

PHILLIPS & TEMRO INDUSTRIES

Aftermarket Minimum Advertised Pricing Policy and Intellectual Property Terms of Use

Phillips & Temro Industries (PHILLIPS & TEMRO) is dedicated to providing its customers with innovative high-quality products, and superior sales and marketing support. In order to continue to uphold these principles, PHILLIPS & TEMRO has established this Minimum Advertised Pricing Policy (this "MAP Policy") to allow it to exercise a greater degree of control over the distribution of PHILLIPS & TEMRO products, while achieving the following objectives:

- Maintaining the proper positioning of PHILLIPS & TEMRO products in the marketplace;
- Setting guidelines for the use of PHILLIPS & TEMRO trademarked and copyrighted materials; and
- Ensuring that PHILLIPS & TEMRO distributor relationships are consistent and value-based across its supply chain.

PHILLIPS & TEMRO believes that this MAP Policy will protect PHILLIPS & TEMRO's brand image and goodwill, and establish a sustainable platform for profitable growth for all authorized distributors across its channel. It is important to PHILLIPS & TEMRO that its distributors experience sufficient profits from the sale of PHILLIPS & TEMRO products, thereby allowing them to provide important value-added services throughout the channel, including adequate product inventory, encouragement for the stocking of new products, and customer services and support. This MAP Policy has been unilaterally adopted by PHILLIPS & TEMRO and will be enforced uniformly. The terms of the MAP Policy are detailed below. The MAP Policy will apply to all sales of Products by distributors, in any and all modes of sale, including, but not limited to, through the Internet, through traditional retail channels, and at exhibitions and shows. PHILLIPS & TEMRO may change or cancel this MAP Policy at any time.

Minimum Advertised Price (MAP) Policy:

PHILLIPS & TEMRO has established a list price, or Manufacturer's Suggested Resale Price ("MSRP"), for all of its products, as set forth in the current PHILLIPS & TEMRO price list (subject to revision by PHILLIPS & TEMRO from time to time and at any time).

In no event may the advertised price of a PHILLIPS & TEMRO product be discounted by more than 25% off the MSRP for that product in effect at the time of the price is advertised. Refer to the current PHILLIPS & TEMRO price list to calculate the exact MAP for each item currently available in PHILLIPS & TEMRO's catalog of products.

This MAP Policy is applicable to all Products and their respective part numbers.

It is a violation of this MAP Policy for a distributor to directly or indirectly advertise a PHILLIPS & TEMRO product at a price below the then current MAP or to suggest that a PHILLIPS & TEMRO product is being promoted at a price less than the MAP, except as permitted by this MAP Policy.

Permitted Pricing:

It will not be a violation of this MAP Policy to advertise in general that the retailer, reseller or distributor has "the lowest prices" or will match or beat its competitors' prices, or to use similar phrases, so long as the retailer, reseller or distributor does not include any advertised price below MAP and otherwise complies with this MAP Policy. It will also not be a violation of this MAP Policy to advertise that a customer may "call for price" or "email for price", or to use similar language, specifically with respect to PHILLIPS & TEMRO Products, so long as no price is listed. From time to time, PHILLIPS & TEMRO may permit resellers to advertise MAP Products at prices lower than the MAP. In such events, PHILLIPS & TEMRO reserves the right to modify or suspend this MAP Policy with respect to the affected products for a specified period of time by providing advance notice to all resellers of such changes.

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Distributor MAP Compliance:

You may not sell, distribute or supply any PHILLIPS & TEMRO products to any retailer, reseller or distributor, including through the Internet or any catalog, that does not comply with this MAP Policy and the Intellectual Property Terms of Use set forth herein. This policy applies to the advertised price on your website(s), as well as those of Internet retailers, resellers or distributors who purchase product through you, sponsored links and other websites operated by, affiliated with, and/or linked to your website(s), auction-type websites, and print catalogs. It will also be your responsibility to monitor prices set by your retail customers and enforce compliance with this policy by internet retailers, resellers or distributors who purchase PHILLIPS & TEMRO product through you.

Ecommerce Reseller MAP Compliance:

All ecommerce resellers, whether purchasing directly from PHILLIPS & TEMRO or through a distributor, may not utilize, sell, distribute or supply PHILLIPS & TEMRO products unless they comply with this MAP Policy and the Intellectual Property Terms of Use set forth herein.

THIS POLICY ONLY ADDRESSES THE ADVERTISEMENT OF PRICES FOR PHILLIPS & TEMRO PRODUCTS ON THE INTERNET AND IN PRINT. ALTHOUGH PHILLIPS & TEMRO SUGGESTS RESALE PRICES, THIS POLICY DOES NOT REGULATE THE PRICES AT WHICH YOU ACTUALLY SELL ANY PHILLIPS & TEMRO PRODUCTS.

Monitoring and Reporting:

PHILLIPS & TEMRO may monitor advertised prices of PHILLIPS & TEMRO products on the Internet and elsewhere, either directly or by using third parties. Third parties retained by PHILLIPS & TEMRO may engage in the monitoring of advertised prices of PHILLIPS & TEMRO products by retailers, resellers and distributors to verify that the requirements of this MAP Policy are being satisfied.

Violations of MAP Policy:

First Violation: Upon discovery of a violation of this MAP Policy, PHILLIPS & TEMRO will contact the offending party to correct advertised prices that do not comply with this MAP Policy.

Further Violations: If further violations occur, PHILLIPS & TEMRO may enforce, at its discretion and dependent upon the severity of the violation(s), any/all of the following penalties:

- No new orders will be accepted for a period of between seven (7) and thirty (30) calendar days. All pending orders (even if confirmed/accepted) will be cancelled. Warranties will be null and void on any orders fulfilled by offending ecommerce merchants during the designated period, as well as by distributors fulfilling orders for third party violators; and/or
- PHILLIPS & TEMRO may revoke authorization to purchase any and all PHILLIPS & TEMRO products indefinitely. All pending orders (even if confirmed/accepted) will be cancelled and no new orders will be accepted. Warranties will be null and void on any orders fulfilled by offending ecommerce merchants, as well as by distributors fulfilling orders for third party violators. PHILLIPS & TEMRO may revoke authorization to purchase any and all PHILLIPS & TEMRO, products to distributors fulfilling orders for third party violators indefinitely; and/or
- PHILLIPS & TEMRO may place the violator on its "DO NOT SELL" list.

Intellectual Property Terms of Use for PHILLIPS & TEMRO Materials:

Images, photographs, text, content, descriptions, trademarks, logos and other materials (collectively, "Materials") provided by PHILLIPS & TEMRO may not be altered, cropped, edited, or re-worded in any way. All Materials on our website, emailed to you, and/or provided on Flash Drives or other media are protected by copyright and trademark laws and are the intellectual property of PHILLIPS & TEMRO. Any Materials owned by PHILLIPS & TEMRO may not be reproduced anywhere, for any reason, or any purpose, in print media of any form, on the internet in any form, or in any other media or format, without the express written PTI PTI MAP_Final.Docx

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permission of PHILLIPS & TEMRO. All uses of PHILLIPS & TEMRO Materials in a reseller's advertising must be in compliance with this MAP Policy. The photographs, images, graphics, logos, icons, text and arrangement of all content on our website or company-supplied media, such as Flash Drives or emailed files, is the exclusive property of PHILLIPS & TEMRO and is not in the public domain. No PHILLIPS & TEMRO Materials may be used in a way to suggest an unauthorized endorsement from PHILLIPS & TEMRO for a product not manufactured or sold by PHILLIPS & TEMRO. No PHILLIPS & TEMRO names, trademarks or product names may be used in any URL address or domain name used by any retailer, reseller or distributor.

Because it is difficult to determine damages resulting from unauthorized usage, if you supply or utilize any of our Materials in a non-compliant fashion, any open account that is supplying or using the same will be immediately put on hold pending correction of your non-compliance. If your non-compliance is not resolved within five business days, we will seek legal action against you for damages and remedies available, including attorney's fees and associated costs.

Permission for the use of any PHILLIPS & TEMRO Materials in print or electronic advertising or in any re-selling marketing or advertising venue is expressly conditioned on your compliance with the MAP Policy set forth above. Any requests for the use of any Materials should be sent by email to marketing.inquiries@phillipsandtemro.com.

Reservation of Rights:

PHILLIPS & TEMRO reserves the right, in its sole discretion, to at any time restrict certain of its products from being sold on the Internet or otherwise or to prohibit the advertising and marketing of any or all of its products on the Internet or otherwise. This MAP Policy applies to the advertised prices of retailers, resellers and distributors. So long as they do not violate this MAP Policy, retailers, resellers and distributors are free to independently determine the ultimate price at which they sell PHILLIPS & TEMRO products.

Governing Law:

This MAP Policy will be interpreted, construed and governed by the laws of the State of Minnesota. Venue for all disputes arising under this MAP Policy will lie exclusively in the State of Minnesota.

Changes to MAP Policy:

PHILLIPS & TEMRO reserves the unilateral right to periodically change the terms of this MAP Policy and will post on its website, at www.phillipsandtemro.com, notification of any such changes with the date on which those changes will take effect. This MAP Policy is the unilateral policy of PHILLIPS & TEMRO, which means that it is one-sided and independent, and does not represent an agreement between PHILLIPS & TEMRO and any retailer, reseller or distributor.

This MAP Policy supersedes any similar policies that were in effect prior to its effective date. PHILLIPS & TEMRO reserves the right to revise this policy and/or enforce restrictions which we deem effective towards policy compliance. This may or may not include changes in terms, discounts, drop-ship policies, orders in-house, product availability, warranties or future orders on quotation.

Any questions or comments concerning this MAP Policy must be addressed in writing to:

PHILLIPS & TEMRO
9700 West 74th Street
Eden Prairie, Minnesota 55344