



Belt Drives, LTD Minimum Advertised Price Policy and the Internet 11-15-2009

Due to the popularity of some of our products, Belt Drives, LTD. d/b/a/Belt Drives, LTD. has taken a closer look at maintaining a level playing field for all resellers of our products. We view the internet like any other medium for advertising Belt Drives, LTD., products. The same rules and violations that apply to print advertising also apply to resellers who use this electronic medium for advertising, price offering and/or order placement. **To remain in compliance with new Minimum Advertised Price (MAP) guidelines, all advertised prices must be at, or above, the current suggested retail price as published by Belt Drives, LTD. Confirm MAP compliance prior to price and product placement in your web site, store.**

The primary purpose of Belt Drives, LTD MAP policy is to benefit the customer/consumer. As you know, many of our products are highly technical in nature. Consequently, our products require technical support for the consumer by a Reseller with a high level of technical expertise. Belt Drives, LTD has determined that a few of our Resellers do not have the technical expertise and usually, these are the people who offer our products at prices well below the minimum advertised price. As a result, the consumer is misled into believing that he or she can purchase our products at an unusually low price that includes technical support and a Reseller's willingness to stand behind and service that product. We all know that does not happen for in many cases you "Get what you pay for."

While Belt Drives, LTD. does not in any way restrict or limit the price at which a Reseller sells any of the products it distributes, we believe that our MAP policy will encourage responsible pricing that will benefit the consumer with technical support when needed. We believe that if the consumer calls and speaks to a representative of the Reseller in order to obtain a price quote, there is a much higher probability that knowledge of the customer's application and technical support after the purchase will be discussed. Consequently, the consumer will be in a better position to assess the character and technical expertise of the Reseller and make a more informed choice when purchasing our products.

Because you, as the Reseller, can sell our products for any price you deem appropriate, Belt Drives, LTD. does not believe that our MAP policy will restrain your ability to sell our products at a price that you deem profitable.

Belt Drives, LTD. also believes that our MAP policy will stimulate interbrand competition by reducing intrabrand and eliminating free-riding by certain Resellers that undersell our other Resellers by offering fewer point-of-sale services or no return policies.

Resellers are not required to list prices in advertising; however if a price is listed, it must be at or above MAP. If you choose not to list a price, only the words “call for price” or “call for quote” are acceptable and permitted. Resellers are responsible for ensuring their pricing is at or above MAP on Internet search engines, including EBAY or similar auctions and/or fixed price sales.

Defining Belt Drives, LTD. Trademarks

Belt Drives, LTD., d/b/a Belt Drives, LTD., has developed numerous products bearing brand names or trade names that it distributes under its own trademarks or service marks and associated logos and trade dress (collectively the "Marks"). Belt Drives, LTD. also holds copyrights to the material in all of its catalogs and advertisements. In order to monitor the use of its trademarks, trade names, service marks and copyrights, Belt Drives, LTD. has adopted the following for its valued reseller network:

Belt Drives, LTD. does not in any way restrict or limit the price at which a Reseller sells any of the products that it distributes. It does, however, enforce an Advertising Policy, which is intended to preserve the goodwill and market reproduction of Belt Drives, LTD. and its trade names and Marks.

It is Belt Drives, LTD policy that no Reseller may use Belt Drives, LTD. Marks or trade names including, without limitation, **"Belt Drives, LTD. or any similar Marks** or derivatives thereof. This also includes any of its materials that are subject to copyright protection ("Copyrighted Materials"), in connection with any advertising, publication, catalog, web page, or other printed audio, video, or electronic material unless the Reseller complies with the following requirement:

“No trademark, trade name or service mark may be used in any advertisement, catalog or publication, whether printed, audio, video, or electronic, if the product price is also used in that advertisement, catalog, or publication, unless the price used is the current suggested retail price as published by Belt Drives, LTD.”

To be sure that advertisements or publications comply with the Belt Drives, LTD. Advertising Policy, the Reseller can submit the advertisement or other publication to Belt Drives, LTD. for approval prior to printing and distribution. Please allow additional time when using Belt Drives, LTD. trade names and Marks in advertisements and publications. These requests for approval can be submitted through your sales representative or fax direct to:

Fax: 714-693-1616

Attention: Bob Galletti

Belt Drives, LTD will respond to this request within two (2) weeks.

Complying with the MAP Guidelines

We try to keep the MAP guidelines as easy to understand and adhere to as possible. By following important points listed throughout this document, your advertising efforts will remain in compliance with the MAP program.

- If you choose to do so, you may leave out pricing information in your advertising and promotions altogether.
- If you choose to advertise prices for any Belt Drives, LTD. products in your promotional efforts, the pricing for them must be at or above the current MAP listing.
- No discount images, “strike throughs”, “minus-outs” or words such as “subtract,” “take away,” “less,” may be used if it makes the price of the Belt Drives, LTD. advertised product below MAP, either as an individual product or as part of a bundle. If a price is to be listed, it is listed only as a price at MAP.

Failure to Comply

If a Reseller’s advertising material contains prices other than suggested retail prices and the advertising material was not pre-approved by Belt Drives, LTD. the Advertising Policy will be enforced in the following manner, including through Belt Drives, LTD. and it’s distributors: Lemans Corporation, d/b/a Parts Unlimited and Drag Specialties and Global Motorsports d/b/a/ Custom Chrome, Biker’s Choice, Midwest, Mid-USA, Kustom Werks.

FIRST OFFENSE

Reseller will receive a documented notice of violation (“Notice”) and will be given thirty (30) days to remove the offending print advertisements from publication and distribution and three (3) business days to remove any offending electronic advertisements from web pages or Internet sales sites.

SECOND OFFENSE

Reseller will receive a Notice and will be placed on a non-ship basis for a period of thirty (30) days from the date of the Notice with regard to all products involved in the violation.

THIRD OFFENSE

Reseller will receive a Notice and will be placed on a non-ship basis for a period of ninety (90) days from the date of the Notice with regard to all products involved in the violation.

FOURTH OFFENSE

Reseller will receive a Notice and will be placed on a non-ship basis indefinitely with regard to all products involved in the violation.

Belt Drives, LTD. grants to its Resellers a revocable, non-exclusive, non-transferable worldwide license, for as long as the Reseller is selling products carrying a Belt Drives, LTD. mark or trade name, to use Belt Drives, LTD. Marks, trade names and copyrighted materials, provided the Reseller complies with this Advertising Policy. Such limited license does not include the right of Resellers to register the Marks as or within domain names or to use the marks in Reseller trade names.

Belt Drives, LTD. further grants to its Resellers a revocable, non-exclusive, non-transferable license, for as long as the Reseller is selling products carrying a Belt Drives, LTD. Mark or trade name, to reproduce, distribute, and display Copyrighted materials shall be

accompanied, where appropriate attribution identifying Belt Drives, LTD. as the owner of the Mark and/or Copyrighted materials so used.

The Reseller recognizes that Belt Drives, LTD. has an exclusive right to all Marks and trade names used by Belt Drives, LTD. to identify its products. The Reseller agrees that it will not claim any right, title or interest therein. Nothing herein shall be construed to give Reseller any right, title or interest in Belt Drives, LTD. Marks and trade names or copyrighted materials.

For purposes of this Advertising Policy, "advertisement" is defined as any advisement, announcement, information, publication or notice given or made by a Reseller in connection with the solicitation of business or sales of the products covered by Belt Drives, LTD. Advertising Policy in whatever medium is now known or hereafter developed including print, radio, telegram, television, handbill, sign (except signs in the Reseller's retail store), catalog, letter (including e-mail), electronic media, telecommunication, internet or online auction. For purposes of Internet Sales the entire web site, including the "shopping cart" or similar web site location, will be considered part of the "advertisement" if it can be accessed by links contained on or within the web site.

Any violation of this Policy and/or any apparent unauthorized use of Belt Drives, LTD. Marks, trade names or Copyrighted Materials should be reported to the Belt Drives, LTD. Legal Department.

Fax: 714-693-1616 (Attn: Bob Galletti)

Phone: 714-693-1313

Belt Drives, LTD. enjoys its relationship with all of its Resellers and wants to work with each Reseller to assist in helping make the Reseller's business as successful as possible. Belt Drives, LTD. may, at its sole discretion and without notice may modify products, prices and its policy.

