



Drop Ship Process Memorandum of Understanding

This document will serve as a Memorandum of Understanding between _____ of _____ (“Distributor”) and Action Target Inc. of Provo, Utah (“ATI”) concerning all matters and transactions where Distributor processes orders and submits to ATI for product shipment directly to Distributor's customers (“Drop Ship”).

1. DELIVERY: ATI considers timely fulfillment and delivery of product orders to be of the highest importance to our customers. We would expect Distributor to submit orders to ATI immediately upon order placement. ATI will contact Distributor concerning unusual shipping delays.
2. INVOICE PROCESSING: ATI will process orders according to “Vendor Agreement”. This may include, but is not limited to Credit (Visa, MasterCard, American Express or Net30. All orders will be sent to ATI in two methods. The first is fax, (801) 377-8096 and the other is email, chadb@actiontarget.com. The email and fax will both be addressed to the attention of Chad Burdette.
3. SHIPPING OPTIONS: ATI is a large UPS shipper and has obtained favorable rates as a result. To minimize costs, ATI would prefer Distributor to utilize the “Shipping Guidelines” that contains previously negotiated rates from packages between 1-150 pounds. Orders over 150 pounds, Distributor will call ATI's fulfillment representative for freight quotes. Drop Ship orders can utilize Distributor's UPS or other shipping provider's account if necessary. If ATI is to send the shipment using the Distributor's account, the preferred account provider and numbers will need to be provided to Chad Burdette, (801) 705-9126 office, (801) 380-9634 mobile, (801) 377-8096 fax and chadb@actiontarget.com

4. PRICING & PRICING UPDATES: ATI and Distributor both recognize the potential that the period between orders of any given item set up in the ATI system as Drop Ship could be longer than the frequency of potential price revisions by Distributor. Therefore, it is *critical* that Distributor makes any potential price changes to their sales material, which will include all brochures, handouts, catalogs and website. Any discrepancy not properly addressed by Distributor will result in the difference in cost being removed from any applicable margin per order.

5. RETURNS: ATI would prefer to handle all customer contacts directly, which includes product returns for any reason. Should Distributor receive a product return directly, ATI requests to be contacted with the details of the situation so that we can proceed with all future customer communication.

6. GENERAL TERMS AND CONDITIONS: ATI General Terms and Conditions of Purchase Order will apply to Drop Ship orders as appropriate.

Agreed this ___ day of _____, _____.

Distributor

Action Target Inc.

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____