

Indemnification Agreement for DSD and Store Request to set-up a Local Vendor

With respect to all items purchased by Shopko Stores Operating Co., LLC and/or any of its subsidiaries (collectively "Shopko") from Vendor, at any time, (hereafter referred to as "Items") Vendor agrees to the following:

With respect to all items purchased by Shopko from Vendor, at any time, (hereafter referred to as "Items") Vendor agrees that it shall defend, indemnify and hold Shopko and its affiliates, assigns and any of their respective directors, officers, employees and agents harmless, at Vendor's own cost, from and against all suits, losses, claims, causes of action, judgments, damages, penalties, costs, disbursements, expenses, and reasonable attorneys fees incurred or sustained by Shopko as a result of Shopko's use, purchase or sale of any of the Items, or arising out of or alleging personal injury; property damage; infringement of any third party's United States patent, copyright, trade secrets, trademark or other intellectual property right; or violations of any federal, state or local laws, rules, ordinances, or regulations including, without limitation, those with respect to product safety, labeling, packaging, weight, quality and consumer protection.

Vendor shall carry product liability insurance covering injury or damages to person(s) or property caused by or resulting from use of the Items with liability limits of not less than Two Million Dollars (\$2,000,000) per person, per occurrence, and Five Hundred Thousand (\$500,000) for property damage. Prior to delivery of any Item to Shopko, Vendor shall deliver to Shopko a Certificate of Insurance evidencing that the foregoing insurance is in full force and effect; that "Shopko Stores Operating Co., LLC and its affiliates" are named upon the insurance policy as an additional insured unless prohibited by law, evidence of which shall be provided to Shopko by Vendor; and that the coverage under said policy and the proceeds thereof shall be effective, in the event of any claim, as of the date of sale of any Item(s) causing injury or damages notwithstanding that as of the date of injury or damage said policy may have been canceled or coverage reduced; and that said policy shall not be canceled or otherwise modified or amended to the detriment of Shopko without the insurer or its authorized agent first giving Shopko ten (10) days prior written notice by certified mail advising Shopko of Vendor's intention to cancel, modify or amend such insurance policy. Upon receipt of any such notice, Shopko, at its option, may cancel any purchase order placed with Vendor for which delivery has not been made.

Overshipments will not be accepted without the Store Managers written authorization. All deliveries will arrive on a prepaid basis, FOB store's dock. Vendor shall be responsible for all transportation charges. Shopko reserves the right (without authorization from Vendor, and without limiting its rights to seek further recourse) to return any or all overshipments at Vendor's expense, including incoming and outgoing freight and handling charges where applicable.

Vendor warrants that the goods and services will conform to applicable specifications, instructions, drawings, data and samples and will be merchantable, of good quality and workmanship, free from defects and fit and sufficient for purposes intended. All goods and services shall meet all federal, state, county and local laws regulating such goods or services, including without limitation all applicable labeling and packaging requirements and requirements of the Fair Labor Standards Act. Each Item purchased by Shopko must meet all governmental regulations. If the merchandised delivered does not meet the specifications or otherwise does not conform to requirements, Shopko shall have the right to reject or return such goods for a full credit. It is understood that Shopko's right to return merchandise shall apply to all merchandise prior to resale or after resale. Upon the return of the merchandise, Shopko shall have the right to collect from the Vendor the cost of such merchandise.

Shopko's acceptance of the merchandise shipped at prices in excess of the agreed upon price shall not be construed to be an acceptance of a counteroffer. Shopko reserves the right to delay delivery or acceptance of any of the merchandise ordered for its convenience. In such event, Vendor shall immediately stop all work and observe any instruction from Shopko as to work in progress.

A separate invoice is required for each shipment. Each invoice must show the Vendor number, store number and the number of cartons shipped under each invoice. Invoices are to be left with the store at the time of delivery. Vendor shall mark all cartons with Vendor's name. The number of cartons in each shipment must be shown on the packing slip included with each shipment. The packing slip must be securely fastened to the outside of the cartons and clearly identified by the notation "Packing Slip/List".

If Vendor fails to perform as specified herein, Shopko may, without limitation, and in addition to other remedies set forth herein or provided at law or in equity, hold Vendor liable for all damages, losses and liability incurred by Shopko directly or indirectly resulting from Vendor's breach.

Any documents referred to herein constitute the entire agreement between the parties and can only be modified by a written document signed by both parties. This Agreement shall be governed by and construed in accordance with the laws of the State of Wisconsin.

The foregoing covenants and indemnification shall remain in full force and effect at all times and under all conditions upon any purchaser, assignee, trustee or other succeeding entity of either Shopko or Vendor. Vendor's indemnity as set forth above shall survive the termination or expiration of this Indemnification Agreement.

VENDOR:
(Print)

DATE:

(Authorized Signature)