

SEROLA BIOMECHANICS, INC.

POLICY ON BRAND IMAGE AND ADVERTISED PRODUCTS

Serola Biomechanics, Inc. (“Serola”), recognizes the value to end users of retailer services to stock, promote, and support Serola products, and wishes to promote such services with advertising that focuses on product performance, high quality, unique features, product and customer service, and other similar attributes that convey the superior brand image associated with Serola and its products. Serola believes that advertising focused on discount erodes the perceived value of Serola products to end users, and the incentives of retailers to sell and support Serola products.

Serola has adopted the policy on brand image and advertised prices described below (“MAP Policy”), to promote advertising that best supports Serola’s superior brand image. Serola will apply the MAP Policy to any distributor, dealer, retailer and other customer who purchases and resells Serola products in the United States (“Customer”). The MAP Policy is a unilateral policy of Serola, and is not and shall not be deemed to be a part of or incorporated into any agreement that Serola has with any Customer.

A violation of the MAP Policy occurs any time a Customer advertises a Serola product in Covered Media at a price below the applicable Minimum Advertised Price. The MAP Policy is not intended to and shall not be deemed to set or limit the prices at which Customers resell Serola products, which each Customer is free to set unilaterally.

BRAND IMAGE

1. Customers must maintain policies of Serola directed at promoting the brand image of Serola and its products as being of high quality.
2. Customers must obtain written approval from Serola in advance to use photographs, pictures, and other images or likenesses of Serola products in advertising material.
3. Customers must not use or promote Serola products in any illegal or deceptive manner which would have a negative impact on the brand image of Serola and its products.
4. Customers must not advertise other brands or products using images, descriptions, or advertising material for Serola products, or the names “Serola” or “Serola Biomechanics”.
5. Customers must not advertise Serola products on any 3rd party internet website or any domain that the Customer does not own without the express written consent of Serola Biomechanics, Inc.

ADVERTISED PRICES

1. Customers must not advertise any Serola products at a price which is more than five cents (\$0.05), below the current suggested retail price for the product stated on the Serola website, www.serola.net, or in a written notice from Serola to the Customer (“Minimum Advertised Prices”). Serola in its sole discretion may adjust Minimum Advertised Prices at any time. Customers will be notified when any changes are made to Minimum Advertised Prices and will be allowed 30 days to comply with the changes made.

2. Customers must expressly exclude Serola products from any Customer advertising of “percent off sale on everything in stock” or similar sales.
3. Customers must not advertise any bundle of one or more Serola products with the product of another company, with the effect of reducing advertised prices below the applicable Minimum Advertised Prices for the Serola products.
4. Customers must not advertise two or more Serola products at a bundled price more than ten percent (10%) below the total applicable Minimum Advertised Prices for the products.
5. Customers must not use a different name, or sell or transfer Serola products to another company or affiliate in which the Customer has a direct or indirect financial interest, ownership, or control, in order to advertise Serola products at prices which violate the MAP Policy.
6. The MAP Policy applies only to Customer advertising in Covered Media, and not to actual prices at which a Customer resells or offers Serola products for sale by telephone or within a “brick and mortar” in-store retail location.
7. The following advertising content will not violate the MAP Policy in the absence of other prohibited content: advertising without any reference to price; advertising that states “call for price” or similar statements; advertising without any reference to price; advertising that offers to match or beat prices of competitors; advertising that offers free delivery, training, or services with a purchase, free or low-interest financing, or no money down or delayed payment terms, unless the ad specifies a dollar value for such terms which nets a price below the applicable Minimum Advertised Prices for Serola products.

GENERAL TERMS

1. The MAP Policy applies to all forms of advertising for Serola products, including without limitation: print ads and inserts in magazines, catalogs, newspapers, journals, and other print publications; billboards and other outdoor ads; broadcast ads via radio, television, webcasts, and other form of electronic transmission; and direct ads delivered to multiple recipients, including mailers, email, and facsimile transmissions (collectively, “Covered Media”).
2. The terms of the MAP Policy on Advertised Prices do not apply to, and Covered Media does not include: in-store displays, banners, and price markings on Serola products; individual written quotes to separate purchasers; individual written agreements, purchase orders, and invoices with separate purchasers; and bids submitted to governmental entities.
3. The terms of the MAP Policy on Advertised Prices apply to the public portion of a Customer website and other internet sources, but do not apply to website “checkout” pages or “shopping cart” pages where a purchaser makes a final purchase selection, or secure portions of a Customer website which are password-protected and accessible only by health professionals, retail stores, and other establishments that resell Serola products to end users.
4. Serola may terminate any agreement with, decline to make further sale to, and/or suspend preferred pricing for a Customer who violates any terms of the MAP Policy, subject to such warnings and advance notice as Serola may provide on a case by case basis.
5. Serola is not limited by the terms of the MAP Policy, and will exercise its own judgment in determining the Customers with which it will do business, subject to the terms of any written agreement with each Customer.

6. The MAP Policy is a unilateral policy of Serola and is not a contract or agreement with any Customer. Serola in its sole discretion may modify or terminate the MAP Policy at any time.
7. The MAP Policy is confidential and Customers must not disclose the Map Policy or communications on same to any other party.
8. Customers must direct questions regarding the MAP Policy only to the senior management or designated authorized representatives at Serola Biomechanics, Inc. No other Serola representative is authorized to communicate about the MAP Policy with Customers.
9. Customers must not contact Serola regarding any violation or alleged violation of the MAP Policy by another Customer, and Serola will not respond to questions or comments from one Customer about the activities of any other Customer with respect to the MAP Policy.
10. The MAP Policy only applies to Customers in the United States, and terms of the MAP Policy on Advertised Prices do not apply in any state which by statute or other applicable law expressly prohibits policies on Minimum Advertised Prices or similar policies.