of its obligations under this agreement shall be paid by the Distributor, unless the DH has expressly agreed in advance in writing to pay such expenses, costs and charges.

6.3 The Distributor shall pay the full amount invoiced to it by DH, using DH’s preferred method of payment, within 20 days of the date of invoice; provided however, DH reserves the right to require different payment terms based on payment history of Distributor.

6.4 The Distributor may not withhold payment of any amount due to DH because of any set-off, counter-claim, abatement, or other similar deduction.

6.5 The Distributor shall be responsible for the collection, remittance and payment of any or all taxes, charges, levies, assessments and other fees of any kind imposed by governmental or other authority in respect of the purchase, importation, sale, lease or other distribution of the Products.

6.6 Interest shall be chargeable on any amounts overdue at the rate of 10% per annum. The interest period shall run from the due date for payment until receipt by DH of the

full amount whether before or after judgment and without prejudice to any other right or remedy of DH.

7. TAXES

7.1 Prices are exclusive of all federal, state, municipal or other government, excise, use, occupational, sales, goods and services, value added or like taxes or duties now in force or enacted in the future (other than taxes levied on the net income of DH) that DH may be required to collect or pay upon sale or shipment of the Products or upon shipment of or granting of a license to Software (collectively, "TAXES").

7.2 Distributor agrees to pay all Taxes unless Distributor is exempt therefrom. If Distributor claims that it is exempt from Taxes, Distributor will provide DH with an exemption resale certificate or other appropriate evidence to show that it is exempt from the relevant Taxes. In the event DH is required to pay any Taxes at the time of sale or thereafter, Distributor agrees to reimburse DH therefor.

8. TERM

The Term (as defined below) of this Agreement and the exclusive distributorship created hereunder will be for an initial term ("INITIAL TERM") of five (5) years unless sooner terminated in accordance with the provisions of this Agreement, including without limitation the provisions of Section 13 below. The Distributor shall have the "right to extend" the Term under the same material terms and conditions for one additional five (5)-year renewal term (a "RENEWAL TERM", and together with the Initial Term, the "TERM") with prior written notice sent to DH at least 30 days' prior to the expiration of the Initial Term, so long as at the time of Distributor's receipt of said renewal notice and through the commencement date of the Renewal Term, the Distributor shall be in compliance with all of the terms and conditions of this Agreement.

9. RELATIONSHIP; PERMITS

9.1 In connection with the Distributor's performance under this Agreement, the Distributor will be an independent contractor of DH, and will not look to DH as its employer, or as a partner or agent. The Distributor may not enter into any agreement or obligation of any kind on behalf of DH. As an independent contractor, the Distributor will not be entitled to any employee benefits, and will be responsible for all costs and taxes that it incurs in connection with the performance of its services under this Agreement.

9.2 The Distributor shall be responsible for obtaining any necessary import licences or permits necessary for the entry of the Products into the Territory, for Distributor's performance of its obligations under this Agreement or for the delivery of the Products to the Distributor. The Distributor shall be responsible for any customs duties, clearance charges, taxes, brokers' fees and other amounts payable in connection with the importation and delivery of the Products.

9.3 Distributor agrees to comply with all applicable laws including without limitation the U.S. Foreign Corrupt Practices Act, 15 U.S.C. 78 (“FCPA”). Distributor represents to and assures DH that it neither has, nor will, make or offer, or agree to make or offer, directly or indirectly, any gift or payment of any kind, or political contribution to a political candidate, political faction, political committee, governmental officer or governmental employee in the solicitation or promotion of any Product, or to otherwise secure the conclusion of a sale of Products. Any illegal or other payment to any person or party in conflict with this section or the FCPA will result in a material breach of this Agreement rendering it invalid, and any obligation of DH created herein shall become void upon such a breach.

10. PRODUCT WARRANTIES AND LIABILITY

DH MAKES NO WARRANTIES, GUARANTEES OR REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRODUCTS, INCLUDING WITHOUT LIMITATION THOSE OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE. UNDER NO CIRCUMSTANCES SHALL DH BE LIABLE FOR ANY INDIRECT DAMAGES, INCLUDING WITHOUT LIMITATION INCIDENTAL OR CONSEQUENTIAL DAMAGES, AND/OR LOSS OF PROFITS OR GOODWILL, SUFFERED BY DISTRIBUTOR, ANY SUBDISTRIBUTOR OR ANY OTHER THIRD PARTY ARISING OUT OF OR RELATED TO THIS AGREEMENT. DH WILL NOT ACCEPT, OR ASSUME, UNDER ANY CIRCUMSTANCES ANY RESPONSIBILITY FOR REQUESTS BY DISTRIBUTOR FOR PRODUCT RETURNS.

11. CONFIDENTIAL INFORMATION

11.1 If a separate Non-disclosure agreement is in effect between DH and Distributor, the terms of such Non-disclosure agreement will govern in the event of any conflict between such agreement and this provision. During the term of this Agreement and at all times thereafter, (a) the Distributor will hold in trust, keep confidential, and not disclose, directly or indirectly, to any third party or make any use of Confidential Information (as defined below) for any purpose, except as required by law or as may be necessary in the performance of the Distributor’s duties and obligations under this Agreement, and (b) all Confidential Information will remain the exclusive property of DH, and will not be removed from the premises of DH or its customers, or be duplicated by any means, without the prior written consent of DH. For purposes of this Agreement, the term “CONFIDENTIAL INFORMATION” means any and all information that Distributor may receive from DH: (i) relating to the technology embodied in the Products, (ii) regarding the business, finances and/or operations of DH, or (iii) any information marked or labelled “Confidential” or “Proprietary” by DH prior to its transmittal to, or receipt by, Distributor. All such information (as referenced above in this Section 11.1) to which the Distributor had access prior to the execution of this Agreement is also included in Confidential Information.

11.2 Upon the termination of this Agreement (regardless of the reason for termination), the Distributor will immediately: (i) return to DH or destroy all Confidential

Information (including copies), and any other material (including handwritten or computer-generated notes), made or derived from Confidential Information, which is in the Distributor's possession or which the Distributor has delivered to others, and (ii) destroy any Confidential Information stored on magnetic, optical or other medium after providing this Confidential Information to DH.

12. INTELLECTUAL PROPERTY

12.1 The Distributor agrees that: (i) DH is the sole and exclusive owner of all trademarks, trade names, service marks, service names, logos, patents and other similar proprietary rights to the Products, including, without limitation, the Trademarks set forth on Exhibit 4 (individually and collectively, the "Intellectual Property").

12.2 Distributor acknowledges that DH is the owner of the Intellectual Property and all rights not expressly granted to Distributor in this Agreement are reserved by DH. Any goodwill derived from the use by Distributor of the Trademarks will inure to the benefit of DH. If Distributor acquires any rights in the Trademarks or Intellectual Property, by operation of law, or otherwise, such rights will be deemed and are hereby irrevocably assigned to DH without further action by any of the parties. Distributor agrees not to dispute or challenge, or assist any person in disputing or challenging, DH's rights in and to the Intellectual Property, including the Trademarks or the validity of the Trademarks. Nothing herein will grant Distributor any right, title or interest in the Intellectual Property.

12.3 During the term of this Agreement, Distributor is authorized to use the Intellectual Property in the Territory on a non-exclusive basis solely in connection with Distributor's sale, advertisement and promotion of Products in the Territory. Distributor agrees to follow the instructions, if any, of DH for the use thereof as set forth on Exhibit 4, as amended from time to time to reflect changes in status of the Trademarks. Distributor will not alter or remove the Trademarks from any Products. Distributor will cease to use any of such Trademarks within five (5) Business days following the effective date of termination of this Agreement. Distributor will promptly notify DH in writing of any possible infringement of the Trademarks or of any claim or allegation that the Trademarks infringe the rights of any third party, and DH will have exclusive control over, and conduct of, all claims and proceedings. DH will bear the cost of any proceedings and will be entitled to retain all sums recovered in any action for its own account. Distributor will provide DH with all assistance that DH may reasonably require in the conduct of any claims or proceedings.

12.4 Apart from the Trademarks, no other trademark or logo may be affixed to, or used in connection with, the Products except with the prior written consent of DH.

12.5 Distributor agrees that it will not, during the Term or thereafter, directly or indirectly: (i) do, omit to do, or permit to be done, any act which will or may dilute the Trademarks or tarnish or bring into disrepute the reputation of or goodwill associated with the Trademarks or DH or which will or may invalidate or jeopardize any registration of the

Trademarks; (ii) apply for, or obtain, or assist any person in applying for or obtaining any trademark registration or domain name of, or based on, the Trademarks, or any trademark, service mark or trade name confusingly similar to the Trademarks; or (iii) grant or attempt to grant a security interest in the Trademarks or record any such security interest against any application or registration regarding the Trademarks in the United States Patent and Trademark Office or elsewhere.

12.6 During the Term and at any time thereafter, Distributor shall not challenge or contest, directly or indirectly, the ownership and/or exclusive rights of DH with respect to the ownership and use of the Intellectual Property and shall execute such documents and instruments as DH may request to secure and preserve DH's right, title and interest in and to the Intellectual Property, and will not use such marks or names, or any words that are confusingly similar, in any manner which might tend to defeat or diminish said Intellectual Property, except with the consent of DH.

12.7 Distributor shall assist DH, whenever requested, in protection of the Intellectual Property. DH, in its sole discretion, may commence and prosecute any claims or suits for infringement of all or any portion of the Intellectual Property in its own name, in the name of its licensor or designee, or in the name of Distributor, and may join Distributor as a party thereto. Distributor agrees to notify DH if Distributor learns that any other person, firm, or corporation is using a copyright, trade name, trademark, patent or design which is substantially or confusingly similar to those owned by or used pursuant to the authority of DH. Distributor shall not institute any suit or take any action on account of any such infringement without obtaining DH's prior written consent. DH may elect to retain counsel and prosecute any infringement or to institute legal or other action to prevent or remedy same, but shall not be obligated hereunder to do so.

12.8 Distributor shall have no rights to duplicate, translate, decompile, reverse engineer or adapt the Products without DH's prior written consent, nor shall Distributor attempt to develop any products that contain the "look and feel" or function of any of the Products.

13. NON-SOLICITATION; CONFLICTING ACTIVITIES.

13.1 Nonsolicitation. As a material inducement for DH to enter into this Agreement, Distributor covenants that during the Term and for a period of eighteen (18) months immediately following the termination of this Agreement for any reason, whether with or without cause, the Distributor shall not either directly or indirectly solicit, induce, recruit or encourage any of DH's employees or independent contractors to leave their employment or engagements with DH, or take away such employees or independent contractors, or attempt to solicit, induce, recruit, encourage or take away DH's employees or independent contractors, either for the benefit of the Distributor or for any other person or entity.

13.2 **Conflicting Activities.** In addition, as a material inducement for DH to enter into this Agreement, the Distributor agrees that during the Term of this Agreement, it will not directly or indirectly, individually, in partnership or in conjunction with any person, association or company, in any capacity whatsoever directly or indirectly, (i) promote, sell or solicit orders for any products which, in the opinion of DH, are in competition with the Products, or (ii) otherwise engage in business activities that are in competition with the business of DH (“CONFLICTING ACTIVITIES”). The Distributor also agrees to immediately disclose to DH in writing all details regarding the occurrence and nature of any Conflicting Activities. The provisions of this Section 6 will survive the termination of this Agreement and will bind the Distributor, its successors, and its permitted assigns.

14. TERMINATION.

14.1 This Agreement will become effective as of the Effective Date and upon its execution and delivery by the Distributor and DH, and will remain in effect for the Term as set forth above in Section 8, unless earlier terminated in accordance with this Agreement.

Notwithstanding the foregoing provisions of this Section 14.1 as well as any other provisions of this Agreement, this Agreement shall terminate on thirty (30) days’ prior written notice, at the option of either party, (i) upon the material breach of the Agreement by the other party, or (ii) if any proceeding in bankruptcy, a reorganization, or the appointment of or trustee or any other proceeding under any law for the relief of debtors shall be instituted with respect to the other party. The parties understand and agree that for purposes of this Section 14.1 a “material breach of this Agreement” shall include, without limitation, any failure by the Distributor to pay to DH any amounts owed to DH pursuant to this Agreement, any material breach by Distributor of its obligations under a PO or any other exhibit attached hereto and hereby incorporated by reference, or any breach by Distributor of its obligations under Sections 11, 12 or 13 of this Agreement.

14.2 In the event of any termination or expiration of this Agreement, DH shall have the option, exercisable in writing within thirty (30) days following such termination or expiration, to purchase any or all unsold new and unused Products then in the possession or control of Distributor at the purchase price for such unsold Products paid by Distributor to DH.

14.3 Distributor agrees that it shall not claim from DH any compensation of whatever nature or under whatever name on account of goodwill or otherwise when and if this Agreement is terminated by expiration or otherwise.

14.4 The parties understand and agree that in connection with any termination of this Agreement or the expiration of the Term, the non-exclusive distributorship granted to the Distributor in the Territory shall immediately terminate.

15. INSURANCE

15.1 Distributor shall, at its own expense, at all times during the Term of this Agreement and after its termination, provide and maintain in effect those insurance policies and minimum limits of coverage as designated below together with any other insurance required by law in any jurisdiction where Distributor sells the Products under this Agreement. Such policies shall be issued by insurance companies authorized to do business in the jurisdiction where Distributor's obligations are to be performed and are reasonably acceptable to DH. In no way do these minimum requirements limit the liability assumed elsewhere in this Agreement.

15.2 Distributor shall obtain and keep in force all-risk property and cargo insurance with limits at least equal to the value of Products purchased until payment is received in full by Seller.

16 GENERAL

16.1 This Agreement, together with any exhibits or other attachments hereto, contains the entire agreement between the Distributor and DH concerning the subject matter hereof, and supersedes all prior and contemporaneous agreements, arrangements, negotiations and understandings, written and oral, between the Distributor and DH. Except as otherwise set forth herein, no amendment, change or modification of this Agreement will be binding unless in writing and signed by the Distributor and DH. The Distributor may not assign any of its rights or obligations under this Agreement, including, without limitation, in connection with a change in Control of Distributor. This Agreement is assignable by DH. Subject to the foregoing restrictions on assignment, this Agreement will apply to, be binding in all respects upon, and inure to the benefit of, the successors and permitted assigns of the parties. Nothing expressed or referred to in this Agreement will be construed to give any person or entity other than the parties to this Agreement any legal or equitable right, remedy, or claim under or with respect to this Agreement or any provision of this Agreement. In the event of any conflict between the terms and provisions of this Agreement and those of any attachment hereto, the terms and provisions of this Agreement shall control and be determinative.

16.2 In the event that any of the provisions of this Agreement are held to be unenforceable for any reason, the remaining portions of this Agreement will remain in full force and effect. Neither the Distributor nor DH will be deemed to waive any of their rights or remedies under this Agreement unless such waiver is in writing and signed by the party to be bound. The non-enforcement of any provision of this Agreement will not act as a waiver of any further non-enforcement of this Agreement. The language used in this Agreement will be deemed to be the language chosen by the Distributor and DH to express our mutual intent, and no rule of strict construction will be applied against either party.

16.3 Notices given under this Agreement must be in writing and sent via email, facsimile, overnight courier, hand delivered, or mailed by certified or registered mail, to the party at its mailing address, email address or facsimile number set forth at the beginning of

this Agreement, or to the mailing address, email address or facsimile number provided to the other party in writing from time to time in accordance with this Section 16.3. Either party may change its address by giving notice of such change to the other party. If notice is made by personal delivery, courier or mail, notice will be deemed made upon delivery. If notice is made by e-mail or facsimile, notice will be deemed made upon transmission of the e-mail or facsimile.

16.4 Dispute Resolution.

(a) The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Contract promptly by negotiation between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Contract (if applicable). Either party may give the other written notice of any dispute not resolved in the normal course of business. Within 15 days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of each party's position and a summary of arguments supporting that position, and (b) the name and title of the executive who will represent that party and of any other person who will accompany the executive. Within 30 days after delivery of the notice, the executives of both parties shall meet at a mutually acceptable time and place. Unless otherwise agreed in writing by the negotiating parties, the above-described negotiation shall end at the close of the first meeting of executives described above ("the First Meeting"). Such closure shall not preclude continuing or later negotiations, if desired.

(b) If both parties so elect, and mutually confirm that election in writing, in addition to or in lieu of the direct discussions required pursuant to paragraph 16.4(a), the parties may elect to submit any dispute arising out of or relating to this Contract to JAMS for mediation. In the event of such election, the parties shall equally share the cost of the mediation. Nothing herein, however, shall require either party to mediate as a pre-condition to proceeding to arbitration or litigation, provided they otherwise comply with the requirements of paragraph 16.4(a).

(c) All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation.

(d) At no time prior to the First Meeting (or the conclusion of mediation, provided both parties mutually elect to pursue mediation) shall either side initiate arbitration or litigation related to this Contract except to pursue a provisional remedy that is authorized by law or by JAMS Rules or by agreement of the parties. However, this limitation is inapplicable to a party if the other party refuses to comply, and/or refuses to provide the other side immediate written assurance of its commitment to fully comply, with the requirements of paragraph 16.4(a) (or the option of completing mediation.) All applicable statutes of limitation and defences based upon the passage of time shall be tolled while the procedures specified in paragraphs 16.4(a) and/or 16.4(b) are pending and for 15 calendar days thereafter. The parties will take such action, if any, required to effectuate such tolling.

(e) Subject to the requirements of paragraph 16.4(a), and after the First Meeting (or the conclusion of mediation, should both parties mutually elect to pursue mediation), any dispute, claim or controversy arising out of or relating to this Contract or the breach, termination, enforcement, interpretation or validity thereof, including the determination of the scope or applicability of this agreement to arbitrate, shall be determined by binding arbitration in Orange County, California before one arbitrator. The arbitration shall be administered by JAMS. Judgment on the arbitrator's final award may be entered in any court having jurisdiction. This clause shall not preclude parties from seeking provisional remedies in aid of arbitration, including but not limited to injunctive relief, from a court of appropriate jurisdiction.

16.5 The Distributor and DH acknowledge having fully read and understand this Agreement, and have been encouraged to have legal counsel advise them in connection with the execution of this Agreement. Each of the Distributor and DH understands and agrees that it either has had its legal counsel review this Agreement or expressly and knowingly waives its right to have such legal counsel review this Agreement. The subject headings of the Sections or paragraphs of this Agreement are included for purposes of convenience and reference only and shall not be deemed to explain, modify, limit, amplify or aid in the meaning, construction or interpretation of any of the provisions of this Agreement. Capitalized terms in the exhibits and other attachments to this Agreement shall have the meanings given to them in this Agreement, unless such terms are otherwise expressly defined in such exhibits or other attachments.

16.6 This Agreement may be executed in a number of counterparts, and all executed counterparts together will constitute one and the same agreement. Any such execution may be of a facsimile copy hereof, and any signature transmitted to another party by facsimile will be valid and binding.

16.7 Termination of this Agreement for any reason, or the expiration of the Term hereof, shall not affect any of the rights or obligations of either party which exist as of the date of termination or expiration (including, without limitation, the rights and obligations contained in Sections 11, 12 and 13), and which rights and obligations shall survive such termination or expiration.

IN WITNESS WHEREOF, the parties have executed this Distribution Agreement as of the date first set forth above.

DANIK HOOK LLC,
a California limited liability company

By: _____
Name: Dan K. Austin
Title: Managing Member

[COUNTERPARTY]

By: _____
Name:
Title:

Exhibit 1 The Products

1. Stainless steel Danik Hooks
2. Plastic Danik Hooks

[LIST ANY OTHER PRODUCTS]

Exhibit 2 Territory

[LIST COUNTRIES OR AREAS COMPRISING THE TERRITORY.]

Exhibit 3 [Reserved Territories and Reserved Customers]

[Not applicable.]

Exhibit 4 The Trade Marks

Part 1. Trade mark registrations

Registration number	Country	Mark	Registration date	Class	Specification
3,417,733	USA		April 29, 2008	6	The mark consists of the letters "DANIK-HOOK", with a wave above it.

Part 2. Trade mark applications

Application number	Country	Mark	Registration date	Class	Specification

Exhibit 5 Minimum Quantity

Year 1:

Year 2:

Year 3:

Exhibit 6 Prices

[LIST WHOLESALE PRICE]

Exhibit 7 Conditions of Sale

[ATTACH SAMPLE PURCHASE ORDER]

[ATTACH STANDARD TERMS AND CONDITIONS OF SALE ASSOCIATED WITH
TEACH PURCHASE ORDER]