



IMPORTANT

PLEASE READ INSTRUCTIONS BEFORE FILLING OUT THE ATTACHED HEWLETT PACKARD APPLICATION

FAXED AND COPIES OF APPLICATIONS WILL NOT BE ACCEPTED

Attached is the HP DVAR signature Page, the HP DVAR Application, the HP DVAR Account Profile (4 pages), and the HP DVAR Additional Locations Form. To be considered for HP DVAR approval, please fill out all 4 documents. (The first three if you have one location only.) **MAIL** to Tech Data Corporation at the below noted address.

To be considered for the HP DVAR program you **MUST** have a **Value-Added Solution** and provide a validating **Data Sheet** or **Brochure** that **MUST** be in the name of your business.

There is an HP expected sales requirement of at least **\$25,000.00** a year.

To be consider for this program, you must provide one of the following Value Add Solutions:

- * System Integrators **must** have a high end network certification. Qualifying certifications include Novell Gold, Novell Platinum, Microsoft NT, Microsoft Solution Provider, 3COM Netbuilder II, 3COM Advanced Internetworking Program certified, Cisco reseller or Cisco-Certified Internetwork Expert. If this is your Value Add **please attach proof** of this by submitting your certificate or letter of certification.
- * Software Developers **must** provide detailed information on software and what market it targets. Any additional back up literature on your software package is helpful.
- * If your company is authorized to resell another company's software package. Please provide information on the software package and what market it targets. Also Hewlett Packard will want to see the agreement your company has to resell the software, **please include copy**.

Meeting the above requirements does not guarantee your Company authorization.

Authorization process takes approximately 2 weeks.

If you have any questions, please contact Cheryl Porter, Authorization Administrator, at 800-322-7959.

FILING INSTRUCTIONS:

**APPLICATIONS MUST BE MAILED TO:
TECH DATA CORPORATION
5350 TECH DATA DRIVE
CLEARWATER, FL 33762
ATTENTION: CHERYL PORTER**

**HEWLETT-PACKARD COMPANY
U.S. AUTHORIZED VAR AGREEMENT
SIGNATURE PAGE**

LEGAL BUSINESS NAME _____
 ADDRESS _____
 CITY, STATE, ZIP _____
 PHONE, FAX# _____
 E-MAIL/INTERNET ADDRESS _____
 DBA(s) _____

AGREEMENT CONTENTS:

_____ U.S. VAR Certification _____ International Amendment to U.S. VAR Certification

STATEMENT OF OWNERSHIP:

Form of Organization: (i.e. Corporation, General Partnership, Limited Partnership, Sole Proprietor): _____

For a Corporation, specify whether: Publicly Held: _____ Privately Held: _____ State of Incorporation/Organization: _____

Identify Company ownership and management structure as follows (attach additional pages if necessary):

- Sole Proprietor: Identify all owners, officers and ownership percentages held
- Trust: Identify Trustee(s), Administrators and Beneficiaries of Trust
- Partnership: Identify all General Partners, Limited Partners, Officers and ownership percentages held
Specify dollar investment of limited partners
- Privately held corporation: Identify all shareholders with class and percentage ownership, Officers and Board of Director Members
- Publicly held corporation: Identify owners of 20% or more of each class of shares with class and percentage of ownership, Officers and Board of Director Member

NAMES (First, Middle, Last Name)	TITLES (i.e. Owner, CEO, VP, Chairman Controller, etc.)	OWNERSHIP INTEREST	
		Percentage Ownership (Dollar Investment for Limited Partners)	Type of Ownership Interest (Assets, Common or Preferred Shares)
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

If Company is 100% owned by another corporation, identify the parent corporation's ownership and management structure above and the identity of the parent corporation below:

 Parent/Owner, including DBA(s)

 Address

 _____ (_____) _____
 City State Zip Telephone

BY VAR'S SIGNATURE BELOW, VAR AGREES THE STATEMENTS PROVIDED IN THE ATTACHED APPLICATION ARE TRUE AND COMPLETE. VAR AGREES TO THE TERMS OF THE U.S. AUTHORIZED VAR CERTIFICATION, OF WHICH ALL TERMS ARE INCLUDED IN THIS AGREEMENT BY THIS REFERENCE.

AUTHORIZED SIGNATURES:

 Parent/Owner Signature (if applicable) Typed Name

 Company Authorized Signature Typed Name
 Effective Date: _____ Expiration Date: May 31, 1998



**Hewlett-Packard Company
U.S. Authorized VAR Application**

1. VAR Legal Name (Print or Type) _____
Distributor Account # _____

I have more than one location under this legal name. Yes No If yes, complete "Additional Locations Form."
Does Applicant or any of its owners or managers own any interest in another company or manage, operate or work for a company which is authorized by HP to resell any HP Products? Yes No
If yes, state the name of company(ies): _____

2. Value-Added Solution Information

Please describe your added value in detail. If your added value is system integration, include the name of your key or custom software, if any, that is written by you. List your hardware solution and services from all sources. Approval requires a data sheet or product brochure attached to this application. Include specific details on your customer support plan:

Please state your total current annual sales \$ _____ Expected HP Share \$ _____ No. of Employees _____

NOTE: Approval requires that a data sheet or product brochure is attached to this application.
This approval process requires only one application per reseller company.

For Distributor use only:

To the best of the Distributor's knowledge the statements provided in this application are accurate and true.

Print or type Distributor Name HP-Authorized Distributor Signature Date

1997 RESELLER PROFILE

The following "PROFILE" questions are used by Hewlett-Packard to better understand your needs.

Please select answers which best match/describe the situation for your company—questions apply only to following "PROFILE" questions are used by Hewlett-Packard to better understand your needs.

Please select answers which best match/describe the situation for your company—questions apply only to sales activities within the U.S. All information will remain confidential and will not be shared outside Hewlett-Packard.

Note: This information will remain confidential and will not be shared outside Hewlett-Packard. Thank you.

1. Approximately how many employees do you have? (Circle one.)

- 01 1 to 5 employees
- 02 6 to 15 employees
- 03 16 to 30 employees
- 04 31 to 100 employees
- 05 101 to 500 employees
- 06 501 to 1000 employees
- 07 More than 1000 employees

2. Please tell us the number of full-time employees assigned to inside sales/telemarketing and the number assigned to outside sales?

- a. Inside sales/telemarketing _____
- b. Outside sales _____

3. What size organization does your company typically sell to? (Circle all that apply.)

- 01 Large (1000 employees or more)
- 02 Medium (100-999 employees)
- 03 Small (under 100 employees)
- 04 End Users/Home Businesses

4. What percentage of your total sales does each of the following represent?

- | | |
|-----------------------------------|-----------------|
| | Record % |
| 01 Large (1000 employees or more) | _____ |
| 02 Medium (100-999 employees) | _____ |
| 03 Small (under 100 employees) | _____ |
| 04 End User/Home Business | _____ |
| | Must total 100% |

5. Which phrase best describes your business? (Circle one.)

- 01 An Internet Reseller
- 02 A Networking Reseller
- 03 A Small-Business Reseller
- 04 A Fortune 1000 Reseller
- 05 An Application-Specific VAR
- 06 A Wholesaler
- 07 Does not apply

6. What do you consider your company's primary value-add to your customers? (Circle one.)

- 01 Familiarity/Relationship with customers
- 02 Knowledge of a customer's vertical market
- 03 Knowledge of a customer's
- 04 Technological expertise
- 05 Training
- 06 Post-sale service/support
- 07 Hardware upgrade
- 08 Software upgrade
- 09 Other _____ vertical application

7. Think about the services your company provides. Which, if any, of the following services do you provide using your own staff? (Circle all that apply.)

- 01 Application development
- 02 Customer needs analysis
- 03 Customized hardware
- 04 Customized third-party software
- 05 Hardware maintenance/upgrades
- 06 Integrate hardware and software
- 07 Integrate voice and data network
- 08 Interoperability and performance testing
- 09 LAN/WAN configuration
- 10 Network management
- 11 Network configuration
- 12 Network design
- 13 Product specification
- 14 Remote diagnosis
- 15 Software support
- 16 Training
- 17 Tech support hotline
- 18 Internet Web page development
- 19 Does not apply

8. The systems your company integrates or resells are based on the following: (Circle all that apply.)

- Desktop/Portable Operating Systems
- 01 OS/2
- 02 UNIX® (all versions)
- 03 DOS (all versions)
- 04 Macintosh*
- 05 Windows® 3.x
- 06 Windows 95
- 07 Windows NT™ Workstations
- 08 Other
- LAN Operating Systems
- 09 Windows NT Server
- 10 NetWare® (all versions)
- 11 AppleShare
- 12 LANtastic
- 13 LAN Server
- 14 Other

15 Does not apply (neither Desktop Portable nor LAN systems)

*Macintosh computer is a product of Apple Computer, Inc.

9. For which of the following vendors does your company offer **networking/communications** products? (Circle all that apply.)

- | | |
|-------------------------------|--------------------------|
| 01 Artisoft | 12 Multi-Tech |
| 02 Attachmate | 13 NetFrame |
| 03 Bay Networks | 14 Netscape |
| 04 Cabletron | 15 Novell |
| 05 Cisco | 16 Proteon |
| 06 Compaq | 17 Standard Microsystems |
| 07 Digital | (SMC) |
| 08 Hayes/Practical Peripheral | 18 3Com |
| 09 Hewlett-Packard | 19 US Robotics |
| 10 IBM | 20 Does not apply |
| 11 Microncom | |

10. In which of the following programs does your company participate? (Circle all that apply.)

- | | |
|---------------------------------|--------------------|
| 01 Novell® Gold | 04 Lotus® Business |
| 02 Novell Platinum Partners | 05 Does not apply |
| 03 Microsoft® Solution Provider | |

11. Are you involved with selling or installing Internet hardware and/or software solutions?

- 01 Yes 02 No

12. Regarding products your company sells, which if any, of the following types of software applications do you resell or use to create solutions? (Circle all that apply.)

- | | |
|---|--|
| 01 Accounting: payable, receivable | 11 G.I.S. (Geographic Information Systems) |
| 02 Accounting: general ledger | 12 Graphic Arts application/ Presentation graphics |
| 03 Applications development tools/languages | 13 Groupware |
| 04 CAD/CAM | 14 Multimedia authoring tools |
| 05 Database management: desktop | 15 Network management |
| 06 Database management: SQL automation | 16 Office suites |
| 07 E-mail/desktop communications | 17 Sales force |
| 08 Desktop publishing | 18 Spreadsheets |
| 09 Desktop utilities | 19 Systems management tools |
| 10 Document Image Processing | 20 Word processing |
| | 21 Does not apply |

13. What percentage of your company's sales come from the following markets/industries? (Give percentage for all that apply---must total 100%.)

- | | |
|--|---|
| a. _____% Accounting | i. _____% HealthCare/ Medical/Dental/ Pharmacy |
| b. _____% Business/Office Automation | m. _____% Insurance/ Banking/Finance/ Real Estate |
| c. _____% Communications/ Networking | n. _____% Legal |
| d. _____% Construction/ Architecture | o. _____% Manufacturing |
| e. _____% Engineering/ Scientific | p. _____% Photo Finishers |
| f. _____% Education | q. _____% Retail (includes home/home office) |
| g. _____% Entertainment/ Recreation/ Hospitality Companies/Bureaus | r. _____% Service |
| h. _____% Federal Gov't/ Military/Aerospace | s. _____% Telecommunications |
| i. _____% State/Local Government | t. _____% Transportation |
| j. _____% Fortune 1000 | u. _____% Utilities |
| k. _____% Graphic Arts | v. _____% Wholesale/ Distribution |
| | w. _____% All Other |

14. Which of the following categories of equipment does your company currently sell? (Circle all that apply.)

- | | |
|-----------------------------|----------------------------|
| 01 High-Resolution Monitors | 09 Personal Computers |
| 02 Terminals/X Terminals | 10 Laptop/Notebooks |
| 03 Laser Printers | 11 Hard Disk Drives |
| 04 Inkjet Printers | 12 Tape Backup Systems |
| 05 Color Printers | 13 Optical Storage Devices |
| 06 Thermal Printers | 14 RAID |
| 07 Scanners | 15 CD-ROM |
| 08 Input Devices | 16 Does not apply |

15. Based on unit volume, for which of the following manufactures does your company currently sell the most product? (Circle only one each for your 1st, 2nd, and 3rd "best" sellers; mark "other," if not listed.)

1st Best	2nd Best	3rd Best	Peer
01	01	01	Apple
02	02	02	AST
03	03	03	Bay Networks
04	04	04	Canon
05	05	05	Cisco
06	06	06	Compaq
07	07	07	Conner/Seagate
08	08	08	Digital
09	09	09	Everex
10	10	10	Hewlett-Packard
11	11	11	IBM
12	12	12	Imega
13	13	13	Lexmark
14	14	14	Motorola
15	15	15	NEC
16	16	16	NetFrame
17	17	17	Okidata
18	18	18	Packard Bell
19	19	19	Panasonic
20	20	20	Phillips Electronics
21	21	21	Samsung
22	22	22	Silicon Graphics
23	23	23	Sony
24	24	24	Sun Microsystems
25	25	25	3Com
26	26	26	Toshiba
27	27	27	Xerox
28	28	28	Zenith
29	29	29	In-house (build your own)
30	30	30	Other
31	31	31	None/no others

16. How many PCs and laptops (total) did you sell in 1996? (If you do not sell, please enter "0")

Record _____ # of Units

17. Which of the following network environments does your company currently design and install? (Circle all that apply.)

- | | |
|-------------------------------------|-------------------------------------|
| 01 Client/Server | 06 Micro to RISC/
multiprocessor |
| 02 LAN to LAN | 07 Network to network |
| 03 LAN to WAN | 08 Wireless network |
| 04 Micro to micro
(peer to peer) | 09 Does not apply |
| 05 Micro to micro server | |

18. Based on the past year, what marketing activities did you use? (Circle all that apply.)

- | | |
|-----------------------------------|----------------------|
| 01 Direct mail | 06 Seminars |
| 02 Mass media
(local TV/radio) | 07 Trade journal ads |
| 03 Newsletters | 08 Trade shows |
| 04 Newspaper ads | 09 Yellow pages ads |
| 05 Public relations programs | 10 World Wide Web |
| | 11 Other |

19. What was your company's total gross revenue for 1996? (Circle one.)

- | | |
|---------------------------------|-----------------------------------|
| 01 Less than \$500,000 | 05 \$10 million to \$24.9 million |
| 02 \$500,000 to \$999,999 | 06 \$25 million to \$49.9 million |
| 03 \$1 million to \$2.9 million | 07 \$50 million and above |
| 04 \$3 million to \$9.9 million | |

20. How do you like to receive training from manufacturers? (Circle up to two responses.)

- | | |
|---|--|
| 01 Self-paced using a
computer | 04 Attend a classroom in your
community |
| 02 Self-paced from a book | 05 Attend a classroom in a
distant city |
| 03 Self-paced from a
World Wide Web page | 06 Watch a video on your
own VCR |

21. How much time do you expect to spend getting manufacturer-provided training each year?

- | | | | |
|------------------------------|----------|----------|----------|
| | 1-2 days | 3-4 days | 5-7 days |
| a. For a sales rep | 01 | 02 | 03 |
| b. For a tech support person | 01 | 02 | 03 |

22. When a manufacturer sends you sales, technical and promotion literature, which communications method do you prefer? (Circle up to two responses.)

- 01 CD-ROM sent monthly
- 02 World Wide Web page whenever you want
- 03 Fax to you on your demand
- 04 Broadcast fax to you once a month
- 05 E-mail sent to you automatically

23. Does your company have a Web site?

URL _____



Intel386 and Intel486 are U.S. trademarks, and Pentium is a U.S. registered trademark, of Intel Corporation. Lotus is a U.S. registered trademark of Lotus Development Corporation. Microsoft and Windows are U.S. registered trademarks, and NT is a U.S. trademark, of Microsoft Corporation. Novell and NetWare are U.S. registered trademarks of Novell, Inc. UNIX is a registered trademark in the United States and other countries, licensed exclusively through X/Open Company Limited.

Sales Manager's Name: _____

E-Mail: _____

Marketing Manager's Name: _____

E-Mail: _____

©Copyright Hewlett-Packard Company 1997. All Rights Reserved. Reproduction, adaptation, or translation without prior written permission is prohibited except as allowed under the copyright laws.

Printed in USA M0397

Please sign:

I hereby sign and acknowledge that the above information and representations are, to the best of my knowledge, true and accurate.

Name: _____

Printed Name: _____

Title: _____

HP ID#: _____

Reseller Name: _____

Address: _____

City, State, Zip: _____

Date: _____

U.S. VAR CERTIFICATION

1. APPOINTMENT

- A. Hewlett-Packard Company ("HP") appoints Value-Added Reseller as an authorized, non-exclusive Value-Added Reseller ("VAR") for marketing HP Products sold by and purchased from an HP authorized Distributor or First Tier Reseller (collectively, "Supplier"). VAR will sell HP Products only to end-user customers in the U.S.
- B. VAR's appointment is subject to the terms of this U.S. VAR Certification and the associated Product Exhibits and HP Product Categories (collectively, the "Agreement") for the period from the effective date through the expiration date of this Agreement. VAR accepts appointment on these terms.
- C. Each party agrees that the other has made no commitments regarding the duration or renewal of this Agreement beyond those expressly stated in this Agreement.

2. VAR RESPONSIBILITIES

- A. VAR approved company names including DBA(s) and selling locations are listed on the HP VAR Application and are the only names and selling locations under which VAR may represent and sell HP Products. VAR is responsible for communicating any changes in its approved names or selling locations to each Supplier from whom it purchases HP Products under this Agreement.

B. VAR Agrees to:

1. Advertise, promote, demonstrate and sell HP Products on a face-to-face basis. VAR may use catalogs and other direct response sales techniques only as permitted in the Product Categories.
2. Provide pre-sales support and post-sales technical support of HP Products and VAR's value-added solutions for its customers sufficient to ensure a high level of customer satisfaction with VAR's value-added support capabilities.
3. Ensure that no sale, advertising, promotion, display, or disclosure of any features, availability or price of any new HP Product takes place before HP's public announcement of that Product.
4. Identify and keep current a primary and secondary support contact for both marketing communications and post-sales technical support at each approved selling location.
5. Report promptly to HP all suspected defects in HP Products.
6. Ensure that its employees complete any required training courses and certification designated by HP.
7. Assist its customers in obtaining warranty repairs for HP Products by either repairing the product, referring the customer to HP or an approved HP repair provider or returning the HP Product to HP. If the VAR elects to provide warranty repair services to its customers, VAR will comply with the terms and conditions outlined in the HP Premier Support Program Guide.

- C. VAR may advertise only those HP Products which it is authorized to sell. VAR's advertising may in no way mention VAR as an authorized reseller for any other HP Product.

- D. VAR may advertise its value-added computer solutions using HP Products nationwide.

- E. VAR will sell HP Products purchased from Supplier only with the added value approved in the VAR Application. Added value activities and services will be identified in one of the following ways:

1. Through the integration of the HP Products into a complete system providing a total solution;
2. Through the addition of software or hardware that VAR manufactures, develops or acquires and which represents a significant functional enhancement to the HP Products included in the system; or
3. As an addition to any HP Product or system sold by VAR under the conditions specified above.

- F. Without HP's prior written consent, VAR will not export HP Products outside the U.S. nor will VAR sell HP Products for export outside the U.S.

- G. VAR may not sell, rent or lease HP Products to rental companies or leasing companies for their subsequent rental or lease.

4. SPECIAL PRICING

Upon request from VAR, at its discretion HP may grant special pricing for particular end-user customer transactions. In good faith, HP may retract the special pricing any time before acceptance by the end-user customer. HP may extend the pricing on an exclusive or non-exclusive basis and may condition the pricing on a pass-through to the end-user of all or part of the non-standard offering extended by HP.

5. SOFTWARE

VAR is granted the right to distribute software materials supplied by HP only in accordance with the license terms supplied with these materials. VAR may alternatively acquire the software materials from HP for its own demonstration purposes in accordance with the terms for use in those license terms.

6. TRADEMARKS

From time to time, HP may authorize VAR to display one or more designated HP trademarks. VAR may display the trademarks solely to promote HP Products. Any display of the trademarks must be in good taste, in a manner that preserves their value as HP trademarks, and in accordance with standards provided by HP for their display. VAR will not use any name or symbol in a way which may imply that VAR is an agency or branch of HP; VAR will discontinue any such use of a name or mark as requested by HP. Any rights or purported rights in any HP trademarks acquired through VAR's use belong solely to HP.

7. WARRANTY

A. USER WARRANTY

1. HP Product User Warranties are described on the Product Exhibits and apply only to end-user purchasers of HP Products. HP revisions to the User Warranties will be effective on the date specified by HP. Copies of User Warranties will be supplied with HP Products. Supplier's VARs must provide a copy of the associated User

Warranty for an HP Product to each end-user prior to sale.

2. HP Product Warranty begins upon purchase by the end-user customer and shall be verified by proof of acquisition by the end user or via HP's electronic warranty verification system.
3. HP does not extend Product User Warranties for Products designated by HP as Mechanisms. These Products have a Mechanism Warranty as set forth below.

B. MECHANISM WARRANTY

1. HP hardware "Mechanism" Products are warranted against defects in materials and workmanship.
2. HP software and firmware "Mechanism" Products are designated by HP for use with a hardware Product when properly installed on that hardware Product and are warranted not to fail to execute their programming instructions due to defects during the warranty period. HP does not warrant that the operation of the software, firmware, or hardware is uninterrupted or error free.
3. If HP receives notice of defects through Supplier during the warranty period specified in each Product Exhibit, HP will at its option, either repair or replace Products which prove to be defective.
4. If HP is unable, within a reasonable time, to repair or replace any Mechanism Product to a condition as warranted, Supplier is entitled to a refund of Supplier's net price less any credits extended by HP for the Product, upon return of the Product to HP. HP is responsible only for return freight from HP to Supplier of repaired or replaced units. Supplier or VAR as is mutually agreed shall be responsible for return freight from Supplier to VAR.
5. This warranty does not apply to damage resulting from abuse, misuse (including improper storage), negligence, accident, or loss or damage in transit, or unauthorized modification or repair.
6. HP authorizes VAR to sell the HP Products only with warranty terms and conditions which obligate HP to no greater than the following:
 - a. Warranty coverage for defective Product no greater than that provided in this Warranty Section and any associated Product Exhibit.
 - b. Warranty exclusions and disclaimers no less than those set forth in this Warranty Section and any associated Product Exhibit.
 - c. A duration of warranty expiring no later than the date of expiration of HP's warranty to Supplier or end-user as set forth in the associated Product Exhibit; and
 - d. Limitations of remedies and liability no less than those provided in the Limitation of Remedies and Liability Section of this Agreement.

Supplier (or any Customer) may have more extensive warranty coverage for customers only to the extent it remains solely responsible for fulfilling the obligations.

7. VAR's Supplier must notify HP prior to the return of a defective Mechanism Product to HP. Freight expenses

for return of defective HP Products to HP shall be paid by Supplier or VARs as mutually agreed.

C. ALL WARRANTIES

THE ABOVE WARRANTIES ARE THE EXCLUSIVE WARRANTIES COVERING HP PRODUCTS AND ARE IN LIEU OF ANY OTHER WARRANTIES, WRITTEN OR ORAL, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY IMPLIED WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

- D. Some HP Products may contain selected remanufactured parts equivalent to new in performance.

8. LIMITATION OF REMEDIES AND LIABILITY

- A. The remedies provided in this Agreement are VAR's sole and exclusive remedies against HP.
- B. HP will be liable for damage to tangible property, bodily injury or death to the extent a court of competent jurisdiction determines that an HP Product sold under this Agreement is defective and has directly caused such damage, injury or death, provided that HP's liability for damage to tangible property will be limited to \$300,000 per incident.
- C. IN NO EVENT WILL HP BE LIABLE FOR LOSS OF DATA, FOR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES (INCLUDING LOST PROFITS) OR FOR ANY OTHER DAMAGES WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER LEGAL THEORY.

9. INTELLECTUAL PROPERTY INDEMNITY

- A. HP will defend any claim against VAR that any HP Product infringes a patent, utility model, industrial design, copyright, mask work or trademark in the country where VAR acquires or sells the Product from HP, provided that VAR:
 1. Promptly notifies HP in writing of the claim; and
 2. Cooperates with HP in and grants HP sole authority to control the defense and any related settlement.

HP will pay the cost of such defense or settlement and any costs and damages finally awarded by a court against VAR.

- B. HP's indemnity shall extend to VAR's authorized customers and end-users under this Agreement provided they comply with the obligations above.
- C. HP may procure for VAR, its customers and end-users the right to continued sale or use, as appropriate, of the Product or HP may modify or replace the Product. If a court enjoins the sale or use of the Product and HP determines that none of the above alternatives is reasonably available, HP will accept return of the Product and refund its depreciated value.
- D. HP has no obligation for any claim of infringement arising from:
 1. HP's compliance with any designs, specifications or instructions of VAR;
 2. Modification of the Product by VAR or a third party;
 3. Use of the Product in a way not specified by HP; or
 4. Use of the Product with products not supplied by HP.

- E. This Section states HP's entire liability to VAR and its customers and end-users for infringement.

10. VAR RECORD-KEEPING

- A. At HP's discretion and upon notice to VAR, HP or HP's designate will be given prompt access, either on site or through other means specified by HP, to VAR's customer records, inventory records and other books and records of account which HP believes are reasonably necessary to verify and audit VAR's compliance with this Agreement. Failure to comply with HP's request will be considered a repudiation of this Agreement justifying HP's termination of this Agreement.
- B. HP may recover all reasonable actual costs associated with compliance verification procedures from VAR's HP Advantage program funds accrued by Suppliers, or by HP, on behalf of VAR.
- C. HP may debit Supplier and/or VAR for all wrongfully claimed discounts, rebates, promotional allowances or other amounts determined as a result of HP's audit of the VAR.

11. TERMINATION

- A. Either party may terminate this Agreement without cause at any time upon 30 days' written notice or with cause at any time upon 15 days' written notice.
- B. Upon termination of this Agreement for any reason, VAR will immediately cease to be an authorized HP VAR and will refrain from representing itself as such and from using any HP trademark or trade name.
- C. Upon termination of this Agreement, or expiration without renewal of this Agreement, all rights to any accrued HP Advantage program or other promotional funds will automatically lapse.

12. RELATIONSHIP

- A. VAR's relationship to HP will be that of an independent contractor purchasing HP Products from Suppliers for resale to VAR's customers. VAR and HP agree that this Agreement does not establish a franchise, joint venture or partnership.
- B. Any commitment made by VAR to its customer with respect to price, quantities, delivery, specifications, warranties, modifications, interfacing capability or suitability will be VAR's sole responsibility and VAR will indemnify HP from liability for any such commitment by VAR.

13. POLICIES AND PROGRAMS

- A. HP has a co-operative marketing HP Advantage program available for VAR's benefit through authorized Suppliers.
- B. From time to time, HP may offer or change HP policies and programs, such as but not limited to the HP Advantage program, Premier Support program and other programs and policies, participation in which will be on the current terms and conditions of the policies and programs.

14. GENERAL CONDITIONS

- A. Neither party may assign any rights or obligation in this Agreement without the prior written consent of the other party. Any attempted assignment will be deemed void.
- B. No U.S. Government procurement regulations will be deemed included hereunder or binding on either party unless specifically accepted in writing and signed by both parties.

- C. This is the entire agreement between HP and VAR relating to its subject matter.
- D. HP may amend this Agreement at any time with 30 days notice.
- E. This Agreement will be governed by the laws of the State of California.
- F. If any clause of this Agreement is held invalid, the remainder of the Agreement will continue unaffected.

15. MINIMUM COMMITMENT

Minimum shipments to VAR for 12 months are \$25,000 of HP Products, measured by Distributor's or First Tier Reseller's net price from HP.

HP Product Categories

HP manufactures and distributes a large number of personal computer and peripheral products to multiple market segments through a varied set of first and second tier resellers and retailers.

This diversity leads to a set of sourcing and distribution rules designed to best allow HP resellers of all types to reach targeted customers of each HP Product in the most efficient and profitable manner.

The Product Categories below describe restrictions HP places on resellers selling to customers in the United States. In particular, the Product Categories describe the restrictions HP places on HP Product acquisition and resale for both First Tier Resellers and Distributors as well as Single Tier Resellers, Second Tier Resellers, Second Tier Retailers, and VARs.

First Tier Reseller and Distributor Product Categories

HP Products on the Product Exhibits may ONLY be sourced and distributed as indicated below:

<u>Product Category</u>	<u>Permissible Source</u>	<u>Permissible Customers</u>
Q	HP only.	Any HP Authorized QD Reseller.
W	HP only.	Any HP Authorized Second Tier Retailer who has elected you as its Sole Distributor.
X	HP only.	Any HP Authorized Second Tier Reseller who has elected you as one of its Dual Source Suppliers; any HP Authorized VAR.
Y	HP only.	Any U.S. reseller, whether or not authorized by HP, which resells the product directly to U.S. end-user customers, except for Membership/Warehouse Clubs.
Z	HP only.	Any U.S. reseller, whether or not authorized by HP, which resells the product directly to U.S. end-user customers.
O	HP or any reseller.	Any U.S. end-user customer or any U.S. reseller, whether or not authorized by HP.

Reseller/Retailer, Second Tier Reseller/Retailer, and VAR Product Categories

As used below, Reseller/Retailer is defined as a reseller operating under a current U.S. Reseller Agreement purchasing directly from HP and authorized under the Agreement to sell to U.S. end-user customers.

HP Products on the Product Exhibits may ONLY be sourced and distributed as indicated below:

<u>Product Category</u>	<u>Permissible Source</u>	<u>Permissible Customers</u>
C	Controlled Products HP if you are a Reseller/Retailer; one of your authorized Dual Source Suppliers if you are a Second Tier Reseller; any HP Authorized First Tier Reseller or Distributor if you are a VAR.	Any U.S. end-user customer, subject to Home State Selling Restrictions.
B	HP if you are a Reseller/Retailer; one of your Authorized Dual Source Suppliers if you are a Second Tier Reseller; any HP Authorized First Tier Reseller or Distributor if you are a VAR.	Any U.S. end-user customer.
A	HP or any HP Authorized First Tier Reseller or Distributor.	Any U.S. end-user customer.
Q	HP or any HP Authorized Distributor or First Tier Reseller.	Any U.S. end-user customer.
O	HP or any reseller.	Any U.S. end-user customer or any U.S. reseller, whether or not authorized by HP.

Explanation of Terms Used

Home State Selling Restrictions

Resellers may sell Controlled Products, as defined in the Product Categories, to any U.S. end-user customer. However, the following advertising and sale restrictions apply to Controlled Products:

A Reseller's Home State(s) is/are the State(s) in which its approved Selling Location(s), as provided on Exhibit L or on a HP U.S. Authorized VAR Application, is situated. If an approved Selling Location is situated within 50 miles of the boundary of an adjoining State, then the Reseller's Home State(s) will also encompass the adjoining State.

1. Controlled Products may NOT be included or offered for sale on any Internet site;
2. Advertising as well as catalog and other direct response sales of Controlled Products is limited exclusively to a Reseller's Home State(s); and
3. Except as provided in point (1), if a Reseller has an approved Selling Location in 40 or more States, then advertising as well as catalog and other direct response sales of Controlled Products is permitted nationwide.

Membership/Warehouse Clubs

Membership/Warehouse Clubs (such as Price/Costco, Sams/Pace, and Smart and Final) are generally characterized by the following profile:

- . Sometimes require customers to acquire a membership in order to buy products from any of their locations;
- . Sell primarily to small businesses and home-office end-users, rather than other resellers;
- . Maintain selling locations of approximately 100,000 square feet or greater;
- . Offer 3,500 products or more;
- . Inventory product on the sales floor, usually stacked or stored near their respective categories;
- . Provide a diversified product offering including food, general merchandise, and consumer products such as tires, clothing, and sporting goods; and
- . Change merchandise mix often.