

Leica Camera Inc
Retail Dealer Sales Policy

Leica Camera Inc. ("Leica")'s brand mission is to securely master the entire value creation chain of its products: from product conception and development through the production processes and quality management, all the way to user assistance and technical service. The cult status the Leica brand enjoys is consistent with this mission. Leica products are highly refined designs that are fabricated with unequalled mechanical and optical precision.

The Leica brand mystique reflects the high quality and prestigious image of its products and brands in the industry. In order to maintain and further its quality and premium brand image Leica has set forth the following Retail Dealer Sales Policy ("RDSP"). It is Leica's policy to do business only with qualified dealers of its selection ("Dealers"), and upon the unilateral terms and conditions set forth below. Leica reserves the sole right to determine the Dealers with whom it will deal, the terms and conditions upon which it will deal, and may determine not to deal further with Dealers that do not meet these terms and conditions.

1. Portrayal of Leica Quality and Premium Brand Image: A Dealer shall present the Leica brand and its products in a manner consistent with the premium nature of the Leica brand. All on-site and off-site communications, advertising, and other communications with consumers shall be consistent with this premium brand image and shall comply with all standards set by and under the control of Leica and communicated to the Dealer from time to time. At a minimum, a Dealer shall:
 - a) Place a minimum opening order as designated by the assigned Leica sales representative or Leica sales manager; and
 - b) a fair representation of Leica products shall be maintained at all times.
 - c) Render prompt, effective and courteous service with respect to the sale of Leica products, including all services to which a retail customer of Leica products is entitled;
 - d) vigorously and aggressively encourage the retail sale of Leica products;
 - e) establish and maintain, independently and in conjunction with Leica, advertising and marketing policies that emphasize the high-quality characteristics of Leica products; and
 - f) provide Leica product presentation within clean, modern and adequate retail outlet(s) necessary for proper merchandising and selling of Leica products.
 - g) Attend presentations conducted by Leica sales representatives for the purpose of acquiring knowledge about the technical characteristics of Leica products.
 - h) Notify Leica's credit department in writing prior to any change in Dealer legal organization, method of doing business or any other material matter.

- i) Employ qualified personnel who have been trained to properly sell and provide customer service for camera systems, image reproduction projectors and/or sport optics products and equipment; and
- j) cooperate with Leica with respect to periodic quality control inspections, including providing reasonable assistance to Leica to verify compliance with this Business Policy.

2. Prohibition on Misrepresentation(s): A Dealer shall not in any manner misrepresent Leica or the nature and quality of Leica products, or act in any manner which tends to damage Leica's premium brand image, reputation or good will. Leica will refuse to deal with any Dealer whose conduct is deemed detrimental to the Leica premium image, which shall be determined in the sole discretion of Leica. Leica will not deal with any Dealer that purchases or sells new Leica products that have been altered or defaced in any way or obtained from sources other than Leica.

3. Advertising of Leica Products: In order to protect the integrity of Leica's trade names, trade marks, logos, artwork, trade dress, and any other intellectual property information, advertising of any kind using or depicting Leica's trade names, trade marks, logos, artwork, trade dress or any other Leica intellectual property is subject to review and approval by Leica. Leica products shall not be used in any advertising which involves predatory pricing, loss leader pricing, or bait and switch tactics. Leica reserves the right to refuse to deal and to refuse to deal further with any Dealer that violates this provision.

4. Dealer Selection/Retail Sales/Prohibition on Redistribution: To enhance informed selection and promote its premium image, Leica only sells to selected retail Dealers for retail sale, on the express condition that such Dealers may not resell to any person or entity who is not also the final user or consumer. Dealers may only be approved by the Leica Vice President of Operations, and only with advance written approval. Retail Dealers may only sell from a location or locations, as listed in Exhibit A, approved in advance by Leica, and only under the trade name approved in advance by Leica. Such approval must be in writing. All new locations or trade names are subject to individual approval as a new Dealer, and Leica products shall not be sold to consumers from any such additional location or under any different trade name without written approval from Leica. In the event of a change of location, name or ownership of a Dealer previously approved by Leica, the Dealer shall be treated as a new Dealer. Approval, or lack thereof, shall be within the sole discretion of Leica.

5. Advertising and Sales:

a) Internet Advertising and Sales: The advertising and sale of camera systems, image reproduction projectors and sport optics products and equipment over the Internet is an evolving concept. Leica has, and will continue to monitor Internet sales acceptance in order to maximize brand and customer value. To maintain and further the Leica quality image, and to better promote this image in the distribution of its products over the Internet, Leica has set forth the Leica Internet and Catalog Sales Policy ("ICSP"). Any Dealer may apply in writing to be appointed as an authorized Leica Internet Dealer ("Internet Dealer"). Approval, denial of approval, or withdrawal of approval, shall be unilaterally determined by Leica, at its sole discretion, and upon unilaterally pre-

announced terms and conditions satisfactory to Leica. An Internet Dealer shall be subject to the terms and conditions set forth in the ICSP and the Leica Policy for Dealer Distribution ("PDD") in addition to those of this Policy.

b) Catalog Advertising and Sales: The business of advertising and selling camera systems, image reproduction projectors and sport optics products and equipment through mail-order catalogs can, like such practices on the Internet, change over time too. Leica has, and will continue to monitor catalog sales acceptance in order to maximize brand and customer value. To maintain and further the Leica quality image, and to better promote this image in the distribution of its products through mail-order catalogs, Leica has set forth the Leica Internet and Catalog Sales Policy ("ICSP"). Any Dealer may apply in writing to be appointed as an authorized Leica Catalog Dealer ("Catalog Dealer"). Approval, denial of approval, or withdrawal of approval, shall be unilaterally determined by Leica, at its sole discretion, and upon unilaterally pre-announced terms and conditions satisfactory to Leica. A Catalog Dealer shall be subject to the terms and conditions set forth in the ICSP and the PDD in addition to those of this Policy.

6. No Redistribution/Transshipment/Diversion of Leica Products: The resale, transshipment or any form of redistribution or diversion of Leica products to anyone other than the final user or consumer, or in any way contrary to paragraphs 4-5 herein, is expressly prohibited. Dealer may however, transfer new Leica products to another Authorized Leica Dealer with the advance written approval of Leica. Leica reserves the right to refuse to deal and to refuse to deal further with any Dealer that directly or indirectly redistributes, transships or diverts product for resale by unauthorized persons.

7. Leica Discretion: It is Leica's policy and intent to solely and independently monitor and control the distribution, merchandising, and sales of its products in accordance with these pre-announced terms and conditions. Any criticism directed by a Dealer to the actions of other Dealers is unsolicited by Leica. Actions of non-compliance to this or other Leica Policies by a Dealer shall not be the basis for action by any other Dealer to determine its response or other actions, if any, to the Dealer or market conditions created by the Dealer failing to follow Leica's stated terms and conditions.

8. Intellectual Property: In order to protect Leica's trademarks, logos, trade names, trade dress and good will, Leica products sold by Dealers shall not be disassembled, reassembled or sold as separate components in any manner. Leica trademarks, logos, trade names, or trade dress are not to be used on any products other than genuine Leica products as manufactured and delivered by Leica. Dealers shall not make, sell or offer to sell products that infringe Leica's or others intellectual property rights, including patents, trademarks and copyrights. It is expressly forbidden for Leica Dealers to sell products bearing counterfeit marks or products that are confusingly similar to premium camera systems, image reproduction projectors and sports optics products and equipment, generally referred to as "clones" or "knockoffs." Leica reserves the right to refuse to deal and to refuse to deal further with a Dealer that infringes upon the intellectual property rights of Leica or others.

9. Selling Price: Each Dealer has sole and complete discretion to determine the prices at which it will resell Leica products to customers. This policy cannot be modified or altered in any form by anyone at Leica, without the advance written approval of Leica's Vice President of Operations. Only an approved Dealer, and no other entity or person, can make pricing decisions for the resale of Leica products. This paragraph incorporates by reference the terms and conditions of the PDD.

10. Acceptance: All orders are subject to acceptance by Leica. Acceptance of orders is conditioned upon customers' acceptance of the terms and conditions of this Business Policy.

11. Wholesale Prices: All prices are subject to change without notice, at Leica's sole discretion, from time to time. In case of a price change, all orders will be invoiced at pricing prevailing at time of shipment, unless otherwise determined by Leica.

12. Payment Terms: Payment terms, as indicated on each invoice, are expected to be promptly met by the Dealer. A monthly late payment charge of 1.5% will be assessed on any unpaid balance after due date. Leica may immediately terminate Customer's ability, if any, to purchase goods on credit or otherwise at any time in Leica's sole discretion.

13. Responsible Party: The party responsible for payment of all Leica invoices shall pay these invoices in accordance with stated invoice terms.

14. Limitation of Liability: Leica will not be liable for any loss of profit, interruption of business or any other special, consequential or incidental damages suffered or sustained by customer, beyond the replacement of goods. Any claims for shortages or billing errors must be made to Leica within ten (10) days of the date of the invoice. Delivery shall be made on, or as near to the requested ship date as possible, contingent upon manufacturing conditions, including strikes, accidents or other causes beyond our control. Unless otherwise negotiated, all prices shall be subject to any import duties or taxes which may be imposed, and which shall be for the account of the buyer. Our responsibility ceases upon delivery of these goods to a common carrier.

15. Returns: No returns, except for defective store stocks and repairs, will be accepted without prior authorization by Leica as documented by issuance of a Return Authorization Number (RAN) initiated and provided by the local sales representative. All authorized returns must be returned to Leica via prepaid and insured means of transport with the RAN clearly marked on the outside of all boxes. All authorized returns of new merchandise are subject to a 5% restocking charge or an adequate stock balancing order as determined by Leica. All returns may upon receipt and inspection may be assessed additional charges if, at the determination of Leica, products are not returned complete as originally shipped, or product or packaging is not of adequate condition to be returned to inventory as "new". Orders for non-standard specifications and/or equipment may not be canceled or returned, nor will discontinued products or products not purchased directly from LCI be accepted for return or credit.

16. Entire Terms and Conditions. The Dealer acknowledges that there are no terms, conditions, warranties or representations other than those contained in these Terms and Conditions. Any supplement, modification or amendment of this Policy may be unilaterally announced from time to time, in writing, by Leica, at its sole discretion.

17. Severability: Any portion of this Policy found to be unenforceable will not invalidate the remainder of the Policy. Any delay in enforcing or any failure to enforce any provisions of this Policy will not be deemed a waiver of any other or subsequent breach of this Policy unless such waiver is in writing and signed by Leica. This Policy supersedes any and all terms or conditions on any purchase order or routing guide.

18. Collection Costs: Customer will pay such costs, collection agency commission, expenses and reasonable attorney fees (including, without limitation, at trial and on appeal) as Leica may incur in any manner of collection of any sums past due.

19. Common Ownership or Control: This Business Policy also applies to entities that share common ownership or control with the approved Dealer.

20. Additional Important Information: **This Policy is not a contract or an offer to form a contract. Leica does not seek the agreement of any Authorized Dealer, Internet Dealer or Catalog Dealer to agree or disagree with this Policy. Rather, it is a unilateral, pre-announced description of how Leica currently chooses to do business with those Authorized Dealers that it may authorize as Internet Dealers or Catalog Dealers and to sell certain of its products, on the Internet or through mail-order catalog. Similarly, this Policy does not grant rights to anyone, nor does it create any rights. It does not amount to a representation by Leica that it will do business in any specific way with any specific Dealer or dealer. No Authorized Dealer, Internet Dealer or Catalog Dealer may reasonably rely on any continuation of this Policy. As stated herein, the Leica Internet and Catalog Sales Policy is evolving as the Internet and mail-order mediums of distribution evolve, and Leica continues to reserve full freedom of action in exercising its legitimate business judgment, deemed satisfactory to it at its discretion. Accordingly, this Policy sets forth Leica's Policy as of the date of its issuance, and is subject to change or elimination without notice, with or without cause, at any time, at Leica's discretion. No Leica sales representative is authorized to discuss the operation of this Policy and no Authorized Dealer or Internet Dealer may so rely. Any questions as to the interpretation or operation of this Policy shall be directed in writing to Raymond L. Tomaselli, Vice President of Operations, Leica Camera Inc., 1 Pearl Court, Unit A, Allendale, NJ 07401 (800) 222-0118.**