

Leica Camera Inc Policy for Dealer Distribution

Leica Camera Inc (“Leica”) is the sole authorized USA Sales Agent and Distributor for the high quality branded products of Leica Camera AG. Leica has the responsibility to protect the value of the Leica brand. Thus, it is the duty of Leica to ensure that Leica products are delivered to the consumer through a high quality network of professional and highly knowledgeable retailers (“Dealers”) whose sales environments, business practices and customer service are commensurate with the premium image of the Leica brand.

In order to maintain and further its premium brand image, Leica has unilaterally predetermined to do business only with qualified Dealers of its selection, and upon the unilateral terms and conditions contained in the Leica Policy for Dealer Distribution (“PDD”) as set forth below. Leica reserves the sole right to determine the Dealers, with whom it will deal, and the terms and conditions upon which it will deal and deal further. In exercising its sole discretion in making such determinations, Leica may determine not to deal further with Dealers that do not meet these terms and conditions. A determination by Leica not to deal further with a Dealer who does not meet these terms and conditions can be upon the basis of each stock keeping unit (“SKU”) identified in the Leica Authorized Dealer Price List (Exhibit "A") attached hereto. Leica may withhold shipment, for a period not to exceed nine (9) months, of any SKU for which the Dealer is determined, by LCI’s sole determination, to not be in compliance with the terms and conditions set forth below. Publication of revised Exhibit "A", containing current Selling Prices (SP), will occur from time to time and will be provided by electronic and regular mail to Dealers. It is the responsibility of each Dealer to carefully review such revised SPs, and to remain at all times current.

Effective July 1, 2005, Leica has unilaterally determined to sell its products, and to deal further, only with those Dealers, who in the sole and independent judgment of Leica meet the following criteria:

- Dealers that do not advertise, offer to sell, or sell new Leica SP designated products at a price other than the listed SP in the current Leica Authorized Dealer Price List, attached as Exhibit "A", and updated from time to time, by Leica, unless the lower SP is a result of an action by Leica.
- Customer Loyalty or Customer Reward programs or promotions for any new Leica M or S System products, including but not limited to cameras, lenses and related accessories are **not allowed**.
- Customer Loyalty or Customer Reward programs or promotions for any new Leica Compact Camera and Leica T Camera System product (Leica C, Dlux, Vlux, X series and Leica T Camera System) and related accessories **are allowed**, provided:
 - The maximum allowable value of such program or promotion does not exceed 2% of the products SP value,
 - The earned reward benefit from such program or promotion cannot be applied to the purchase from which the reward benefit is earned.
- Customer Loyalty or Customer Reward programs or promotions for any new Leica SP designated sport optics products, including but not limited to binoculars, spotting scopes, rifle scopes, rangefinding optics and related accessories **are allowed**, provided:
 - The maximum allowable value of such program or promotion does not exceed 2% of the products SP value,
 - The earned reward benefit from such program or promotion cannot be applied to the purchase from which the reward benefit is earned.
 - That such program or promotion is offered on their full and complete sport optics Retail Store inventory or Internet/Catalog offering.”
- Dealers that sell only to the retail public (end-users) and do not sell to any third party for purposes of resale, barter, or other manner of secondary distribution.
- Dealers who sell only through their own retail outlets, catalogs, or Internet websites as authorized in writing by Leica. Advertising, offers to sell, or sales of new Leica SP designated products via means of Internet auctions are prohibited. This prohibition specifically applies, but is not limited to, any sales presentations or offers to sell new Leica SP designated products by means of an eBay auction.

Other specific prohibited sites for any sales presentations or offers to sell new Leica SP designated products are via an eBay store, the Best Buy Marketplace or a listing on Craig's list.

- Dealers that do not sell, offer to sell, or otherwise traffic in new Leica products intended by Leica Camera AG for distribution in international markets other than the USA, no matter the stated terms and conditions of the resale offering.
- Dealers that do not advertise, promote, or sell new or previously owned (used) Leica products in any manner which is illegal, deceptive, or by practice, undesirable or improper – including, but not limited to, loss leaders, bait and switch, products without originally included accessories, or means otherwise considered by Leica to be negative selling practices, or an attempt to circumvent any part of this PDD.
- Dealers who, when, advertising or otherwise promoting the sale of pre-owned (used) Leica products presents said products in a manner which clearly states that the offered products are **used or if applicable “Leica Certified Pre-Owned”** in direct association with the products descriptive headline;
 - **And do not use terms such as “demo”, “sample”, “refurbished”, or any other term other than “used” or if applicable “Leica Certified Pre-Owned” in the presentation of used Leica products,**
 - and that when offering a warranty for “Leica used” or “Leica Certified pre-owned” SP designated product purchased from Leica, Leica must be listed as the provider or guarantor of said warranty and said warranty period must be equal to that which Leica provided with the product sale.
 - and that for all other offerings of Leica “used” SP designated product, no warranty may be provided.
- Dealers that do not sell or market a current SP listed item as pre-owned (used), at a price that is higher than the current product's SP price. For some auction sites this may require the use of listing said item as a “buy it now” option.
- Dealers that do not sell or market Leica products by any manner or presentation that reduces, disparages, or injures Leica or Leica branded products.

- Dealers that comply fully with the Retail Dealer Sales Policy and Internet & Catalog Sales Policy set forth by Leica.

This PDD is a unilateral statement of Leica as to how it will select its Dealers and the criteria by which it may choose to sell Leica products.

This PDD is not a contract, an offer to form a contract, or an agreement, express or implied. It is a policy statement of unilateral terms and conditions upon which Leica may exercise its discretion. Leica is not asking for, nor will Leica, its employees or agents accept any statement of agreement or acquiescence by any Dealer to this PDD, or to any implied or stated compliance with this PDD. This PDD is a corporate policy of Leica and cannot be waived, interpreted, or discussed with any Dealer by any agent, employee, or other third parties, except as stated herein.

Under no circumstances will Leica discuss its business dealings with any Dealer with any other Dealer, nor will Leica seek or accept any complaints or comments from its Dealers about the pricing or business practices of any other Dealer.

Leica reserves the right to change, modify, amend, or discontinue this PDD at any time without prior notice. There is no assurance express or implied to any Dealer that Leica will continue or enforce this PDD.

Leica, at its discretion, may offer promotions or other consumer sales incentives to national, regional, or local markets and specifically reserves the right to do so. Leica also specifically reserves the right to participate with individual dealers, of its choosing, in local market promotional activities.

Leica also specifically reserves the right to choose those Dealers with which to do business and also reserves the right to accept or reject any purchase order at any time.

This PDD is subject to the Laws of the State of Delaware, and is applicable to all products distributed by Leica. All questions regarding this PDD should be made in writing to Leica – Vice President of Operations.

This PDD is only applicable to the offering to sell or the selling of Leica products within the United States of America, its territories, and its possessions.