

DISTRIBUTORSHIP AGREEMENT

BETWEEN

SPECIAL SUPPLY LTD

AND

CONTENTS

Clause	Page
1. Interpretation.....	2
2. Appointment of Distributor.....	3
3. Scope of the agreement.....	3
4. Negotiations of Subcontract.....	5
5. Term And Termination.....	6
6. Confidentiality And Proprietary Rights.....	6
7. Intellectual Property.....	8
8. Non-Assignment.....	8
9. Force Majeure.....	8
10. Payment.....	8
11. Governing Law.....	8
12. Arbitration.....	9
13. Notices And Communication.....	9
14. General.....	9
15. Representation.....	10

Annexes

1. Annex (1) products.....	11
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This Distributorship Agreement (the “Agreement”) is made and entered into in Sofia, Bulgaria by and between:

Special Supply LTD a company incorporated in Bilgaria and bearing License number: BG205015870 having its registered office at Bulgaria, Sofia, Iztok district, blok 13, ent. A, floor 4 (Hereinafter referred to as the “**Principal**” or “**First Party**”).

And,

_____, a company registered and governed under the laws of the _____, bearing license number: _____, having its registered office at _____ and its postal address being _____ (hereinafter referred to as the “**Distributor**” or “**Second Party**”).

(each hereinafter individually referred to as a “**Party**” or collectively the “**Parties**”)

PREAMBLE

WHEREAS; The First Party is one of the leading companies specialized in the business of marketing, importing, exporting, purchasing and resale of military and special products and related services including development and modernization of those products.

WHEREAS; the Second Party is one of the _____ leading companies specialized in the business of marketing, importing, exporting, purchasing and resale of military and special products and related services including development and modernization of those products.

WHEREAS; Both Parties desire to enter into this Agreement whereby the First Party appoints the Second Party as its non-exclusive distributor in the _____ to sell, market, and distribute the First Party's products and services in accordance with the terms and conditions of this Agreement.

THEREFORE; In consideration of the mutual promises contained herein; both Parties do hereby agree to abide by this Agreement for the mutual benefit of them and in accordance with the following understandings, terms and conditions:

ARTICLE (1): INTERPRETATION

1.1. In this Agreement:

Affiliate means in relation to any Party, any other company which directly or indirectly (i) controls that Party, (ii) is controlled by that Party, or (iii) is, along with that Party, under the common control of another person;

Agreement means this NON-Exclusive Distributorship Agreement;

Effective Date: means the last date indicated on the signature page hereto to be effective as of the effective date set forth below.

Territory means the Geographical area of the _____, and other countries may also be added, subject to mutual agreement of the parties on a case-by-case basis.

Product means all products and services produced or distributed by the First Party, or as stipulated in Annex 1 to this Agreement.

- 1.2. The aforementioned preamble is an integral part of this Agreement and shall be used as one part thereof.
- 1.3. The headings in this Agreement do not affect its interpretation.
- 1.4. Any Annex to this Agreement shall take effect as if set out in this Agreement and references to this Agreement shall include its schedules and annexes.

ARTICLE (2): APPOINTMENT OF DISTRIBUTOR

- 2.1 The Principal hereby appoints the Distributor as the non-exclusive distributor in the Territory for the sale and marketing of the Products, and the Distributor hereby agrees to act in that capacity, subject to the terms and conditions of this Agreement.

ARTICLE (3): SCOPE OF THE AGREEMENT

3.1 Relationship of Parties

- 3.1.1 The Principal and the Distributor are independent contractors, and nothing in this Agreement creates any partnership, joint venture or employment relationship between them.
- 3.1.2 This Agreement contains the entire agreement between the Parties and supersedes all previous agreements and understandings between the Parties. Each Party acknowledges that, in entering into this Agreement, it does not rely on any representation, warranty or other term not forming part of this Agreement.
- 3.1.3 The Distributor may describe itself as the Principal's "Distributor" for the Products, but shall not hold itself out as a party to any other relationship.
- 3.1.4 Given the nature of the business and the Products, the Parties agree that this Agreement shall be the master agreement governing their relationship. The Parties may enter into specific supply contracts in relation to specific orders. The Parties agree that such specific supply contracts shall be considered specific applications of this master agreement and shall not affect the validity of this Agreement in any way.

3.2 General Conditions of Supply

- 3.2.1 The Principal shall sell the Products to the Distributor at a price, payment mechanism and conditions of delivery set out in a separate purchase order/contract by mutual agreement between the Parties from time to time.
- 3.2.2 Each order from the Distributor to the Principal may be subject to a separate supply contract. Unless otherwise agreed, such supply contract shall reflect the terms of this Agreement.
- 3.2.3 Upon receipt of each order from the Distributor, the Principal shall notify the Distributor of the estimated delivery date. The Principal will use its best endeavor to meet the delivery date. Any delay in supplying the ordered Products in accordance with the above mentioned date shall subject the Principal to a penalty as specified in the purchase order/contract.
- 3.2.4 The Distributor is free to promote and market the Products in any way that it may deem fit and at whatever prices. For removal of doubt, the Principal acknowledges and agrees that the Distributor is under no obligation to meet a specific marketing, promotional and/or resale plan, and that the Distributor is entitled to distribute and sell the Products within the Territory without any cap on the Distributor's markup.

3.3 Principal's representations and warranties

The Principal hereby represents and warrants to the Distributor that:

- 3.3.1 The Products will be of marketable quality and will comply with any agreed specification set forth in this Agreement or any supply contract signed between the Parties and the requirements and specifications set forth by the relevant public authorities in the Territory for the purposes of enabling the Distributor to import, distribute, sell and promote the Products in the Territory. The Principal shall cooperate with the Distributor and shall use its best efforts to comply with and act upon any reasonable request by the Distributor in such respect and to such effect;
- 3.3.2 It is not aware of any rights of any third party in the Territory, which would prejudice the promotion or sale of the Products by the Distributor or the use of any of the Intellectual Property;
- 3.3.3 As of the date of this Agreement, the Principal complies with all statutory conditions and has all corporate and governmental authorizations necessary to enter into this Agreement and to enable the Distributor promote, distribute and sell the Products in the Territory as anticipated and specified in this Agreement. The Principal covenants that it shall, throughout the duration hereof, continue to be so qualified and to comply with the specific conditions of the validity of such statutory conditions and authorizations; and
- 3.3.4 During the term of this Agreement, the Principal shall cooperate with the Distributor with regard to any matter, dispute, or controversy in the Territory other than arising from or relating to this Agreement in which the Principal may be or become involved and with respect to which the Distributor may have any knowledge.

3.3.5 During the term of this Agreement, the Principal shall transfer/re-direct in good faith to the Distributor all orders received from any Person in the Territory for the supply of Products.

3.4 Selling restrictions on Distributor

The Distributor agrees that it will not during the duration of this Agreement sell the Products outside the Territory.

3.5 Distributor's marketing obligations

3.5.1 The Distributor will use its best endeavor:

- (a) to promote, market and sell the Products throughout the Territory; and
- (b) to comply with all legal requirements from time to time relating to the importation, storage and sale of Products.

ARTICLE (4) NEGOTIATIONS OF SUBCONTRACT

- 4.1. **Prime Contract Award:** If the Second Party is awarded a prime contract under the Procurement, the Parties shall conduct good faith negotiations to enter into an appropriate subcontract for that portion of the work required by the prime contract and identified as Subcontractor's products and or services, subject to (a) the further provisions of this Article 4; (b) any approval required by the Customer; (c) the Termination provisions of this Agreement; and (d) the mutual agreement of the Parties relative to terms and conditions of the subcontract, including price, specifications, and delivery schedule.
- 4.2. **Subcontract Terms:** Any subcontract entered into by the Parties shall contain terms and conditions consistent with the terms and conditions of the prime contract, appropriately tailored for flow-down into a subcontract, as well as such additional terms and conditions (a) mutually agreed by Second Party as prime and First Party as subcontractor; or (b) required by this Agreement.
- 4.3. **Pricing:** the prices of the product and services shall be provided by the First Party to the Second Party from time to time. For each request for proposal (RFP) or request for quote (RFQ) submitted to the First Party by the Second Party; the First Party will prepare an appropriately priced proposal or quote to the Second Party, the Second Party will then add its mark-up and submit the proposal or quote to the end-user.
- 4.4. **Payments Terms:** payments will be made via an irrevocable documentary letter of credit to be established by the Second Party in favour of the First Party or as agreed;
- 4.5. **Contractual terms and conditions** other contractual terms and conditions will be negotiated between the Parties on case-by-case basis for each order that may arise.

ARTICLE (5): TERM AND TERMINATION.

5.1. Term: This Agreement shall commence on the Effective Date. The initial term of the Agreement shall be three years, at which time the Agreement will automatically renew for successive three years periods, until terminated as provided in Section 5.2;

5.2. Termination:

5.2.1. This Agreement may be terminated prior to expiration of the initial or any renewal term by written notice to the other Party as follows:

- a. By mutual Agreement, effective on mutually agreed upon date (Effective Date of Termination), from both Parties.
- b. By either Party, effective with 60 days written notice, at the expiration date of this Agreement, or the expiration date of a subsequent renewal of this Agreement.
- c. By either Party in the event that one of them breaches any of the terms of this Agreement and such breach is not cured by the breaching Party within 180 days of its receipt of written notice of such breach from the non-breaching Party.
- d. For any reason acceptable under the applicable law.

5.2.2. The termination of this Agreement for any reason whatsoever shall not terminate, effect or impair any rights, dues, obligations or liabilities of either Party hereto which may have accrued prior to such termination.

5.2.3. End users' Rights upon Termination. The termination of this Agreement shall not interfere with End users' rights in any way.

ARTICLE (6) CONFIDENTIALITY AND PROPRIETARY RIGHTS

6.1. Definition of Confidential Information: “Confidential Information” means any information or data disclosed by, either Party to the other Party, in contemplation of this Agreement, including but not limited to, data, know-how, algorithms, computer programs, processes, improvements, designs, devices, systems, test results, sketches, photographs, plans, drawings, product concepts, specifications, reports, laboratory notebooks, business and financial plans, strategies, budgets, vendor, customer and the Second Party names, addresses or related data, pricing information, production or manufacturing information, product sales information or forecasts, inventions, ideas, and which if in tangible form or other media that can be converted to readable form is clearly marked a proprietary, confidential or private when disclosed, or if oral or visual, is promptly identified in writing as proprietary, confidential or private. If either Party inadvertently fails to mark or identify as proprietary, confidential, or private information for which it desires confidential treatment, it shall so inform the other Party. The other Party thereupon shall return the unmarked information, and shall substitute properly marked information. In addition, if either Party, at the time of disclosure, inadvertently fails to identify as proprietary, confidential or private oral or visual information for which it desires confidential treatment, it shall so inform the other Party and advise and obligations hereunder shall commence upon such notice.

- 6.2. **Exempted Confidential Information:** Any written consent to disclose Confidential Information (“Exempted Confidential Information”) shall be strictly construed in its scope and interpretation against disclosure of Confidential Information and shall be strictly construed in its scope to limit the amount of information which constitutes Exempted Confidential Information.
- 6.3. **Use:** Both Parties agree to use the Confidential Information for only the purpose of this Agreement and subject to the disclosure limitations set forth herein. No patent, copyright, trademark, service mark or other proprietary right is implied, licensed, granted, or otherwise transferred by this Agreement.
- 6.4. **Non-Disclosure:** Neither Party shall disclose, communicate, or convey the Confidential Information, in whole or part, to any third party. Both Parties shall restrict the disclosure of Confidential Information to employees with a need to know such Confidential Information for the furtherance of the purpose of this Agreement, and only after advising such employee(s) for their obligations hereunder to maintain the confidential and proprietary nature of the Confidential Information. Both Parties shall protect the Confidential Information with at least the degree of care with which it protects its own confidential and proprietary information, but in no case with less than a reasonable degree of care.
- 6.5. **Exceptions to the Non-Disclosure and Non-Use Obligations:** The non-disclosure and non-use obligations imposed by this Agreement shall not apply, or shall cease to apply, to any Confidential Information if or when, and to the extent that, Parties can establish that such Confidential Information:
- 6.5.1. Was known by Parties, or its parents, subsidiaries or affiliates prior to the receipt of the same.
- 6.5.2. Was, or becomes through no breach of either Party’s obligations hereunder, known to the public.
- 6.5.3. Becomes known by Parties, or its parents, subsidiaries or affiliates from sources other than or under circumstances not involving any breach of any confidentiality obligation between such source and respective Party.
- 6.5.4. Is or was independently developed by Party or its parents, subsidiaries or affiliates without the use of other Party’s Confidential Information.
- 6.5.5. Is required to be disclosed by law, statute, rule, regulation, Court order or other valid legal process, or order of any governmental body of the Bulgaria or any political subdivisions thereof, but only to the extent of and for the purposes of such law, statute, rule, regulation or order, and only if the Second Party notifies other Party of the pending disclosure and permits objections and/or seeks appropriate protections.
- 6.6. **Return or Destruction of Confidential Information** Confidential Information, including any permitted copies, shall be deemed the property of the producing

Party. Parties shall, within twenty (20) days of a written request by other Party or a written notice of termination of this Agreement, return all Confidential Information (or any designated portion thereof), including all copies thereof, to the other Party or, if so directed by Parties, destroy such Confidential Information. Parties shall also, within ten (10) days of a written request, certify in writing that it has satisfied its obligations under this Section.

ARTICLE (7) INTELLECTUAL PROPERTY:

Trademarks and Trade Names: each Party understands and acknowledges that all Marks used by the other Party, along with all copyright, trademark, service mark, trade secret, patent and all other intellectual property rights (including all rights of registration or renewal thereof and all causes of action related thereto) (collectively, the “Intellectual Property Rights”) associated therewith, are the Property of that Party. Subject to the terms and conditions of this Agreement, the First Party grants the Second Party an unlimited, revocable license during the term of this Agreement to use such Marks in advertisements and other promotional materials relating to the Product.

The Second Party may identify itself as an authorized Agent, Distributor, or Marketer of the First Party.

ARTICLE (8) NON-ASSIGNMENT

This Agreement and/or any right and/or obligations hereunder shall be binding and for the benefit of both Parties and their respective successors and legal representatives and shall not be assignable nor transferable by either Party whether directly or indirectly, without the prior written consent of the other Party, nevertheless either Party has the right to assign and or transfer his rights and obligations under this Agreement to any of its sister or/and subsidiaries companies without prior approval of the other Party.

ARTICLE (9): FORCE MAJEURE

The following should be considered as cases of force majeure and relieve the Parties of their obligations under this Purchase Order as long as the circumstances last: Fire, pandemic, mobilization, requisition, war, United Nations embargoes, currency restriction, decisions taken by a commission or interdepartmental council justified or not justified for suspension, termination or withdrawal of a license of the Seller is the legal evidence of force majeure event, insurrection and acts of God. Party claiming force majeure shall immediately upon occurrence, notify the other Party of such event. Onus to prove the occurrence of such events lies on the Party claiming its invocation. Any extension in the delivery period due to causes of force majeure shall be by mutual agreement between the Parties.

ARTICLE (10) PAYMENT

The Parties agree that all payments will be made in Euro regardless of the bidding currency.

ARTICLE (11) GOVERNING LAW

This Agreement shall be governed in accordance with the Laws of Bulgaria.

ARTICLE (12): ARBITRATION

12.1 The Parties agree to attempt to resolve all disputes in connections with this Agreement through amicable negotiations.

12.2 The Parties agree base their relations with regard to this Agreement on the principles of good will and good faith. All disputes arising in connection with the present Agreement, if not amicably resolved between the Parties, shall finally be settled under the rules of conciliation and arbitration of the International Chamber of Commerce by one or more arbitrators appointed in accordance with the said rules. The arbitration shall take place in Geneva/Switzerland, and the arbitrators shall have the powers of amiable compositor. The decision of the Arbitration shall be final, binding and enforceable on the Parties. The language of Arbitration shall be English.

ARTICLE (13) NOTICES AND COMMUNICATION

Any notice or any other communication required by this Agreement shall be in writing and shall be addressed to the attention of the person (by name or title) designated below or any other address where a change of address is notified in writing by the duly authorized representatives of the respective Parties to the other Party beforehand and such notice shall be deemed to have been received after seven (7) days if sent by registered mail and on the same day if sent by telegram, fax or by hand:

First Party:

Address: Special Supply LTD.
Vitosha Blvd. 133, 1408
Sofia, Bulgaria
Tel: 00359 899222001
Attention: Mr. Petar Kitev - Chief Executive Officer
CC.
E-mail: office@specialsupply.eu
cc.

Second Party:

Address:

Fax:
Attention:
E-mail:
cc.

ARTICLE (14): GENERAL

14.1 This Agreement constitutes the entire understanding of the Parties relating to the subject matter of the Agreement detailed herein and no amendment to the Agreement

Kärntner Str. 17/13, 1010 Vienna, Austria
Vitosha Blvd. 133, 1408 Sofia, Bulgaria
office@specialsupply.eu
www.specialsupply.eu

shall be effective unless made in writing and signed by the duly authorized representatives of the respective parties.

14.2 Should any part of this Agreement be found to be void, then this Agreement shall be construed and interpreted as if the void part had not appeared in it or had been deleted from the Agreement and it shall not preclude any other part of the Agreement from being enforced.

14.3 The failure on the part of either Party hereto to exercise or enforce any right conferred upon them by this Agreement shall not be deemed to be a waiver of any such right or operate so as to bar the exercises or enforcement thereof at any time or times thereafter.

ARTICLE (15): REPRESENTATION

Representation of Signatory Authority: Each individual signatory hereto signs only in his/her capacity as an authorized representative of the respective Party indicated and not in his/her individual capacity, except that, each such individual does, in his/her individual capacity, represent and warrant that he/she is, in fact authorized to sign this Agreement on behalf of and to bind the respective Party on whose behalf he/she purports to act.

IN WITNESS WHEREOF, the Parties have caused these presents to be duly executed on the date define as Effective Date.

Special Supply LTD:

Name: Petar Kitev

Title: Chief Executive Officer

Date:

Signature:

Name:

Title:

Date:

Signature:

Products

Name of Goods	COO

MAIN DATA