



Distributor Agreement Terms & Conditions

In consideration of the mutual covenants herein contained, and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. **Distribution Rights.** During the term and subject to the terms and conditions of this Agreement, the Distributor shall have the non-exclusive right to purchase from the Company certain products offered for sale by the Company to the Distributor ("Products") and to sell the Products to individual end users in and from the Distributor's home or the home of another person known to Distributor. The Distributor shall not sell the Products in or from any commercial or rented location, or any other location except as permitted above, without the Company's prior written consent, which the Company may grant or withhold in its discretion. For example, the Company may in its discretion, on a case-by-case basis, approve a Distributor's request to sell the Products from a hotel, convention or other rented facility or similar location. The products available for sale to the Distributor are those in the Intimate Dreams Parties catalog and will be sold to the Distributor at a discount of 40% off the prices as listed in the Intimate Dreams Parties catalog. The Company may make changes to such prices at its discretion and without the Distributor's consent, provided that such prices to be charged to Distributor will not exceed bona fide wholesale inventory prices for the Products, and any such pricing changes will be binding on the Distributor upon Distributor's receipt of notice of same. The Company may provide suggested retail prices for resale of the Products to customers of Distributor. These prices are suggested only and not binding on the Distributor. The Distributor hereby acknowledges that the Distributor's distribution rights shall not affect the Company's unrestricted rights to market and sell the Products.

2. **Purchase and Sale of Products.** The Company shall use its reasonable efforts to supply the Distributor with Products ordered by Distributor at such times and in such quantities as the Distributor shall require. Distributor will try to maximize sales of the Products. In addition to the other terms and conditions herein, the Distributor shall sell and market the Products in strict compliance with the following terms and conditions of sale:

- (a) Distributor will not sell, market, distribute or give away any Product to any person who is not at least eighteen (18) years old.
- (b) Distributor will not use the internet or other computer technology to market or sell the Products without the prior written consent of the Company.
- (c) Distributor will carefully review the detailed Business Policies which is

provided by the Company upon commencement of the distributorship and any updates to the Business Policies which may be provided. The Business Policies is the property of the Company and must be returned to the Company upon termination of this Agreement. In the event of any conflict between this Agreement and the Business Policies or other sales material provided by Distributor, this Agreement shall control.

(d) The Company will replace any Product which Distributor receives from the Company which is defective when received by Distributor or which has been damaged or destroyed in shipping, provided that the Product must be returned to the Company, with its original packaging and any documentation required by the Company, within thirty (30) days of the Company's invoice/packing slip date for that Product. Except to the extent Distributor's customers may be able to obtain a replacement Product from Distributor upon Distributor's exercise of such Product replacement rights, Distributor will not offer, or represent the availability of, any Product warranty. The Company will not refund the cost of any Products purchased by the Distributor.

(e) Except as expressly permitted by the Business Policies or otherwise expressly approved by the Company, Distributor will not make any claims or representations about the Products which do not appear on the Products, on Product packaging or in other written Product materials.

(f) Distributor will not use any written, audio, visual or other Product sales materials other than such materials as may be created and provided to Distributor by the Company or such materials which the Company has approved in advance in writing.

(g) Solely for the purpose of marketing the Products during the term of this Agreement, the Distributor may indicate that Distributor is an authorized distributor of Company Products. Distributor will not use the Company name, except in connection with its marketing and distribution of Products and only to the extent expressly permitted in the Business Policies. Upon termination of this Agreement, Distributor will immediately cease any and all use of the Intellectual Property and will no longer represent that Distributor is an authorized distributor of Company Products. Upon written notice to the Distributor, the Company may require the Distributor to use a registration symbol with any use of a name or mark which is registered by the Company, and the Company expressly reserves the right to monitor the Distributor's use of the Intellectual Property to ensure that such use is consistent with this Agreement.

(h) Distributor will not promote market, sell or participate in the distribution of any other adult products or other products which are directly or indirectly competitive with the Products. The Company may prohibit sales by Distributor in specific state(s) upon written notice to Distributor that such sales are prohibited. Upon receipt of any such notice, Distributor agrees not to market, sell or distribute Products in such states.

(i) Consumer Programs. From time to time, the Company will market and publicize certain sales incentives, hostess programs and other programs on a national basis; the Distributor agrees to incorporate those programs into their own business to provide the host/hostess with the benefits as intended by Intimate Dreams Parties.

3. **Becoming a distributor.** No fee, other than an optional website administrative fee will be charged for the right to become or to continue to serve as a distributor of the Products. No minimum amount of Product is required to be purchased by the Distributor at any time during the term hereof. However, the Distributor must purchase one starter package at one of three (3) available purchase levels (starting at a wholesale price of \$99 for the lowest level) upon commencement of the term of the Agreement. Or, if an inventory starter package was purchased prior to signing this Agreement, such purchase will satisfy the inventory starter package requirement and the purchase will be treated as if purchased after the date the Agreement was signed. The levels of available starter packages are set forth hereto and on the company website in Become a Consultant section. The selection of the level of starter package is within the sole discretion of the Distributor. There is nothing included in the inventory starter package other than inventory for resale and the price for the starter package is equal to the wholesale price of the included inventory.

4. **Proprietary Information.** The Company may, during the term of this Agreement, furnish certain information to the Distributor related to the Company, its business or its Products. The Distributor agrees to keep confidential and not to disclose to any third party any such information received by the Distributor from the Company, other than information which is generally published by the Company or which is in the public domain through no fault of the Distributor.

5. **Term and Termination.** This Agreement shall commence on the date this Agreement is fully executed by both



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the Distributor and the Company, and it shall remain in full force and effect until terminated in accordance with this section.

(a) The Distributor may terminate this Agreement and resign as a distributor at any time and such termination shall be effective upon written notice to the Company. Thereafter, all rights of the Distributor hereunder, including without limitation the right to order and sell Products, shall terminate. The Company may terminate this Agreement for any reason at any time and such termination shall be effective upon thirty (30) days prior written notice to the Distributor. Additionally, without limiting other remedies that may be available to the Company, the Company may terminate this Agreement effective immediately upon written notice to the Distributor in the event of a breach by the Distributor of any of the terms or conditions of this Agreement or in the event of any act on the part of the Distributor which could cause damage to the reputation of the Company.

(b) The Company agrees to repurchase from a resigning or terminating Distributor all unencumbered products and sales aids purchased by the Distributor from the Company within the previous 30 days, which are unused and in commercially resalable condition, for not less than 90 percent of the actual amount paid by the Distributor for the products and sales aids which are being returned. The Company will honor all terms of state buy-back laws, including the longer time periods in Georgia, Louisiana, Maryland, Massachusetts, Montana, Puerto Rico, Oklahoma, Texas and Wyoming. Additionally, Montana Distributors who cancel within 15 days are entitled to a 100% refund of any consideration given to participate.

6. Seminars. The Company will provide training seminars from time to time as and when determined in the Company's discretion. Such seminars will be intended to assist the Distributor with sales by offering advice on sales techniques and promotion and by describing and/or making available new Products and sales materials. Distributor will make every effort to attend at least one training session per calendar year. Distributor will be responsible for all travel and other expenses in connection with its attendance at any such seminars.

7. NO REPRESENTATIONS; LIMITATION ON LIABILITY. THE COMPANY DISCLAIMS ANY AND ALL REPRESENTATIONS AND WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR

PURPOSE. THE DISTRIBUTOR EXPRESSLY UNDERSTANDS AND AGREES THAT THE COMPANY MAKES NO REPRESENTATIONS OR WARRANTIES ABOUT THE AMOUNT OF MONEY, IF ANY, THAT DISTRIBUTOR MAY DERIVE FROM ITS SALE OF THE PRODUCTS OR OTHERWISE IN ITS CAPACITY AS A DISTRIBUTOR FOR THE COMPANY. IN NO EVENT SHALL THE COMPANY BE LIABLE FOR DAMAGES, INCLUDING BUT NOT LIMITED TO SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES OR DAMAGES FOR LOSS OF USE OR PROFITS, IN CONNECTION WITH OR ARISING OUT OF THIS AGREEMENT, THE DISTRIBUTOR'S DISTRIBUTION OF COMPANY PRODUCTS, OR THE USE OF COMPANY PRODUCTS BY CUSTOMERS OF THE DISTRIBUTOR, EVEN IF THE COMPANY SHALL HAVE BEEN INFORMED IN ADVANCE OF THE POSSIBILITY OF SUCH DAMAGES.

8. Indemnity and Release. The Distributor will indemnify and hold the Company, its officers, directors, shareholders, agents, employees and affiliates, harmless from and against any loss, cost, damage, liability or expense (including without limitation attorneys' fees) arising or resulting from any breach of this Agreement by the Distributor or any agent or representative of the Distributor. Distributor releases the Company from any liability incurred by Distributor in connection with the distribution by Distributor of any Products pursuant to this agreement.

9. No Agency; Compliance with Laws. The relationship of the Company and the Distributor is solely that of a supplier of merchandise to an independent distributor. Distributor is an independent contractor. Distributor is not the agent, legal representative, joint venture, franchisee, employee or partner of the Company and Distributor shall have no right or power to incur any liabilities or to assume or create, in writing or otherwise, any obligations of any kind, express or implied, in the name or on behalf of the Company. Distributor is responsible for any and all Federal, state and local income, sales, social security, unemployment and other taxes, shall obtain any applicable licenses or permits and pay any fees associated therewith and shall comply with all other laws or regulations applicable to the business of distribution of the Products by the Distributor. Distributor will indemnify and hold the Company harmless from any liability in connection with any noncompliance with any such laws, rules or regulations.

10. Construction. This Agreement shall be constructed in accordance with and governed by the laws of the State of South Carolina.

11. Entire Agreement; Amendment. This instrument, and the Attachments hereto, contains the entire agreement between the parties with regard to the subject matter hereof. It may not be amended, and none of its provisions may be altered or waived, other than by an instrument in writing executed by or on behalf of each party hereto.

12. Survival. If any term or provision of this Agreement is presently or in the future determined to be unenforceable, the invalidity of such term or provision shall not affect the remainder of this Agreement, but such invalidated provision shall be deemed severed from this Agreement.

13. Assignment. Neither this Agreement nor any of the rights granted hereunder may be assigned or otherwise transferred by the Distributor unless the written consent of the Company shall have first been obtained. The Company may assign this Agreement to any company, which controls, is controlled by, or is under common control with the Company. This Agreement shall be binding upon and inure the benefit of the parties, their heirs, representatives, successors and permitted assigns.

14. Ordering and Shipping Policies. Products must be ordered on the Company website for such purpose, and the terms and conditions set forth on such website will govern Product ordering, shipping, delivery and payment terms. Notwithstanding anything on the Company websites or other Company materials to the contrary, the Company shall have the right to refuse, hold and cancel any Distributor purchase order, the Company shall not be liable or responsible for any delays in shipping and the Company may in its discretion require prepayment for Products ordered.

15. Notice. Any notice required or permitted to be given hereunder shall be in writing and delivered by hand, by facsimile transmission with confirmation of successful transmission, or by certified or registered mail, postage prepaid, to the parties at the following addresses, or such address as may be communicated to the notifying party by like notice: