



# Marketing Plan

## **POLICIES**

AMSOIL INC., hereinafter referred to as AMSOIL, is a corporation existing and operating under the laws of the State of Delaware with its principal place of business located at the AMSOIL Building, Superior, Wisconsin 54880. This corporation is engaged in the formulation, manufacturing and distribution of numerous products which are marketed through this Multi-Level Marketing Sales Plan.

The following pages outline the Multi-Level Marketing Sales Plan by which AMSOIL products are distributed throughout the United States, Canada and Puerto Rico.

The use of the terminology "AMSOIL products," "AMSOIL literature," "AMSOIL sales aids" and "AMSOIL logos" is all encompassing and includes all AMSOIL divisions and their individual logos, products, literature and sales aids distributed by AMSOIL.

AMSOIL retains the right to decide all matters regarding interpretation and enforcement of all policies contained in this Sales Plan and other AMSOIL publications. Any requests regarding special exceptions, enforcement of policies or Dealer disputes should be submitted in writing to the AMSOIL Review Committee.

This Agreement and disputes arising hereunder shall be governed by the laws of the State of Delaware. In the event of any litigation involving the interpretation of this Plan or Agreement, the parties to this Plan and Agreement agree to submit to the jurisdiction of the St. Louis County District Court, State of Minnesota or United States District Court, District of Minnesota, Fifth Division, Duluth, Minnesota for purposes of said litigation. Each Party to this Agreement hereby appoints the Office of Secretary of State of the State of Minnesota as his Agent for the purpose of accepting service of process in any litigation arising out of this Agreement.

**Effective March 1, 2006**

# PART I: *AMSOIL Conduct Code*

Since 1973 AMSOIL INC. has provided a marketing opportunity to individuals based on quality products, professional service and the utmost regard for integrity. As an AMSOIL Dealer you will conduct your business in accordance with these principles. You will uphold the image and reputation of AMSOIL INC. and AMSOIL Dealers by representing AMSOIL products, policies and marketing procedures in an honest and professional manner. AMSOIL Dealers must also abide by AMSOIL INC. anti-harassment policies when communicating with AMSOIL employees, Dealers and customers.

Actions, either verbal or written, that adversely affect AMSOIL INC. and/or AMSOIL Dealers will result in immediate disciplinary action, up to and including desponsorship or termination of your rights as an AMSOIL Dealer. You will respect the rights of other Dealers and refrain from actively soliciting other Dealers' current customers and the prospective customers who have committed to registering with other Dealers.

## PART II: *Your AMSOIL Dealership*

### A. APPLICATION

1. Applicants must be at least of the age of majority as defined in the laws of the state in which the applicant resides.
2. In order to maintain the integrity of the AMSOIL Sales Plan, owners of some businesses are restricted from becoming AMSOIL Dealers. These businesses include but are not limited to:
  - businesses with 12 or more retail establishments
  - businesses that resell through the Internet or retail catalogs
  - businesses that are primarily engaged in the regional or national distribution of auto/truck/industrial supplies to retailers
  - businesses that are primarily engaged in the distribution of fuel or petroleum products to retailers or commercial users.
3. Only individuals or husbands and wives may jointly register as AMSOIL Dealers. Only one Dealership will be recognized for a husband and wife combination.
4. An AMSOIL Dealership may be organized and operated as a corporation, LLC, non-profit or other legally structured organization. Upon request, AMSOIL may issue commission checks to the organization. AMSOIL will not issue commission checks to an organization that qualifies as an AMSOIL commercial or retail account. Contact the AMSOIL Dealer Registration Department for appropriate forms.
5. All Applicants must disclose any litigation to which they are a party or have been a party as a condition prior to acceptance as a Dealer.
6. An Applicant will be recognized as a Dealer when the completed original application form and the annual registration fee are accepted and approved by AMSOIL. Dealership cards with an identification number (Z.O.) will then be issued.
7. Registration as an AMSOIL Dealer authorizes a Dealer to purchase products at wholesale cost for personal use and for the purpose of resale. It entitles the Dealer to indemnification in the event of damages resulting from the failure of AMSOIL products to perform properly when used according to the manufacturer's recommendations. The Dealer shall also be entitled to a subscription to ACTION NEWS, the AMSOIL official company publication.
8. An Applicant must purchase an official AMSOIL Dealer Business Manual to obtain information concerning procedures, policies and products.
9. Every AMSOIL Dealer must agree to conduct their AMSOIL business in strict compliance with all policies contained in the AMSOIL Sales Plan in effect at the date of registration and all subsequent amendments. AMSOIL retains the right to modify, amend and change its policies and all terms and conditions of your AMSOIL Dealership, including the calculation of commissions and commission credits. AMSOIL will provide 30 days written notice of amendments.
10. Applicants will only be accepted from the United States, Canada and Puerto Rico.
11. AMSOIL reserves the right to accept or reject any application.

### B. CANCELLATIONS

1. The AMSOIL registration fee is refundable, provided notification of intent is made within three (3) days from the date shown on the application. Notification may be made either to the sponsor or AMSOIL.
2. If a new Dealer decides not to continue, the Dealer may return the Business Manual, complete and in good condition, to the Dealer from whom it was purchased or AMSOIL within thirty (30) days from the purchase date, and the money paid for the Business Manual will be promptly refunded.
3. **A Dealer may cancel this Agreement at any time with a written notice to AMSOIL.**
4. AMSOIL retains the right to make modifications and/or revisions to this plan from time to time as deemed appropriate.
5. Failure to comply with AMSOIL policies and regulations may result in termination of the AMSOIL Dealership.

### C. RENEWAL OF DEALERSHIP

1. The Dealer Registration Application and the Dealership terminate each year on the anniversary date of the application (except as noted in special programs). Renewal application forms and online renewals will be made available to all Dealers prior to their anniversary date.
2. Failure to renew will result in the termination of the Dealership. Customers will be reassigned and all privileges relative to that Dealership will be cancelled.
3. AMSOIL retains the right to deny the renewal of a Dealership.

### D. DEALER STATUS

1. An AMSOIL Dealer operates the business as an independent Dealer of AMSOIL products. As such, there is no employee relationship with AMSOIL. The relationship between AMSOIL and its Dealers is on a Vendor/Vendee basis. No AMSOIL Dealer shall verbally, or in writing, use the terms "agent," "supervisor," "manager," "company representative" or any other similar terminology which implies employer/employee relationship.
2. No Dealer shall incur any liability on the part of AMSOIL.
3. No Dealer shall represent to anyone that there are exclusive franchises or territories available. No Dealer shall represent that the Dealer or anyone else has the authority to designate territories or imply that the Dealer has a given territory. AMSOIL Dealers are prohibited from pursuing, for either sponsoring or sales purposes, AMSOIL Dealers, Preferred Customers and accounts, in accordance with the *Initial Contact Guidelines for Registering Dealers, Preferred Customers and Accounts* (G2194).
4. No Dealer shall register an individual as an AMSOIL Dealer, Preferred Customer, account or catalog customer without the individual's knowledge and consent.

### E. TRANSFER OF DEALERSHIP

1. An AMSOIL Dealer has the right to sell the Dealership. However, because the sale of any Dealership may affect the income and rights of Dealers up the line of sponsorship, the sale of a Dealership in most cases is best made to someone directly

above or directly below in the line by sponsorship. In order to protect the rights of all Dealers involved, no sale shall be completed without written approval by AMSOIL.

Specific details regarding the sale of an AMSOIL Dealership may be obtained by contacting AMSOIL.

2. An AMSOIL Dealer has the right to devise and bequeath the Dealership. However, it must be remembered that AMSOIL con-

ducts business with registered AMSOIL Dealers only. Therefore, an heir or trustee must qualify as an AMSOIL Dealer and fulfill the appropriate requirements to receive any commissions. In the case of minor heirs, a trustee or guardian may maintain the registration and requirements. Instructions for disposition of a Dealership must be received within 12 months. Contact your Direct Jobber or AMSOIL for further information.

## **PART III: *Your Promotional Activities***

### **A. LITERATURE, PRODUCT, SALES PLAN**

1. Only official company literature shall be used in promoting AMSOIL products and the AMSOIL Sales Plan without written approval by AMSOIL. No AMSOIL literature or sales aids shall be reproduced in whole or in part without written approval by AMSOIL.
2. No Dealer shall make claims concerning AMSOIL products or the Sales Plan other than those contained in the official company literature.
3. Only current, authorized logos, slogans, graphs and statistical comparisons may be used in the promotions of an AMSOIL business.

### **B. TRADE NAME, TRADEMARK AND LOGO**

1. The AMSOIL logo is a registered trademark and is intended to be used in corporate image building and as a corporate identifier. **NO DEALER MAY REPRODUCE THE AMSOIL LOGO IN ANY FORM WITHOUT WRITTEN AUTHORIZATION FROM AMSOIL.**
2. Authorized logos suitable for reproduction are available from AMSOIL upon request. In each case where the logo is used, the words "Dealer," "Account Direct," "Direct Dealer" or "Direct Jobber" must appear immediately adjacent to the logo.

### **C. ADVERTISING**

1. All direct mail pieces and print and broadcast advertisements produced by Dealers must be approved in writing by AMSOIL prior to release. Approved print advertisements are available from AMSOIL.
2. The Dealer placing the advertisement must be identified as an independent AMSOIL Dealer, AMSOIL Account Direct, AMSOIL Direct Dealer or AMSOIL Direct Jobber in an advertisement, and must not be represented as AMSOIL, or any division or subsidiary or official representative of AMSOIL.
3. AMSOIL Dealers may place approved script and graphics on the World Wide Web. Approved formats are available from AMSOIL. Individually created material must be submitted to AMSOIL for authorization.
4. No Dealer shall advertise prices of AMSOIL products in any national medium, including broadcast, print and electronic formats.
5. No Dealer shall advertise free or discounted Dealership opportunities or Preferred Customer memberships in any national medium, including broadcast, print and electronic formats.
6. No Dealer may advertise free or discontinued freight on AMSOIL product purchases in any medium, including broadcast, print or electronic formats.
7. No Dealer shall advertise incentives of clear and obvious monetary value as inducements to solicit sales or Dealer and Preferred Customer registrations in any national advertising medium, including broadcast, print or electronic formats.
8. AMSOIL Dealers may only make presentations to audiences of more than 50 individuals if approved in writing by AMSOIL INC. Requests must be submitted in writing at least 30 days prior to the presentation date and must contain a copy of the proposed

presentation material, as well as details regarding time, location and nature of the audience. AMSOIL INC. reserves the right to approve or deny presentations, require changes or provide corporate assistance developing, editing or presenting materials. AMSOIL Dealers making presentations to fewer than 50 individuals may only present information that has been published by AMSOIL INC. All Dealers making presentations must identify themselves as independent Dealers, Account Directs, Direct Dealers or Direct Jobbers.

9. Articles, letters or editorial comment which are created by Dealers and include the AMSOIL registered trade name must be approved by AMSOIL INC. prior to submission to publications or posting in electronic format. All submissions for publication or posting in electronic format which are created by Dealers and include the AMSOIL registered trade name must also include the independent Dealer, Account Direct, Direct Dealer or Direct Jobber identifier.

### **D. BUSINESS NAME**

1. The name of an individual business may not include the AMSOIL registered trade name.

### **E. PRINTED CHECKS**

1. The AMSOIL registered tradename and logo SHALL NOT be reproduced on printed checks used by Dealers, nor shall any Dealer be referred to as anything other than an AMSOIL Dealer, AMSOIL Account Direct, AMSOIL Direct Dealer or AMSOIL Direct Jobber on the checks.

### **F. Unsolicited phone, e-mail and fax communication for the purpose of selling or advertising AMSOIL products and marketing programs is prohibited.**

1. Unsolicited selling means the initiation of a telephone call or message for the purpose of encouraging the purchase of goods, services or participation in one of the AMSOIL marketing programs.
2. Unsolicited advertising means the initiation of a telephone call or message for the purpose of advertising the availability or quality of goods, services or marketing programs.

The use of programmed equipment, recorded messages, hired services or other automated communication devices and techniques is not allowed. Current customers and others who have requested information or granted permission to be contacted are exempt from these regulations. *Telephone "cold calls" are allowed but cannot be intended to conclude a transaction but to schedule a face-to-face presentation in order to complete the intended transaction.*

Telephone "cold calls" are allowed to businesses that qualify as commercial or retail accounts. These "cold calls" cannot be intended to conclude a transaction but to schedule a face-to-face presentation in order to complete the intended transaction. Telephone calls to individuals, for the purpose of selling AMSOIL products or presenting business opportunities, are only allowed if a prior relationship or affiliation exists. For example, Dealers may contact friends, neighbors, members of the same church or club, coworkers or individuals that have been referred by friends or existing customers.

# PART IV: *Purchase and Sale of Products and Literature*

## A. INDIVIDUAL PURCHASES

1. A Dealer may use a credit card to purchase products and literature directly from AMSOIL by calling (800) 777-7094. A Dealer may also purchase product by mailing a completed order form (G29) with a credit card number or check. Product may be picked up or will be shipped from the nearest regional product distribution center.
2. A Sales Draft (direct withdrawal) Program is available for Dealers who wish to pay by check and use the toll-free telephone ordering line. Applications are available from the AMSOIL Sales Department.
3. A Dealer may also purchase products from their sponsor or Direct Jobber or any other AMSOIL Dealer with the completion of a Transfer of Commission Credit form (G01).

## B. SALES POLICY

1. Only registered AMSOIL Dealers or their registered retail accounts are authorized to resell AMSOIL products.
2. No Dealer shall make claims concerning AMSOIL products other than those on the product label or contained in official company literature.
3. There will be no repackaging of AMSOIL products for resale by any Dealer.
4. No Dealer has the right to sell literature or sales aids unless the literature and sales aids have been purchased from AMSOIL for resale or have been specifically approved by AMSOIL in writing.
5. AMSOIL has established minimum suggested retail prices, but Dealers may sell the products to individuals at prices they determine. However, if an AMSOIL Dealer sells products purchased through the Multi-Level Program to or through any company that would be or is qualified as a commercial or retail on-the-shelf account as described in the Commercial and Retail Marketing Procedures (G1097), the selling price must be **NOT LESS THAN** the prices established on the current commercial and retail-on-the-shelf price lists. Dealers may sell to individual outlets of a business that owns more than 12 retail outlets under the established guidelines. The individual outlets must place their own orders. Orders cannot be grouped, use centralized billing or be transferred to other outlets owned by the same business. No Dealer may supply products for redistribution, either directly or indirectly to:
  - more than 24 individual retail outlets that are owned by the same business
  - businesses that resell through the Internet or retail catalogs
  - businesses that are primarily engaged in the regional or national distribution of auto/truck/industrial supplies to retailers
  - businesses that are primarily engaged in the distribution of fuel or petroleum products to retailers or commercial users.
6. No Dealer may sell product for redistribution in any country other than the United States, Canada and Puerto Rico.
7. Names, addresses and phone numbers of AMSOIL customers are confidential. Personal contact information can only be used or passed from one Dealer to another for the specific purpose of promoting AMSOIL marketing programs or selling AMSOIL products. An AMSOIL Dealer may not solicit non-personally-sponsored Dealers for any reason whatsoever.
8. No Dealer may contact any business partner of AMSOIL INC. Such partners include, but are not limited to, aftermarket product manufacturers, raw material vendors, independent test laboratories, race teams and customers featured in publications. Contact with such parties is strictly prohibited.

## D. TRANSFER OF COMMISSION CREDIT

1. AMSOIL Dealers receive commissions each month on their purchases and the purchases of their downline Dealers.
2. Each month AMSOIL records all sales through the product distribution centers, and commissions are paid. The only method of recording sales between Dealers is using the Transfer of Commission Credit Form (G01). When this is submitted the proper commissions can be paid.
3. When qualifying a new Dealer the transfer of commission credits is only allowable to record the actual sale of products.
4. No Dealer is required to sell products to anyone other than personally-sponsored Dealers. However, if such sales are made, a Transfer of Commission Credits Form **MUST BE COMPLETED AND SIGNED BY THE SELLING DEALER AND MUST BE SUBMITTED TO AMSOIL BY THE PURCHASING DEALER.**
5. Failure to comply with the above policies shall result in disciplinary action up to and including the termination of either or both Dealerships.

## E. TAXES

1. All Dealers are responsible for paying federal, state or provincial, and local taxes as they may apply on all product and literature sold at retail, used personally or used in the operation of their business. Dealers must become acquainted with local, state and provincial, and federal tax laws as they may apply to the business.
2. AMSOIL will collect all applicable state sales tax on product distribution center orders and pay the respective state. The Dealer is responsible for collecting and paying any other applicable tax. Refer to the Confidential Price List (G26) for current tax information.
3. When claiming tax exemption, a signed Uniform Sales Tax and Use Certificate (G495) must be sent to AMSOIL, and all orders must include the tax number in the appropriate space.

## F. BUSINESS MONTH

1. A product distribution center order **must be received in the product distribution center by the last business day of the month** to be included in that month's business. Please allow Postal Service delivery time as AMSOIL will process the order according to the date it is received at the distribution center.
2. Certain product distribution centers may have a cut-off date earlier than the last business day of the month. It is the Dealer's responsibility to be aware of this date.

## G. RETURN OF PRODUCT WHEN LEAVING THE BUSINESS.

1. Upon written request and receipt of a copy of the original sales slip or product order form, AMSOIL will authorize the return from a currently registered Dealer leaving the business, any unused currently marketable AMSOIL products F.O.B. the nearest AMSOIL product distribution center.
2. Products must be less than three months old (no time limit in GA, LA, MA, WY), and only full cases and drums with unbroken seals and all product labels intact may be returned.
3. Upon inspection of such products, AMSOIL will return the Dealer's cost of the product minus a 10 percent restocking fee and all Commissions previously paid on the products.