

MINIMUM ADVERTISED PRICE (MAP) POLICY

JUNE 2015

Gates Corporation has established a policy regarding the Minimum Advertised Price (MAP) of Carbon Drive products in the United States.

Gates Corporation believes implementation of a MAP policy is necessary for Carbon Drive to maintain its reputation for high-quality products, preserve its brand image and ensure distributors and retailers provide effective marketing and technical support. This policy has been adopted unilaterally by Gates and will be unilaterally enforced.

TERMS

This policy applies to all advertised Gates Carbon Drive products by retailers including all drivetrain componentry as well as tools and small parts. The MAP for all Carbon Drive Products is the Manufacturer's Suggested Retail Price (MSRP) for that product. This policy does not apply to the actual price at which Carbon Drive products are sold by retailers. Retailers are free to determine its actual retail price for Carbon Drive Products.

Any retailer advertising a price below MSRP for that product will be in violation of the MAP policy and subject to actions against them.

This policy applies to all forms of advertising, including mailings (physical and emailed), retailer websites, catalogs, print ads, and displays at consumer exhibitions and shows. Advertising a price below MSRP include:

- Advertising Carbon Drive products subject to store-wide discounts that would result in a net advertised price that falls below MSRP.
- Advertising Carbon Drive products in combination with non-Gates products at a single price that would result in a net advertised price that falls below MSRP.
- Advertising multiple Carbon Drive products for a single price that is less than the combined MSRP.
- Advertising that offers gift certificates or store credit in combination with Carbon Drive products at a single price where the gift certificate or in store credit results in a net advertised price below MSRP.
- Advertising Carbon Drive products through online auctions where the minimum bid is below MSRP.

In response to violations of the MAP policy, Gates may take the following actions:

- First Violation: Gates will issue a warning letter.
- Second Violation: Gates and its distribution partners will refuse to accept orders from the retailer for the remainder of the current season and the entirety of the subsequent season.
- Third Violation: Gates and its distribution partners will no longer accept orders from the offending retailer.

EXCEPTIONS

The Gates Carbon Drive MAP policy does not apply to the following (exceptions):

- Electronic mail sent directly in response to a customer inquiry.
- Internet "shopping cart" pages where a customer makes their final purchase selection.
- Advertisements that offer free services with purchase; free installation, adjustment or training unless the advertisement specifies a value of those services which nets a price below MSRP on Carbon Drive products.

UNILATERAL NATURE OF POLICY

We do not seek, nor will we accept, any agreement or assent from you respecting our MAP Policy, either now or at any future time. This policy is being established by Gates Carbon Drive unilaterally and is not therefore subject to negotiation. We reserve the right at any time to modify this policy, to establish new or different policies or to discontinue any or all of such policies.