

**SPECIALTY MARKETING SYSTEMS, LLC  
AND PREMIUM PRESS AMERICA®  
ASSOCIATE PUBLISHER DISTRIBUTORSHIP AGREEMENT**

THIS PPA BOOK DISTRIBUTORSHIP AGREEMENT made and entered into this \_\_\_\_\_ day of \_\_\_\_\_ 2010 between SPECIALTY MARKETING SYSTEMS, LLC a Tennessee Limited Liability Company, whose address is 2400 Crestmoor Rd, Nashville, TN 37215 (SMS) and \_\_\_\_\_ (whose address is) (hereinafter referred to as Distributor or AP).

**WITNESSETH**

WHEREAS, SMS is engaged in the business of marketing Premium Press America® [hereinafter referred to as PPA] gift books through a network of SMS Distributors, and  
WHEREAS, Distributor desires to engage in the business of distributing Premium Press America gift books (hereinafter referred to as Books).  
NOW THEREFORE, in consideration of the mutual promises contained in this agreement, the parties agree as follows:

**SECTION I  
PROVIDED BY SMS**

Distributorship which includes Protected territory as indicated in Section III, orientation, business forms and software, Six hundred (600) pre-assorted Premium Press America gift books, Thirty (30) corrugated twelve (12) count displays, and Thirty (30) hanging displays, PPA business coach services, on-going support, and ten (10) startup retail locations.

**SECTION II  
PURCHASE OF ADDITIONAL PPA BOOKS**

Distributor may purchase additional PPA books from SMS at wholesale cost as established by PPA.

**SECTION III  
RETURN POLICY FOR PPA BOOKS**

PPA Books may be exchanged for Books of equal value. Distributor must Call SMS for return merchandise authorization number (RMA) before returning any books. PPA agrees to exchange books upon request for Books of equal value. Books in marketable condition only can be exchanged for new titles and only after books have been in the market for at least ninety (90) days. Exchange shipments are limited to no more than one (1) time per month beginning ninety (90) days after the respective shipment has been received. Distributor will be responsible for all freight and/or shipping

charges. 30% of Holiday Book purchases may be exchanged under the same terms and conditions above.

**DISTRIBUTOR'S Exclusive Distributorship Territory:** \_\_\_\_\_ SMS and PPA agrees that Distributor will maintain exclusive rights to the above area as long as Distributor maintains Distributor status. Starting one year from the orientation date in this agreement and each year thereafter; Distributor must service a minimum of 30 retail accounts, per 500,000 population within territory, to maintain distributor status.

#### **SECTION IV RE-ORDERS AND RE-ORDER PAYMENT FOR PPA BOOKS**

1. Re-orders for PPA Books will be placed with SMS at current wholesale price as established by PPA.
2. All re-orders must be pre-paid by check or credit cards (credit card fees apply) made payable to Specialty Marketing Systems.
3. Books will be shipped from Premium Press America direct to Distributor or Distributors customers.
4. Distributor will pay all freight and/or shipping charges.

#### **SECTION V DISTRIBUTOR / SMS RELATIONSHIP**

- A. It is understood and agreed that Distributor shall conduct its business in an ethical, moral, legal and financially sound manner and will not engage in any activities which would bring disrepute on the good name or image of Premium Press America, Specialty Marketing Systems or other Distributors contracted with SMS.
- B. It is agreed and understood that existing PPA accounts and all retailer and books inquires from within Distributors area will be turned over to Distributor. PPA/SMS reserves the right to continue to provide service to any accounts that Distributor fails or refuses to service.
- C. It is agreed and understood that PPA books ordered online and processed through the PPA website that PPA will track orders to the area shipped. The Distributor that owns the area will receive 20% of PPA wholesale price. Payments will be made quarterly.
- D. It is understood and agreed that Distributors accounts will not be solicited by Premium Press America, SMS or other Distributors. Distributor agrees to not solicit accounts outside of their assigned area. Distributor will be allowed to conduct fund raisers outside of their area with approval of SMS.

- E. It is understood and agreed that chain accounts headquartered in a distributor's area with locations in another distributor's area will be owned by the distributor that secured the account; unless the chain allows local vendors to service and invoice their locations. In that case the distributor that owns the area where the chains units are located would service the accounts.
- F. It is understood and agreed that Orientation will include use of all business forms and software, PPA website, bookkeeping, fund raising, securing locations, establishing and maintaining good business relationships, and building your business.
- G. It is understood that SMS takes orders only from its Distributors and that Distributors place purchase orders only through SMS.
- H. It is agreed and understood that PPA will continue to provide service to all SMS Distributors, and honor Distributors agreement with SMS, in the event that SMS goes out of business or the PPA/SMS partnership agreement is ever terminated.
- I. It is understood and agreed that re-orders will not be processed until payment in full for such orders is received by SMS.
- J. It is understood and agreed that the minimum re-order for Books will be One Hundred (100) PPA books (same title or assorted titles).
- K. It is understood and agreed that Distributor may exchange PPA Books for PPA Books of equal value by obtaining a Return Merchandise Authorization number (RMA #) from SMS. Books must be in like new condition. Holiday book exchanges are limited to 30% of purchases.
- L. It is understood and agreed that Distributor will pay freight charges on all reorders of PPA Books, book exchanges or returns.
- M. It is understood and agreed that SMS/PPA will on occasion provide Distributor with information regarding retailers and fund raisers interested in the Premium Press America books and that Distributor will make a reasonable effort to provide service these accounts
- N. It is understood and agreed that no agency, employment, partnership or franchise is hereby created between the parties and that Distributors business shall be considered as an independent contractor. Neither party shall be responsible for any obligations or expenses whatsoever of the other. SMS/PPA has not in any way represented to the Distributor information regarding sales or profitability for this business opportunity.
- O. It is agreed and understood that Distributor can transfer their agreement to another party and that SMS reserves a first right of refusal to buy the Area/ Business if offered for sale. Distributor will be required to pay SMS a transfer fee of \$1,500 prior to transfer of ownership.

P. Distributor understands that the day-to-day operations and overall profitability of the business is  
Distributors and Distributor hereby acknowledges that Distributor has read this agreement and  
understands that SMS is not and has not guaranteed success in any manner.

**SECTION VI  
CHOICE OF LAW, JURISDICTION AND VENUE**

This Agreement shall be governed by the State of Tennessee. In the event of a dispute between parties  
hereto concerning the rights, duties, and obligations under this Agreement, such dispute shall be  
adjudicated by arbitration by a licensed arbitrator in Nashville, Tennessee, and no other forum.

**SECTION VII  
ENTIRE AGREEMENT**

This agreement contains the entire understanding of the parties. There are no promises, terms, conditions,  
or obligations other than those contained herein. This agreement shall supersede all previous  
communications, representations, or agreements, whether verbal or written, between the parties hereto.  
In consideration of the exclusive area, books, displays, materials, accounts, and services provide by SMS  
and PPA as described in Sections I. **Distributor agrees to pay SMS the sum of \$12,800; payable with  
a deposit of \$1,000.00 due at signing and a balance of \$\_\_\_\_\_ due at Orientation**, Payable to  
SMS, LLC by personal or bank check. Shipping date for initial order will be 7-10 business days after  
Orientation. Orientation date:\_\_\_\_\_

This Agreement is effective only when signed by an officer of SMS.

\_\_\_\_\_ Date\_\_\_\_\_

Print Name of Distributor

Distributor Signature

\_\_\_\_\_ Date\_\_\_\_\_

Officer-Specialty Marketing Systems, LLC