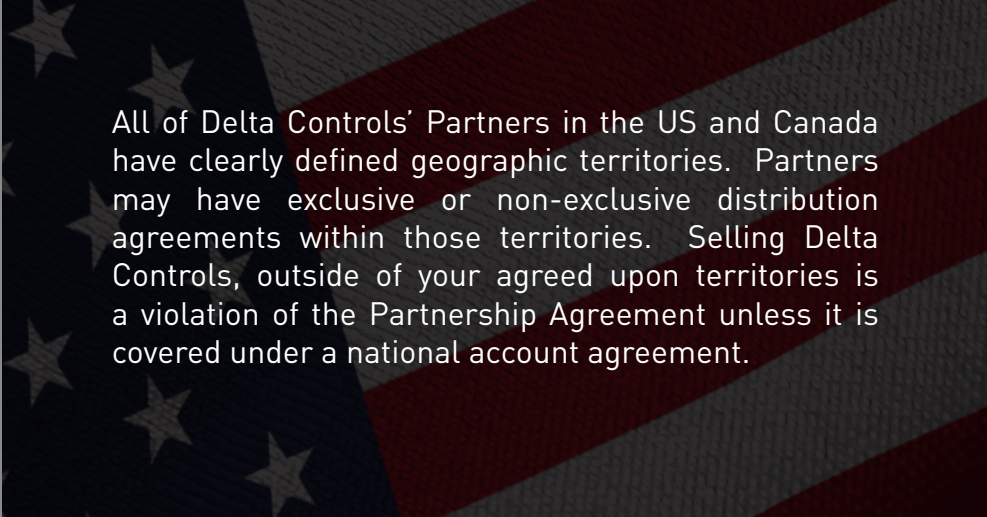



OUT OF TERRITORY OPPORTUNITIES



All of Delta Controls' Partners in the US and Canada have clearly defined geographic territories. Partners may have exclusive or non-exclusive distribution agreements within those territories. Selling Delta Controls, outside of your agreed upon territories is a violation of the Partnership Agreement unless it is covered under a national account agreement.

THE OPPORTUNITY



Occasionally, a specific project opportunity may present itself outside of your defined territory that is not covered by a national account agreement. It is typically due to an existing end-user, or contractor relationship. Currently, the only way a Partner may pursue this kind of opportunity is by coming to an agreement with a Partner in that territory to "join forces" and work the project together. This agreement must be acceptable to the local Partner or there is no project opportunity to chase the job. Ideally, the remote Partner would help the local Partner obtain the project even though the remote Partner would have no direct financial interest or benefit in the job.

CONCEPTS

If any out-of-territory sales are allowed, the guiding concept must be that the local Partner would not have had a chance to get the project on their own. If this is true, then an arrangement must be reached with one of the local Partners to ensure ongoing local support either during and/or after the installation.

APPROACH

Out of territory sales may be allowed after consultation with the local partner, and approval by Delta. Financial and operational agreements between the involved entities will be set up independent of Delta. The local Partner will be allowed to pursue the service and future expansion of the project. If the project is going out to bid, the local Partner will always have the opportunity to pursue the project whether or not a remote Partner is involved.

CONSEQUENCES FOR NOT FOLLOWING THE POLICY

For Partners who do not follow the above guidelines for out-of-territory sales the following consequences may be imposed:

- Loss of opportunity to perform “out of territory” projects in the future.
- Change in territory definition of the violating Partner
- First offense – written warning from Delta Controls
- Second offense – written warning from Delta Controls
- Third offense – Delta Controls may invoke the “cancel for cause” provision in the offending Partner’s distribution agreement

