



AUTHORIZED DEALER MINIMUM RESALE PRICE (MRP) POLICY

Gale Banks Engineering (“**Banks**”) has unilaterally determined to implement this Authorized Dealer Minimum Resale Price (MRP) Policy effective as of July 1, 2016 (the “**Policy Effective Date**”), which (a) is applicable to each Banks-authorized dealer located in either or both of the United States of America (“**USA**”) and Canada (individually, an “**Authorized Dealer**”) and (b) establishes a minimum retail price (“**Minimum Resale Price**” or “**MRP**” and referring to either the singular or the plural or both, “**MRP(s)**”) for each of the Banks products as specified on the price list(s) or product list(s) provided or otherwise made available to such Authorized Dealer by Banks or otherwise communicated by notice from Banks intended for such Authorized Dealer (individually, a “**Covered Product**” and collectively, “**Covered Products**”).

Violations of this Policy

Although each Authorized Dealer remains free to establish its own resale prices, Banks, without assuming any liability, will take one or more of the following actions immediately following verification by Banks to its satisfaction that such Authorized Dealer has violated this 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, on-premise, 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 Banks from time to time and communicated to such Authorized Dealer or (b) by being deemed to have violated this Policy as provided herein:

For the first violation during the Policy Period: If such violation is due to:

(A) ***continuing use of offending reference(s), text or conduct***, such Authorized Dealer, after receiving notice of such violation from Banks, will remove or stop or cause to be removed or stopped the offending reference(s), text or conduct (if Banks determines that it or they can be) within the Allotted Period (for purposes of this Policy, the “**Allotted Period**” means the time period specified in the notice of violation provided by Banks to such Authorized Dealer, which typically will be one of the following: (1) no later than one (1) business day (usually for a violation involving the Internet); (2) no later than three (3) business days (generally for all other cases); or (3) by the conclusion of the period otherwise specified by Banks) or

(B) ***offending reference(s), text or conduct that Banks determines cannot be removed or stopped*** (for example, a violation has not been continued or repeated, such as an offending ad run one time or a sale made last week), Banks will provide notice of such violation to such Authorized Dealer.

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 Banks determines that it or they can be) within the Allotted Period or (B) such Authorized Dealer otherwise violates this Policy a second time, effective as of the date specified in notice from Banks to such Authorized Dealer and continuing for the next sixty (60) days, the authorization of such Authorized Dealer to purchase each stock-keeping unit (“**SKU**”) in the product family involved in the second violation (as determined by Banks) will be immediately revoked by Banks, so that all pending orders (even if accepted) from such Authorized Dealer will be cancelled and no new orders will be accepted from such Authorized Dealer for each such SKU.

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 Banks determines that it or they can be) within the Allotted Period after receiving notice of the second violation from Banks or (B) such Authorized Dealer otherwise violates this Policy a third time, effective as of the date specified in notice from Banks to such Authorized Dealer and continuing until Banks provides notice to such Authorized Dealer otherwise, if ever, the authorization of such Authorized Dealer to purchase any or all of the Banks products designated by Banks (the “**Designated Products**”) will be immediately revoked by Banks, so that all pending orders (even if accepted) from such Authorized Dealer will be cancelled and no new orders will be accepted from such Authorized Dealer for any or all of the Designated Products.

For each additional violation during the Policy Period: In the event that, after the third violation of this Policy by such Authorized Dealer, either or both of the following is or are relevant: (A) the Designated Products do not include all Banks products or (B) Banks provides notice to such Authorized Dealer that Banks has once again allowed such Authorized Dealer to purchase any or all of the Designated Products, then each act or failure to act of such Authorized Dealer that constitutes a violation of this Policy (or is deemed by Banks to be such a violation) will receive the same treatment as if a new third violation had then occurred.

Each violation of this Policy is cumulative through the Policy Period. Beginning with the third violation, the consequences of each violation 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. For each Authorized Dealer purchasing any or all Banks products from anyone else (such as a distributor), this Policy will be enforced through a Do-Not-Sell List.

Certain Definitions

For purposes of this Policy: (a) the **“Policy Period”** with respect to an Authorized Dealer means the time period beginning on the Policy Effective Date and ending on the termination date described in a future notice to such Authorized Dealer from Banks; (b) **“Do-Not-Sell List”** means notice from Banks which indicates that (i) one or more individuals or entities is or are not authorized by Banks to promote or resell Banks products or (ii) the designation of a reseller as an Approved Dealer has been revoked in whole or part with respect to all Banks products or revoked only with respect to certain of such products; (c) the **“Approved Dealers”** means, collectively, each reseller designated as such by notice from Banks, but only to the extent that such reseller is not on the then-current Do-Not-Sell List (individually, an **“Approved Dealer”**); and (d) **“Net Adjusted Price”** means the lower of the price at which a Covered Product is offered by or for the benefit of an Authorized Dealer to a customer (potential or actual) or that actually paid to or for the benefit of an Authorized 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 free or reduced-price bundles. Specifically, Net Adjusted Price will be calculated by:

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

The fair market value for each Covered Product provided for free or at a reduced price with the purchase of another Covered Product will be its MRP. From time to time, Banks may communicate to an Authorized Dealer by notice what Banks considers to be the fair market value for each of certain goods or services.

Minimum Resale Price

Banks, at any time, may vary the Minimum Resale 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 Banks programs or any other Banks policy or in any other situation announced by Banks from time to time. Banks 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 Banks will communicate each MRP and such change through the price list(s) or product list(s) provided or made available to each Authorized Dealer by Banks or otherwise communicated by notice from Banks intended for such Authorized Dealer, each Authorized Dealer is responsible for making sure that it is aware of the appropriate MRP(s) and the Covered Product or the Covered Products in each circumstance.

Free or Reduced-Price Shipping Not Considered Discount

Notwithstanding anything to the contrary in this Policy, free or reduced-price shipping may be offered or furnished by an Authorized 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 Banks: (a) such offer or furnishing applies to all other products in the category in which such Covered Product or such Covered Products reside(s) and (b) the value thereof is reasonable.

Additional Restrictions

An Authorized Dealer (directly or through another party on behalf or for the benefit of such Authorized 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 Banks) in connection (directly or indirectly) with the offering or sale of any or all of the Covered Products (or, if so noted below, any or all Banks products, regardless whether it or they is or are one or more of the Covered Products) will be deemed to be a violation of this Policy with the same effect as offering or selling a Covered Product at less than its Minimum Resale Price:

- 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 Banks) of any or all of these terms or concepts;
- offering to match a lower price offered by another seller;
- in connection with the advertising, promotion 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;
- offering a discount, coupon or rebate applicable to any or all of the Covered Products in return for a Facebook “Like”;
- other than as expressly authorized by notice from Banks, with respect to any or all items of Banks products (or, if so designated by Banks, just one or more particular items of Banks products), refrain from knowingly or negligently directly or indirectly (a) advertising, promoting or selling in either or both of the following ways: (i) outside the USA and Canada and (ii) online in any fashion (unless and only to the extent each website and marketplace used for such purpose by such Authorized Dealer is expressly approved by Banks for such use and which approval has not been rescinded in whole or part by notice from Banks) and (b) 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 Banks and (ii) to anyone other than actual and prospective end user purchasers (but not resellers) of any or all item(s) of the Banks products permitted by Banks, including without limitation to the Special Accounts (for purposes of this Policy, the **“Special Accounts”** means, collectively, each individual or entity so designated by notice from Banks);
- if a price for a Covered Product is shown in Internet advertising or promotion or as part of an Internet sale permitted by this Policy and (a) the price for such product does not appear on the initial webpage mentioning, depicting or describing such product or (b) such price varies with respect to such product (exclusive of applicable taxes and all shipping, delivery and insurance charges) across any or all of (i) such initial webpage, (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 Banks;
- 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;
- the promotion or sale to group purchasers, except at price(s) no less than each applicable MRP;
- advertising or promoting a trade-in offer for any or all Banks products and 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 advertised or promoted;
- except as otherwise directed by this Policy, on any or all proposals, quotations, contracts, invoices and receipts provided to or prepared for the benefit of any or all of such Authorized Dealer’s potential and actual customers in connection with the offer or sale of any or all of the Covered Products (individually and collectively, **“Customer Communications”**), the failure of such Authorized Dealer to itemize the price charged for each of the products and services shown or referred to on such Customer Communications, regardless whether such Customer Communications contain(s) any reference to any or all of the Covered Products; and
- one or more tactics which Banks determines is or are intended to circumvent application of this Policy.

The Exemptions

As long as an Authorized Dealer does not otherwise violate this Policy, such Authorized Dealer offering or selling to a potential or actual customer one or more of the Covered Products during the Policy Period below its or their respective MRP(s) is exempt from this Policy and will not violate it, if such offering or selling is consistent with an exemption described in this Policy (collectively, the **“Exemptions”**). The Exemptions are as follows and apply to offering or selling which is part of a potential or actual sale by such Authorized Dealer:

- 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 this Policy until such time that it is reasonable to revise such materials (as determined by Banks) to be consistent with this Policy;
- each bona fide written contract between such Authorized Dealer and a customer that became effective (a) prior to July 1, 2016 (the **“Policy Announcement Date”**) or (b) after the Policy Announcement Date, if performance by such Authorized Dealer under such contract is completed prior to the Policy Effective Date;
- in the case of a change in the MRP(s), the Covered Products or this Policy, each bona fide written contract between such Authorized Dealer and a customer that became effective the day before such change is announced by Banks;
- the offer or sale of one or more of the Covered Products based on a bona fide proposal or quotation given prior to (a) the Policy Announcement Date or (b) the effective date of a change in the MRP(s), the Covered Products or this Policy which makes such proposal, quotation or sale non-compliant with this Policy (as long as, if this Policy was in place at the time such proposal, quotation or sale was given or made, it complied with this Policy), provided that, in either case, (i) such proposal or quotation is effective for no longer than thirty (30) days after the Policy Effective Date or ten (10) days after the effective date of such change and (ii) each of the Covered Products subject to such accepted proposal or quotation will be delivered to such customer no later than thirty (30) days after such acceptance;
- the offer or sale under one or more special programs (if any) designated by Banks;

- provided that such offer or sale is reasonable (as determined by Banks), the offer or sale of one or more units of any or all of the Covered Products: (a) that are used, rather than new, such as demonstration or display units or (b) to an employee of such Authorized Dealer for his or her personal use (and not for resale).

If such Authorized Dealer otherwise violates this Policy or Banks determines that such Authorized Dealer does not qualify for or abused any or all of the Exemptions, such exemption(s) will be deemed withdrawn by Banks retroactive to the Policy Effective Date or such other date specified by Banks. Except in extraordinary circumstances, Banks will not consider any requests for other exemptions.

Additional Policy Terms and Conditions

Effective as of the Policy Effective Date, this Policy supersedes and cancels each other policy applicable to each Authorized Dealer from Banks, if any, regarding minimum advertised price (MAP) and resale price or either thereof for any or all Banks products. For any reason(s) deemed appropriate by Banks (including without limitation based the request of an Authorized Dealer for Banks to consider such things as, but not necessarily restricted to, limited-time promotional offers for an event in which such Authorized Dealer is participating or otherwise), but in no case other than as the unilateral decision of Banks, this Policy may be modified, extended, waived, suspended, discontinued or rescinded in whole or part by notice from Banks at any time (including without limitation during any Banks-designated promotional period(s)), with such action(s) effective immediately or as otherwise described by Banks. If Banks negotiates price(s) with a customer that is or are less than the MRP(s) and offers an Authorized Dealer the opportunity to fulfill one or more orders at such price(s), acceptance by such Authorized Dealer of such opportunity will not constitute a violation of this Policy.

Regardless whether expressly indicated in this Policy, each notice referred to herein: (a) may, as determined by Banks, be given in writing or electronically (including without limitation posting on a website chosen by Banks) and (b) will be considered to be received as designated by Banks. The Explanation (which also may be referred to as "Frequently Asked Questions," "FAQs" or the equivalent as determined by Banks), if any, accompanying or associated with this Policy is intended to help answer questions in connection with it, but is not part of this Policy. In the event of any disagreement over the interpretation or enforcement of this Policy, the view of Banks will control.

Banks will not discuss any conditions of acceptance related to this Policy. In addition, Banks neither solicits, nor will it accept, any assurance of compliance with this Policy. Notwithstanding anything to the contrary which may be expressed or implied in or by one or more agreements between an Authorized Dealer and Banks or such Authorized Dealer and the distributor(s) (if any) from which such Authorized Dealer obtains any or all Banks products, nothing therein shall constitute an agreement by such Authorized Dealer to comply with this Policy, as, among other things, this Policy is not and should not be construed to be one of the Banks Policies (as such term is or may be used in any or all of such agreements) where such compliance is mandatory.

Questions, Additional Information or Information Regarding Potential Violations

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

Policy Administrator
Gale Banks Engineering
546 Duggan Avenue
Azusa, CA 91702 USA
e-mail: policyadmin@bankspower.com

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