

VALUE PROTECTION (VP) POLICIES FOR DEALERS EXPLANATION

INCLUDING FREQUENTLY ASKED QUESTIONS (FAQs)

This Explanation is intended to help answer questions in connection with the Value Protection (BP) Policies for Dealers (the "**Policies**"), but is not part of the Policies.

General

1. **Why has Backrack ("BRI") implemented the Policies?**

BRI products are of high quality with a premium image for excellence and innovation earned through extensive product and market development activities and superior service. Some Dealers have taken or may take advantage of these facts by advertising or selling such products as loss leaders, promoting or applying unfair discounts or misusing intellectual property of BRI or references to BRI or its products. In an effort to help safeguard the reputation of BRI, insure the long-term viability of its brands and protect the investment of those Dealers that provide valuable services to end users, BRI has adopted the Policies.

2. **When are the Policies effective?**

The Policies are effective September 1, 2016 (the "**Policy Effective Date**").

3. **What do the Policies cover and to whom do they apply?**

The Policies (a) are applicable to each Dealer and consist of (a) a policy regarding minimum retail price (the "**Minimum Retail Price Policy**" or the "**MRP Policy**") and (b) a policy dealing with advertising and marketing (the "**Advertising and Marketing Policy**" or the "**A&M Policy**"). As used in the Policies, "**Dealer**" ("**Dealers**" in the plural) means an individual or entity located in either or both of the Canada and United States of America ("**U.S.**") that promotes and sells any or all products offered by BRI (in the plural, "**BRI Products**") to one or more end user purchasers (whether doing so directly or through another party that does such things as advertise or fulfill orders on behalf of such individual or entity).

The Minimum Retail Price Policy

4. **What does the MRP Policy do and what products are subject to it?**

The MRP Policy establishes a minimum retail price ("**Minimum Retail Price**" or "**MRP**" and referring to either the singular or the plural or both, "**MRP(s)**") for each of the BRI Products as specified on the price list(s) or product list(s) provided or otherwise made available to each Dealer by BRI or otherwise communicated by BRI Notice (individually, a "**Covered Product**" and collectively, the "**Covered Products**"). The Minimum Retail Price is a price below which a Dealer may not offer or sell a Covered Product without subjecting itself to certain consequences. (See Question 23 of this Explanation.)

For purposes of the Policies, "**BRI Notice**" means notice from BRI to a Dealer provided or made available electronically or otherwise, such as, but not limited to, posting on one or more websites designated by BRI.

Note that parts of the Policies apply to all BRI Products, while others only apply to the Covered Products, *i.e.*, each BRI Product with a Minimum Retail Price specified by BRI.

5. **Is there any difference between the MRP Policy and a minimum advertised price (MAP) policy?**

Yes. The MRP Policy addresses both the advertised or offer price and the actual selling price, while a minimum advertised price (MAP) policy applies to only the advertised or offer price. In other words, the MRP Policy applies: (a) to the price(s) at which any or all of the Covered Products is or are made available in any way (whether through advertising, promotion, proposal, quotation or otherwise and regardless of place or medium used) (individually and collectively, "**offering**" and its variants) and (b) to the actual sales price(s).

6. **How does the Minimum Retail Price relate to the Manufacturer's Suggested Retail Price?**

BRI may designate a Manufacturer's Suggested Retail Price ("**MSRP**") for any or all BRI Products. The MRP for each of the Covered Products could be the same as or less than its MSRP.

7. **Can BRI change the various aspects of the MRP Policy?**

Yes. BRI, at any time, may vary the Minimum Retail Price for a Covered Product or add to or delete any or all of the Covered Products, which may, among other things, be based on whether such product(s) is or are offered or sold under or subject to one or more select BRI program(s) or any other BRI policy or in any other situation announced by BRI from time to time. BRI will endeavor to provide prior notice of each new MRP or such change in the Covered Products, generally not less than five (5) days in advance. While BRI will communicate each MRP and such change through the price list(s) or product list(s) provided or made available to each Dealer by BRI or otherwise by BRI Notice, each Dealer is responsible for making sure that it is aware of the appropriate MRP(s) and the Covered Products in each circumstance.

8. **Is BRI setting the price charged by Dealers?**

No. Each Dealer may offer or charge any price it wishes. However, a Dealer violates the MRP Policy: (a) by (i) making available in any way (whether

through advertising, promotion, proposal, quotation or otherwise and regardless of place or medium used) (individually and collectively, **“offering”** and its variants), (ii) selling (whether face-to-face, in-store, online, through a catalog or otherwise) or (iii) otherwise providing (except in exchange for bona fide returns) one or more of the Covered Products during the Policy Period at a Net Adjusted Price less than the corresponding MRP(s) established by BRI from time to time and communicated by BRI Notice or (b), as provided in the MRP Policy, by being deemed to have violated it. For purposes of the Policies, the **“Policy Period”** with respect to a Dealer means the time period beginning on the Policy Effective Date and ending on the termination date described in BRI Notice.

9. What is “Net Adjusted Price”?

Under the Policies, (a) **“Net Adjusted Price”** means the lower of the price at which a Covered Product is offered by or for the benefit of a Dealer to a customer (potential or actual) or that actually paid to or for the benefit of a Dealer for a Covered Product by such customer after (i) applying all discounts and similar price reductions, (ii) excluding certain taxes and shipment charges and (iii) giving effect to the value of each Bundle involving one or more free or reduced-price goods or services and (b) **“Bundle”** means a combination of one or more BRI Products with one or more other products or services offered or sold together (as determined by BRI).

Specifically, except as otherwise provided in the MRP Policy, Net Adjusted Price will be calculated by:

- (A) taking into account all discounts, deductions, rebates and allowances offered or given to an actual or potential customer (regardless of source, whether given or taken at the time of sale or otherwise and considered by BRI to be part of such offer or sale), except that an offer or sale using or applying a rebate, coupon or the equivalent (as determined by BRI) will not be considered part of Net Adjusted Price if such rebate, coupon or the equivalent is provided by BRI or its designee(s) (1) directly to such customer or (2) to such Dealer for provision to and use by such customer;
- (B) excluding, if to be paid or paid by such customer, all applicable taxes and all shipping, delivery and insurance charges (However, if such Dealer offers to pay or pays any or all of such taxes and such charges that otherwise would be paid by such customer, the amount so offered or paid by such Dealer will be considered a discount.);
- (C) subtracting, in the case of free goods, services and similar benefits for such customer offered or provided by such Dealer, the fair market value (as determined by BRI) of all such goods, services and benefits (regardless of source, whether given or taken at the time of sale or otherwise and considered by BRI to be part of such offer or sale); and
- (D) subtracting, in the case of reduced-price goods and services and similar benefits for such customer offered or provided by such Dealer, the difference between: (1) the fair market value (as determined by BRI) of all such goods, services and benefits (regardless of source, whether given or taken at the time of sale or otherwise and considered by BRI to be part of such offer or sale) and (2) the amount to be paid or actually paid for such goods, services and benefits.

What this means is that the Dealer’s “bottom-line” offering or selling price to its customers for each of the Covered Products must be at or above the applicable price described in the MRP Policy. The bottom-line price is after all discounts, deductions, rebates and allowances and excludes taxes, shipping, delivery and insurance (if paid by the customer). In addition, the fair market value of free goods is treated as a discount against the price of the Covered Product, as is the excess of the fair market value of reduced-price goods over the amount to be paid or actually paid.

In other words, the value of free goods and the extent by which the value exceeds the amount to be paid or paid for reduced-price goods (regardless of whether they come from BRI, another supplier, a Dealer or anyone else) will be considered as discounts against the price to be paid by the customer if BRI considers such goods to be included in the offer or sale of a product covered by the MRP Policy.

10. Is there some guidance from BRI on “fair market value”?

Yes. The fair market value for each Covered Product offered or provided for free or at a reduced price with the purchase of another Covered Product will be its MRP. From time to time, BRI may communicate to a Dealer in writing or electronically what it considers to be the fair market value for particular goods or services.

11. Is free or reduced-price shipping treated as a discount?

No. Free or reduced-price shipping may be offered or furnished by a Dealer without it being considered to be a discount when offered or furnished in connection with a purchase that includes at least one of the Covered Products, provided that, as determined by BRI: (a) such offer or furnishing applies to all other products in the category in which each such Covered Product resides and (b) the value thereof is reasonable.

12. Are there other ways to violate the MRP Policy?

Yes. Except as expressly approved by BRI in advance or to the extent limited to the Covered Products as provided in the MRP Policy, a Dealer (directly or through another party on behalf or for the benefit of such Dealer) using or engaging in any or all of the following terms, descriptions, conditions, offers or activities (or the substantive equivalent of any or all of them as determined by BRI) in connection (directly or indirectly) with the offering or sale of any or all BRI Products will be deemed to be a violation of the Policies:

- (a) offering to match or matching a lower price offered by another seller;
- (b) in connection with the offering or sale of any or all of the Covered Products, a strike-through of any MRP(s) regardless whether one or more other prices is or are shown;
- (c) offering or providing a discount, coupon or rebate applicable to any or all of the Covered Products in return for a Facebook “Like” or anything similar in intent or effect (as determined by BRI) involving one or more social media;

- (d) offering or selling a Bundle, unless such bundle either (i) originates from BRI or (ii) has been expressly approved by BRI Notice to such Dealer in advance;
- (e) if a price for a Covered Product is shown in Internet advertising or promotion or as part of a sale made over the Internet permitted by the Policies and the price for such product varies (exclusive of applicable taxes and all shipping, delivery and insurance charges) across any or all of (i) the initial webpage mentioning, depicting or describing such product (if a price for such product appears on such page), (ii) the in-the-cart (or other container) price, (iii) the checkout price and (iv) the substantive equivalent of any or all of them as determined by BRI;
- (f) an invitation to click, rollover, call, e-mail, visit a location (such as a website, store or showroom) or otherwise communicate to obtain a price;
- (g) the promotion or sale to group purchasers, except at price(s) no less than each applicable MRP;
- (h) making or applying a trade-in offer for one or more BRI Products or any other product(s) in connection with or applicable to any or all of the Covered Products, regardless whether a specific trade-in price or value is communicated;
- (i) on any or all proposals, quotations, contracts, invoices and receipts provided to or prepared for the benefit of any or all of such Dealer's potential and actual customers in connection with the offer or sale of any or all BRI Products (individually and collectively, "**Customer Communications**"), the failure of such Dealer to itemize the price charged for each of the products and services shown, referred to or otherwise included on or in such Customer Communications, regardless whether such Customer Communications contain(s) any reference to any or all of the Covered Products; and
- (j) one or more tactics which BRI determines is or are intended to circumvent application or operation of the MRP Policy.

13. *Apart from free or reduced-price shipping, are there other exemptions from the MRP Policy?*

Yes. As long as a Dealer otherwise complies with the Policies, such Dealer does not violate the MRP Policy by offering or selling to a potential or actual customer any or all of the Covered Products during the Policy Period at a Net Adjusted Price that is less than the applicable MRP(s) if such offer or sale is made in accordance with one or more of the following exemptions:

- (a) bona fide advertising and promotional materials (including without limitation printed catalogs) that cannot reasonably be modified prior to the Policy Effective Date or the effective date of a change in the MRP(s), the Covered Products or the MRP Policy until such time that it is reasonable to revise such materials (as determined by BRI) to be consistent with the MRP Policy;
- (b) each bona fide written contract between such Dealer and a customer that became effective (i) prior to July 15, 2016 (the "**Policy Announcement Date**") or, after the Policy Announcement Date, if performance by such Dealer under such contract is completed prior to the Policy Effective Date or (ii), in the case of a change in the MRP(s), the Covered Products or the MRP Policy, the day before such change is announced by BRI;
- (c) a bona fide offer of one or more of the Covered Products made by such Dealer prior to (i) the Policy Announcement Date or (ii) the effective date of a change in the MRP(s), the Covered Products or the MRP Policy, which makes such offer or the subsequent sale based on acceptance of such offer non-compliant with the MRP Policy, as long as (A) if the MRP Policy was in place at the time such offer was made, it complied with the then-current terms thereof; (B) such offer is effective for no longer than ten (10) days or other reasonable time period (as determined by BRI) after the Policy Announcement Date or the effective date of such change; and (C) each of the Covered Products included in such sale will be delivered to such customer no later than thirty (30) days after such acceptance;
- (d) the offer or sale under one or more special programs (if any) designated by BRI;
- (e) (i) a card benefit consisting of a discount, credit or rebate associated with the use of a designated credit or debit card or (ii) a coupon or other discount that in either case would, after its application, result in offer or sales price(s) for any or all of the Covered Products below its or their respective MRP(s), as long as (A) such card benefit, coupon or other discount may be applied to all or almost all of the products offered by such Dealer or, in the case of a category-wide sale (such as truck accessories), all or almost all of the other products in the category and (B) none of the statements or materials promoting such card benefit or coupon or other discount mentions, uses, depicts or otherwise refers to or appears adjacent to or near any or all of the name or mark BRI and the Covered Products;
- (f) the accrual of "points" or other things of value ("**Loyalty Points**") in connection with the purchase or receipt of any or all products and services from such Dealer (as long as each relevant Covered Product offered and sold in connection with such purchase at no less than its Minimum Retail Price) and the application of Loyalty Points, even if such application results in price(s) for any or all of the Covered Products below its or their respective MRP(s), as long as: (i) Loyalty Points may be accrued and applied to all or almost all of the products and services offered by such Dealer, (ii) the everyday accumulation rate for Loyalty Points applicable to the purchase of any or all BRI Products is no more than that applicable to all or almost all other brands of products offered by such Dealer (as determined by BRI regardless of category) and (iii) none of the statements or materials promoting Loyalty Points mentions, uses, depicts or otherwise refers to any or all of BRI and BRI Products; except that such Dealer may offer and provide a greater accumulation rate applicable to the purchase of any or all BRI Products and promote it, as long as such Dealer has received BRI Notice in advance expressly approving such rate and such promotion;
- (g) the offer of one or more items of any or all of the Covered Products that is or are discontinued by BRI effective (i) when such item(s) does or do not appear on the then-current the price list(s) or product list(s) issued by BRI or (ii) on the date(s) referred to in notice of discontinuance provided by BRI to Dealers; and
- (h) provided that such offer or sale is reasonable (as determined by BRI), the offer or sale of one or more units of any or all of the Covered Products: (i) that are demonstration or display units or (ii) to an employee of such Dealer for his or her personal use (and not for resale).

The Advertising and Marketing Policy

14. What does the A&M Policy do and what products are subject to it?

The Advertising and Marketing Policy applies to all BRI Products and protects the intellectual property of BRI and references to BRI or its products. Specifically, a Dealer violates the A&M Policy if any advertisement, promotion or other marketing vehicle (regardless of the medium used, whether Conventional Advertising, Electronic Content or otherwise) used or done by or on behalf of such Dealer (a) includes any or all BRI Intellectual Property or mentions, uses, depicts or otherwise refers to any or all of the BRI Products and (bi) either (i) does not conform to the Usage Policies or (ii) otherwise is not expressly approved in advance in writing by BRI.

15. What do the terms “Conventional Advertising,” “Electronic Content,” “BRI Intellectual Property” and the “Usage Policies” mean?

For purposes of the A&M Policy: (a) **“Conventional Advertising”** means, but is not limited to newspapers, magazines, direct mail, flyers, catalogs, radio, television and signs; (b) **“Electronic Content”** means information which (i) can be accessed directly through any hypertext link, by any other method which uses hypertext transfer protocol (http) or anything which BRI considers to be the substantive equivalent or (ii), to the extent not covered by the preceding description, is provided by or on (A) one or more mobile apps or mobile sites for devices (such as tablets and smartphones), (B) social media (e.g., Twitter feeds and Facebook), (C) Internet shopping sites, marketplaces and comparison search engines (CSEs) to which a Dealer supplies pricing information (e.g., Google Shopping, Buy.com, eBay, Amazon and PriceGrabber), (D) electronic solicitations or other electronic communications (e.g., robocalls, caller-on-hold and other audio recordings, messaging (e.g., SMS (text), MMS (multimedia) and IM (instant)), webcasts, e-mail and online or other electronic chats) and (E) electronic media advertisements (e.g., e-mail newsletters, pop-ups and banners); (c) **“BRI Intellectual Property”** means any or all of the designs, trademarks, trade names, service marks, logotypes, trade dress, images, artwork, copy, commercial symbols, copyrights, data, data bases, marketing information, trade secrets, confidential information and anything else in which BRI or its designee(s) claim(s) rights, regardless whether steps have been taken to register such rights with any government authority; and (d) the **“Usage Policies”** means policies regarding (i) the use of BRI Intellectual Property and (ii) uses, depictions or other references of or to any or all of the BRI Products (including without limitation those policies relating to format(s) and content) made available by BRI through BRI Notice.

16. Apart from using BRI Intellectual Property or references to or depictions of BRI Products without following the Usage Policies or obtaining BRI’s approval, can the A&M Policy be violated in other ways?

Yes. Except as expressly authorized by BRI Notice or otherwise allowed by the Policies, with respect to any or all items of BRI Products, a Dealer violates the A&M Policy by knowingly or negligently, directly or indirectly doing any or all of the following:

- (a) advertising, promoting or selling using the terms “lowest price,” the “lowest prices” or “prices too low to show,” any form of low-price guarantee or the substantive equivalent (as determined by BRI) of any or all of these terms or concepts;
- (b) advertising, promoting or selling in any or all of the following ways: (i) outside Canada and the U.S. (except to the extent any or all advertising and promotion efforts cannot be reasonably restricted geographically, but this exception does not apply to sales made to anyone located outside Canada and the U.S.), (ii) using any business name(s) or storefront(s) other than the such Dealer’s full business name or acceptable variants thereof (as determined by BRI) and (iii) online in any fashion, unless and only to the extent each website and marketplace used for such purpose by such Dealer is (along with each business name and storefront) approved in advance by BRI for such use and which approval has not been rescinded by notice from BRI;
- (c) selling in either or both of the following ways: (i) to anyone for resale other than, in the case of permitted returns, to any or all of the Distributors or BRI and (ii) to anyone other than end user customers permitted by BRI, including without limitation to the Special Accounts (for purposes of the Policies: (A) the **“Special Accounts”** means, collectively, each individual or entity so designated by BRI Notice and (B) **“Distributor”** (in the plural, the **“Distributors”**) means an individual or entity authorized by BRI to sell any or all BRI Products to one or more Dealers);
- (d) using any or all of BRI, its trademarks or other BRI Intellectual Property (or any variant(s) thereof) as or as part of any or all Uniform Resource Locators (URLs), AdWords, corporate names and trade names (or the substantive equivalent as determined by BRI) employed by or for the benefit of such Dealer, regardless whether such use is in connection with the offering or sale of any or all BRI Products;
- (e) questioning or challenging the rights claimed by BRI or its designee(s) in or to BRI Intellectual Property or assisting in any way any other(s) in doing so;
- (f) creating or assisting in or otherwise cooperating in the creation of new Amazon Standard Identification Numbers (ASINs);
- (g) purchasing any or all BRI Products from any individual or entity other than BRI, a Distributor or, in the case of bona fide returns only, an end user;
- (h) offering or selling one or more products that are (i) modified or counterfeit versions of any or all BRI Products or (ii) private label versions made by or for such Dealer or one or more affiliates of such Dealer (as determined by BRI); and
- (i) one or more tactics which BRI determines is or are intended to circumvent application or operation of the A&M Policy.

17. Are there any exemptions from the A&M Policy?

Yes. Provided that a Dealer otherwise complies with the Policies, such Dealer does not violate the A&M Policy by conduct that, as determined by BRI, cannot reasonably be modified prior to the Policy Effective Date (i.e., September 1, 2016) or the effective date of a change in the A&M Policy until such time that it is reasonable to modify such conduct (as determined by BRI) to be consistent with the A&M Policy.

Questions Applicable to both the MRP Policy and the A&M Policy

18. Will BRI consider requests for additional exemptions?

No, except in extraordinary situations.

19. What happens if a Dealer relies on one or more exemptions, but does not qualify for or abused it or them?

If a Dealer violates the Policies or BRI determines that such Dealer does not qualify for or abused any or all of the exemptions under the Policies, such exemption(s) will be deemed withdrawn by BRI retroactive to the Policy Effective Date or such other date specified by BRI.

20. How is the situation treated when a Dealer requests approval from BRI under the Policies, but doesn't hear back?

If the approval of BRI under the Policies is sought by a Dealer, the failure to obtain it no later than seven (7) days after the date of such request will be deemed to be a disapproval of each thing for which such approval is sought.

21. What do the Policies say about product availability?

The availability of any or all items of BRI Products may be changed by BRI anytime, in which case, BRI and each of the Distributors may without liability or penalty (a) cancel all pending orders (even if accepted) from a Dealer for such changed item(s) and (b) refuse to accept any new orders from a Dealer for such item(s).

22. If a Dealer violates the MRP Policy and later violates the A&M Policy, has it committed (a) one violation of each policy or (b) two violations of the Policies?

Both (a) and (b). But what is most important is that any violation of the MRP Policy is combined with any violation of the A&M Policy to determine the number of times a Dealer has violated the Policies. So, all the violations of the Policies could be based on MRP Policy violations, A&M Policy violations or both types taken together.

23. What happens if a Dealer violates the Policies?

BRI, without assuming any liability, will take one or more of the following actions immediately following verification by BRI to its satisfaction that a Dealer has violated any or all of the Policies:

For the first violation during the Policy Period:

(a) Effective as of the date specified in notice from BRI to such Dealer and continuing for the next thirty (30) days, the authorization of such Dealer to purchase each stock-keeping unit ("**SKU**") in the product family involved in the first violation (as determined by BRI) will be immediately revoked by BRI, so that all pending orders (even if accepted) from such Dealer will be cancelled and no new orders will be accepted from such Dealer for each such SKU and

(b) if such violation is due to: (i) **continuing use of offending reference(s), text or conduct**, such Dealer, after receiving notice of such violation from BRI, will remove or stop or cause to be removed or stopped the offending reference(s), text or conduct (if BRI determines that it or they can be) within the Allotted Period or (ii) **offending reference(s), text or conduct that BRI determines have been removed or stopped** (for example, a violation that has not been continued or repeated, such as an offending ad run one time or a sale made last week), no further action is necessary on the part of such Dealer. (For purposes of the Policies, **the "Allotted Period"** means the time period specified in the notice of violation provided by BRI to such Dealer, which typically will be one of the following: (A) no later than one (1) business day (usually for a violation involving Electronic Content, including with limitation that using the Internet); (B) no later than three (3) business days (generally for all other cases); or (C) by the conclusion of the period otherwise specified by BRI.)

For the second violation during the Policy Period: In the event that (a) the offending reference(s), text or conduct that caused the first violation is or are not removed or stopped (if BRI determines that it or they can be) within the Allotted Period after receiving notice of the first violation from BRI or (b) such Dealer otherwise violates the Policies a second time, effective as of the date specified in notice from BRI to such Dealer and continuing for the next sixty (60) days, the authorization of such Dealer to purchase each SKU in the product family involved in the second violation (as determined by BRI) will be immediately revoked by BRI, so that all pending orders (even if accepted) from such Dealer will be cancelled and no new orders will be accepted from such Dealer for each such SKU. (If the thirty (30) day period for the first violation of the Policies has not run and the second violation of the Policies involves the same product family as that of the first (as determined by BRI), the sixty (60) day period will begin after the thirty (30) day period concludes.)

For the third violation during the Policy Period: In the event that (a) the offending reference(s), text or conduct that caused the second violation is or are not removed or stopped (if BRI determines that it or they can be) within the Allotted Period after receiving notice of the second violation from BRI or (b) such Dealer otherwise violates the Policies a third time, effective as of the date specified in notice from BRI to such Dealer and continuing until BRI provides notice to such Dealer otherwise, if ever, the authorization of such Dealer to purchase any or all of the BRI Products designated by BRI (the "**Designated Products**") will be immediately revoked by BRI, so that all pending orders (even if accepted) from such Dealer will be cancelled and no new orders will be accepted from such Dealer for any or all of the Designated Products.

Each violation of the Policies is cumulative through the Policy Period. Except as noted, beginning with the second violation, the consequences of each violation can take effect regardless whether the consequences for the preceding violation(s) are still running. The same act(s) or failure(s) to act may result in multiple violations.

24. If a Dealer buys from a Distributor and violates the Policies, how are the restrictions on product access enforced?

If a Dealer purchases any or all BRI Products from one or more Distributors, a Do-Not-Sell List provided to all Distributors will be used to enforce restrictions on product access caused by violations of the Policies. For purposes of the Policies, "**Do-Not-Sell List**" means BRI Notice which indicates that (a) one

or more individuals or entities is or are not authorized by BRI to promote or resell BRI Products or (b) such authorization has been revoked in whole or part with respect to all BRI Products or revoked only with respect to certain of such products.

25. Will a Dealer violating the Policies be warned first?

No. BRI cannot provide any advance warning.

26. How are violations of the Policies handled if a Dealer sells BRI Products through more than one business?

Unless BRI designates otherwise, for purposes of compliance with the Policies, each business (regardless of the name(s) used and location(s)) directly or indirectly owned, operated or associated with a Dealer (as determined by BRI) will be considered to part of such Dealer, so that each violation by any such business will be aggregated with that or those of each other such business and attributed to such Dealer.

27. Does BRI have any recourse beyond the consequences described for violating the Policies?

Yes. The consequences of violating the Policies are non-exclusive and do not limit or waive in any way the legal, equitable and other remedies available to BRI, particularly for conduct relating to BRI Intellectual Property.

28. How are minimum retail price policies (like the MRP Policy) treated under the laws of Canada and the United States?

A 2009 amendment to the Competition Act in Canada treats minimum retail price policies as lawful, unless they can be proven on balance to be unreasonably anticompetitive—a standard that provides BRI with considerable flexibility. The same test applies to the other restrictions in the Policies.

As far as the U.S. is concerned, at least four Supreme Court cases taken together—*U.S. v. Colgate* (1919), *Monsanto v. Spray-Rite* (1984), *Business Electronics v. Sharp* (1988) and *Leegin v. PSKS* (2007)—have recognized that a supplier may establish the terms and conditions under which it will sell its products, including the terms and conditions affecting retail price. Particularly in the resale pricing area, such terms and conditions must be determined by the supplier unilaterally, *i.e.*, without agreeing with any of its customers. Although there is more latitude in matters relating to advertising and marketing, BRI will not discuss the conditions of acceptance of the Policies nor solicit or accept any assurances of compliance in order to maintain the Policies as unilateral.

29. Do the concerns in the U.S. about discussing the Policies mean that BRI cannot explain the Policies?

No. BRI will answer questions about the Policies, but it will not do anything that may change the nature of the Policies into something other than unilateral. As a result, BRI cannot give any warning to any Dealer violating the Policies, nor can it ask for or accept pledges of compliance from Dealers.

All questions or requests for additional information regarding the Policies or information concerning potential violations of the Policies must be in writing and are to be addressed to the following person at BRI responsible for the Policies ("**Policy Administrator**"):

Policy Administrator
Backrack, Inc.
475 Wycroft Road
Oakville, ON, L6K 2H2 Canada

email: policyadmin@backrack.ca

Only the Policy Administrator or the Policy Administrator's designated representative(s) is or are authorized by BRI to answer questions regarding the Policies, to comment on the Policies or to accept information regarding potential violations.

30. Will Dealers that follow the Policies violate Canadian competition or U.S. antitrust laws?

No. But, particularly in the U.S., they should avoid communicating to BRI their acceptance of the Policies or their compliance with them. Honoring the Policies by offering or selling any or all of the Covered Products at or above the relevant MRP or avoiding certain conduct or the use of certain terms is not communicating acceptance or compliance.

31. If a Dealer notifies BRI that another Dealer has violated the Policies, may BRI act on this information?

Yes. Such notification must be in writing addressed to the Policy Administrator and document the apparent violation. BRI may investigate and, if warranted, take action against the Dealer violating the Policies, as long as, in the U.S., the Dealer that contacted BRI does not agree with the company on a specific retail price. (Following the Policies is not an agreement.) In addition, BRI will not disclose to the Dealer that contacts it the outcome of its investigation, as, although BRI enforces its policies uniformly, all of the dealings between the company and its Dealers are confidential. BRI also may use the services of one or more outside firms to monitor compliance with the Policies.

32. Why are the rules so strict?

In order to comply with the standards established by the law, BRI must carefully stay within their boundaries.

33. How long will the Policies be in effect?

The Policies will remain in effect with respect to a Dealer until BRI notifies it otherwise, but BRI may modify or suspend the Policies at any time, including, among other things, by changing their terms and conditions in any way. It also may grant variances as it deems appropriate for limited-time promotional offers and the like.

34. Can BRI add other products or services to the Policies and establish minimum offering and selling prices for them, remove certain products or services from coverage under the Policies or change the MRP for a Covered Product?

Yes. BRI may do so at any time.

35. *Are other companies doing this?*

Yes. A number of automotive products manufacturers and those in other industries have adopted policies to address the same or similar concerns as those faced by BRI.

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