

STATEMENT OF POLICY

Sales and Distribution of Alemite Products or Services Worldwide.

All Alemite products should be sold directly through Automotive Warehouse Distributors, Industrial Distributors, PE Distributors, OEM's, Oil Company's and their affiliates and Internationally through approved distribution channels. The above should be considered a vital part of the success of the Alemite Corporation. The relationship between the Alemite Corporation and our Trading Partners should be mutually beneficial in order to ensure success.

SELECTION OF DISTRIBUTORS OR TRADING PARTNERS

In order to be appointed an Alemite Distributor or Trading Partner the prospect must meet Alemite's financial requirements. All Distributors or Trading Partners should be selectively chosen and must be able to increase our market potential as well as increasing brand awareness of the Alemite product line. All Distributors should meet or exceed the requirement set out in our Distributor Policy.

SALES POLICY

The policy of the Alemite Corporation will be to refer all inquiries for Alemite products or services through our Distributor Partners in the market area where the inquiry was originated. Government business, OEM business, Engineered System business and any Service business will also be referred to our Distributor Partners as long as they are capable of properly servicing and maintaining the business. If this is not the case, the Alemite Corporation may choose to handle this business on a direct basis.

PRICING AND TERMS

All Alemite products will carry a standard List Price. Our Distributor Partners will receive the appropriate functional discount based upon their customer class and the corresponding pricing matrix. Payment terms will follow the standard Alemite policy.

WARRANTY

The Alemite Corporation warranty policy is explained on the warranty policy statement. The warranty begins when the end user or the consumer purchases the product. All warranties require an RMA number issued by Customer Service. The RMA number must appear on the outside of the shipping carton(s) as well as on the packing slip. Returned freight should be prepaid and Alemite will reimburse freight charges with the credit.

STOCK ADJUSTMENT

All Alemite Distributors or Trading Partners are entitled to an annual stock adjustment. The purpose of this adjustment is to relieve our Distributors or Trading Partners of overstocked or slow moving merchandise. The policy covers all Alemite products. **The Alemite District Manager must initiate authorization and approve returns for stock adjustments.** The following criteria must be met for approval of a stock adjustment:

1. All merchandise to be returned must be in the current price sheet and to current engineering level and must have an offsetting order, and will be at Alemite's discretion for credit.
2. Merchandise to be returned must be in original **Alemite** packaging. A repacking charge will be issued if the product returned isn't in resalable condition.
3. Merchandise returned must be in resalable condition.
4. **Merchandise must be returned in full carton quantity. No partials returns on packaged items.**
5. Customer Service must issue an RMA number. The RMA number must appear on the outside of the shipping carton(s) as well as on the packing slip.
6. All freight charges are the responsibility of the Distributor or our Trading Partner.
7. **Merchandise not to exceed 2 years from the original Alemite sale date.**
8. **A minimum of a \$100 handling fee may be applied to returns that do not meet the above criteria.**
9. **Credit will be given at the lowest price paid within the previous 24 months.**