



eMRP POLICY

CONFIDENTIAL
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Explanation

Including Frequently Asked Questions (FAQs)

This Explanation is intended to help answer questions in connection with the eMRP Policy (the "Policy") issued by OSRAM SYLVANIA Inc. ("Sylvania"), but is not part of the Policy.

General

1. Why has Sylvania adopted the Policy?

As a leading supplier of advanced, high-quality automotive lighting products, Sylvania has a premium image for style, performance and safety. Some resellers have taken or may take advantage of these facts by advertising such products as loss leaders, promoting unfair discounts or misusing intellectual property of Sylvania or references to Sylvania or its products. In an effort to help safeguard the reputation of Sylvania, insure the long-term viability of its brands and protect the investment of those resellers that provide valuable services to end users, Sylvania has adopted the Policy.

2. When is the Policy effective?

The Policy is effective October 1, 2017 (the "Policy Effective Date").

3. What does the Policy cover and to whom does it apply?

The Policy (a) is applicable to each Reseller and (b) has two parts (i) a policy regarding electronic minimum retail price (the "Electronic Minimum Retail Price Policy" or the "eMRP Policy") and (ii) a policy dealing with advertising and marketing (the "Advertising and Marketing Policy" or the "A&M Policy").

As used in the Policy, "Reseller" (in the plural, "Resellers") means an individual or entity located in the United States of America ("USA") that promotes and sells or either thereof any or all products offered by Sylvania (in the plural, "Sylvania Products") to any or all end user purchasers (collectively, "end users" and individually, an "end user"), whether doing so directly or through another party that does such things as advertise or fulfill orders on behalf of such individual or entity.

The Electronic Minimum Retail Price Policy applies to certain Sylvania Products offered or sold in particular ways, while the Advertising and Marketing Policy, unless otherwise noted, applies to all Sylvania Products, regardless how they are offered or sold.

The Electronic Minimum Retail Price Policy

4. What does the eMRP Policy do and what products are subject to it?

The eMRP Policy establishes an electronic minimum retail price ("Electronic Minimum Retail Price" or "eMRP" and referring to either the singular or the plural or both, "eMRP(s)") for each of the Sylvania Products as specified by Sylvania Notice, including without limitation on the price list(s) or product list(s) provided or otherwise made available to each Reseller by Sylvania (individually, a "Covered Product" and collectively, "Covered Products"). For purposes of the Policy, "Sylvania Notice" means notice from Sylvania to a Reseller provided or made available electronically or otherwise, such as, but not limited to, posting on one or more websites designated by Sylvania.

5. Does the eMRP Policy apply to all forms of marketing?

No. The eMRP Policy applies only to each form of Electronic Content containing Price Information regarding one or more of the Covered Products made available or provided by or on behalf of a Reseller (collectively, "Electronic Marketing"). When applied to websites, the eMRP Policy considers Price Information found outside-the-cart (or other container), in-the-cart (or other container) and at checkout to be covered by the eMRP Policy.

6. What is not Electronic Marketing?

The following are not considered to be Electronic Marketing and, therefore, are not subject to the eMRP Policy: (a) each offer or sale made in or through newspapers, magazines, rotos, direct mail, catalogs, radio, television, signs and each other medium so designated by Sylvania ("Conventional Advertising") and (b) each other thing deemed not to be Electronic Marketing by Sylvania Notice.

7. What are "Electronic Content" and "Price Information"?

As used in the Policy: (a) "Electronic Content" means information that (i) can be accessed by an internet browser or anything which Sylvania considers to be the substantive equivalent, including, but not limited to, (A) internet shopping sites, (B) marketplaces and (C) comparison search engines (CSEs) to which a Reseller supplies pricing information (e.g., Google Shopping, Buy.com, eBay, Amazon and PriceGrabber); (ii) is provided by or through one or more applications (apps) for mobile devices (e.g., tablets and smartphones), including, but not limited to, social media apps (e.g., Twitter, Instagram and Facebook) and mobile gaming platforms; or (iii) is furnished by or through (A) electronic solicitations or other electronic communications (e.g., robocalls, caller-on-hold and other audio recordings, messaging (such as SMS (text), MMS (multimedia) and IM (instant)), webcasts, email and online or other electronic chats), (B) electronic advertisements (such as email newsletters, pop-ups and banners) or (C) anything which Sylvania considers to be the substantive equivalent and (b) "Price Information" means information regarding price, whether, express or implied, such as a discrete price, price formula, reference to price or anything related to price (e.g., representations or inferences regarding savings, discount(s) or value) and anything which Sylvania considers to be the substantive equivalent.

8. What is the difference between the eMRP Policy and a Minimum Advertised Price (MAP) Policy?

The eMRP Policy applies to: (a) the price(s) at which any or all of the Covered Products is or are made available in any way through Electronic Marketing (whether through advertising, promotion, proposal or otherwise) (individually and collectively, "offering" and its variants) and (b) the actual selling price. A MAP Policy only applies to the advertised or offer price.

9. How does the Electronic Minimum Retail Price relate to the Manufacturer's Suggested Retail Price?

Sylvania may designate a Manufacturer's Suggested Retail Price ("MSRP") for any or all Sylvania Products. The eMRP for each of the Covered Products could be the same as or less than its MSRP.

10. Can Sylvania change various aspects of the eMRP Policy?

Yes. Sylvania, at any time, may vary the eMRP 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 Sylvania programs or any other Sylvania policy or in any other situation announced by Sylvania from time to time. Sylvania will endeavor to provide prior notice of each new eMRP or such change in the Covered Products, generally not less than five (5) days in advance. While Sylvania will communicate each eMRP and such change by Sylvania Notice (including without limitation on the price list(s) or product list(s) provided or otherwise made available to each Reseller by Sylvania), each Reseller is responsible for making sure that it is aware of each appropriate eMRP and Covered Product in each circumstance.

11. Is Sylvania setting the price charged by Resellers?

No. Each Reseller may offer or charge any price it wishes. However, a Reseller violates the eMRP Policy by (a) using any or all forms of Electronic Marketing to offer, achieve one or more sales or otherwise provide (except in exchange for bona fide returns) one or more of the Covered Products at a Net Adjusted Price less than the corresponding eMRP(s) established by Sylvania from time to time and communicated to such Reseller by Sylvania Notice or (b), as provided in the eMRP Policy, being deemed to have violated it.

12. What is "Net Adjusted Price"?

"Net Adjusted Price" means the price at which a Covered Product is offered by or for the benefit of a Reseller to a customer (potential or actual) or the price paid by such customer for such product after (a) applying all discounts and similar price reductions, (b) excluding certain taxes and shipment charges and (c) giving effect to the value of each Bundle involving one or more free or reduced-price goods or services, while "Bundle" means a combination of one or more Sylvania Products with one or more other products or services offered or sold together (as determined by Sylvania).

13. How is Net Adjusted Price determined?

Except as otherwise provided in the eMRP Policy, for each Reseller, Net Adjusted Price will be calculated by:

- (a) Including Discounts: Taking into account all discounts, deductions, rebates and allowances offered or provided to a potential or actual customer (regardless of source, whether given or taken at the time of sale or otherwise and considered by Sylvania to be part of such offer or sale), except for the following:
 - (i) Rebates/Coupons from Sylvania: Each offer or sale referring to or applying a rebate, coupon or the equivalent (as determined by Sylvania) will not be considered part of Net Adjusted Price if such rebate, coupon or the equivalent is provided by Sylvania or its designee(s) (A) directly to such customer or (B) to such Reseller for provision to and use by such customer;
 - (ii) Gift Cards: Each offer or sale referring to or applying one or more gift cards, as long as such use is in a transaction separate from the purchase or award of such card(s) (However, one or more gift cards offered or provided with the purchase of any or all of the Covered Products will be considered a discount, except as otherwise provided in the EMRP Policy.); and

- (iii) Free/Reduced-Price Shipping: Free or reduced-price shipping may be offered or furnished by a Reseller without it being considered to be a discount when offered or furnished in connection with a potential or actual purchase that includes at least one of the Covered Products, provided that, as determined by Sylvania: (A) such offer applies to all other products in the category in which such Covered Product or such Covered Products reside and (B) the value thereof is reasonable;
- (b) Excluding Taxes/Certain Charges: Excluding, if to be paid by such customer, all applicable taxes and all shipping, delivery and insurance charges (However, if such Reseller 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 by such Reseller will be considered a discount, except as otherwise provided in the eMRP Policy.);
- (c) Subtracting Value of Free Goods and Services. Subtracting, in the case of free goods, services and similar benefits for such customer offered or provided by such Reseller as part of a Bundle, the fair market value (as determined by Sylvania) of all such goods, services and benefits (regardless of source, whether given or taken at the time of sale or otherwise and considered by Sylvania to be part of such offer or sale); and
- (d) Subtracting Reduced-Price Value. Subtracting, in the case of reduced-price goods and services and similar benefits for such customer offered or furnished by such Reseller as part of a Bundle, the difference between: (i) the fair market value (as determined by Sylvania) of all such goods, services and benefits (regardless of source, whether given or taken at the time of sale or otherwise and considered by Sylvania to be part of such offer or sale) and (ii) the amount to be paid or actually paid for such goods, services and benefits.

What this means is that a Reseller's "bottom-line" offering or selling price to its customers for each of the Covered Products must be at or above the applicable price described in the eMRP Policy. The bottom-line price is after all discounts, deductions, rebates and allowances and excludes taxes, shipping, delivery and insurance (if paid by the customer).

14. Are end user rebates or coupons that come from Sylvania considered discounts?

No. Each offer or sale referring to or applying a rebate, coupon or the equivalent (as determined by Sylvania) will not be considered part of Net Adjusted Price if such rebate, coupon or the equivalent is provided by Sylvania or its designee(s) (a) directly to such customer or (b) to such Reseller for provision to and use by such customer.

15. Are gift cards treated as a discount?

No. The reference to or application of one or more gift cards in connection with any or all Covered Products will not be treated as part of Net Adjusted Price, as long as such use is in a transaction separate from the purchase or award of such card(s). However, one or more gift cards offered or provided with the purchase of any or all of the Covered Products will be considered a discount, except as otherwise provided in the EMRP Policy.

16. Is free or reduced price shipping treated as a discount?

No. Free or reduced-price shipping may be offered or furnished by a Reseller without it being considered to be a discount when offered or furnished in connection with a potential or actual purchase that includes at least one of the Covered Products, provided that, as determined by Sylvania: (a) such offer applies to all other products in the category in which such Covered Product or such Covered Products reside and (b) the value thereof is reasonable.

17. Will Sylvania provide some guidance on fair market value for use in analyzing Bundles?

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 eMRP. From time to time, Sylvania may communicate to a Reseller by notice what it considers to be the fair market value for particular goods or services.

18. How is the situation treated when a Reseller offers a Covered Product in pairs or multiples?

Unless otherwise directed by Sylvania, each time a Covered Product is offered or provided by a Reseller in pairs or other groupings, the offer or selling price must be no less than the applicable eMRP multiplied by the number of units in the offer or sale.

19. Apart from end user rebates and coupons that come from Sylvania and free or reduced-price shipping, are there other things allowed by the eMRP Policy?

Yes. As long as a Reseller does not otherwise violate the Policy, such Reseller offering or selling any or all of the Covered Products using Electronic Marketing at a Net Adjusted Price that is less than the applicable eMRP(s) does not violate the eMRP Policy if such offer or sale is made in accordance with one or more of the following exemptions (collectively, the “eMRP Policy Exemptions”):

- (a) Returns: In the case of returns of any or all items of the Covered Products permitted by Sylvania, each offer or sale thereof to Sylvania or to any or all of the Authorized Distributors (as used in the Policy, the “Authorized Distributors” (“Authorized Distributor” in the singular) means, collectively, each individual or entity designated as such by Sylvania Notice (unless and until such notice is provided by Sylvania, each individual and entity otherwise permitted by the Policy to sell to such Reseller will be considered an Authorized Distributor);
- (b) Grandfathered Offers: Each offer that cannot reasonably be modified prior to the Policy Effective Date or the effective date of a change in the eMRP(s), the Covered Products or the eMRP Policy until such time that it is reasonable to revise it (as determined by Sylvania) to be consistent with the eMRP Policy;
- (c) Grandfathered Contracts: Each bona fide written contract made or facilitated using Electronic Marketing between such Reseller and a customer that became effective (i) prior to September 1, 2017 (the “Policy Announcement Date”) or (ii) after the Policy Announcement Date, if performance by such Reseller under such contract is completed prior to the Policy Effective Date;
- (d) Special Programs: The offer or sale under one or more special programs (if any) designated by Sylvania;
- (e) Subscriptions: The offer or sale of one or more of the Covered Products subject to a discount that is part of an ongoing subscription replenishment program offered or provided by such Reseller to potential or actual customers, as long as: (i) such Reseller has received Sylvania Notice expressly approving in advance the participation of each of the Sylvania Products eligible for such program (collectively, the “Eligible Products”) and (ii) the application of such discount takes the Net Adjusted Price for any or all of the Covered Products offered or sold which is or are included in the Eligible Products to no less than ninety-five percent (95%) of its or their then-current eMRP(s), unless Sylvania has expressly approved in advance a larger deviation;
- (f) Multi-Item Discount: The offer or sale of one or more of the Covered Products subject to a discount that is triggered by reaching certain quantity or dollar levels in the cart (or other container) for a single proposed or actual purchase (a “Multi-Item Discount”), as long as: (i) such Reseller has received Sylvania Notice expressly approving in advance the participation of each of the Sylvania Products eligible for such

discount (collectively, the “MID-Eligible Products”) and (ii), regardless whether consisting of one or more of the MID Eligible Products or one or more of the MID-Eligible Products combined with that or those of any other supplier(s), the amount of such discount when pro-rated among the products in such cart (or other container) based on their relative dollar value takes the Net Adjusted Price for each of the MID Eligible Products offered or sold to no less than ninety-five percent (95%) of its then-current eMRP, unless Sylvania has expressly approved in advance a larger deviation;

- (g) Site-wide or Category-wide Promotions: A site-wide or category-wide promotion involving a coupon, discount or rebate that would, after its application, otherwise result in offer or sales price(s) for any or all of the Covered Products below its or their respective eMRP(s), as long as: (i) such Reseller has received Sylvania Notice expressly approving in advance the participation of each of the Sylvania Products eligible for such promotion (collectively, the “Promotion-Eligible Products”); (ii) such Reseller complies with the terms and conditions of such promotion specified or so approved by Sylvania; (iii) such coupon, discount or rebate may be applied to all or almost all of the products offered by such Reseller or, in the case of a category-wide sale (such as automotive lighting), no fewer than two (2) brands in the category other than that or those of Sylvania; and (iv) such application takes the Net Adjusted Price for each of the Promotion-Eligible Products to no less than the eMRP supplied by Sylvania specifically for such promotion;
- (h) Card Benefit: A card benefit consisting of a discount, credit or rebate associated with the use of a designated credit or debit card that would, after its application, result in offer or sale price(s) for any or all of the Covered Products below its or their respective eMRP(s), as long as (i) such card benefit may be applied to all or almost all of the products offered by such Reseller and (ii) nothing promoting such card benefit mentions, uses, depicts or otherwise refers to or appears adjacent to or near any or all of: (A) the Covered Products and (B) the Sylvania Intellectual Property (as defined in the response to Question 21 of this Explanation);
- (i) Loyalty Points: The accrual of “points” or other things of value (“Loyalty Points”) in connection with the purchase or receipt of any or all products and services from such Reseller and the subsequent application of Loyalty Points (but only in one or more transactions other than the one(s) in which they were earned), even if such application results in offer or sales price(s) for any or all of the Covered Products below its or their respective eMRP(s), as long as: (i) Loyalty Points may be accrued and applied to all or almost all of the products and services offered by such Reseller, (ii) the everyday accumulation rate for Loyalty Points applicable to the purchase of any or all Sylvania Products is no more than that applicable to all or almost all other brands of products offered by such Reseller (as determined by Sylvania regardless of category) and (iii) nothing promoting Loyalty Points mentions, uses, depicts or otherwise refers to any or all Sylvania Products; except that such Reseller may offer and provide a greater accumulation rate applicable to the purchase of any or all Sylvania Products and promote it, as long as such Reseller has received Sylvania Notice in advance expressly approving such rate and such promotion;
- (j) Military Exchanges: The offer or sale of any or all of the Covered Product below its or their eMRP(s); provided that, such offer or sale: (i) is made by a Reseller that is or is a part of the Army & Air Force Exchange Service (AAFES) or one of the other U.S. military or veterans’ exchanges (i.e., that operated by the Navy (NEX), Marine Corps (MCX), Coast Guard (CGX) or Veterans Canteen Service (VCS)); (ii) is made only to customers or potential customers eligible to shop at such exchange(s); and (C) is at a Net Adjusted Price that is no less than ninety-five percent (95%) of the then-applicable eMRP, unless Sylvania has expressly approved in advance a larger deviation;

- (k) Discontinued Products: The offer or sale of one or more items of any or all of the Covered Products that is or are discontinued by Sylvania effective (i) when such item(s) do not appear on the then-current the price list(s) or product list(s) issued by Sylvania or (ii) on the date(s) referred to in Sylvania Notice of discontinuance; and
- (l) Employee Offers: The offer or sale to an employee of such Reseller for his or her personal use (and not for resale), provided that such offer or sale is reasonable (as determined by Sylvania).

The Advertising and Marketing Policy

20. What does the A&M Policy do and what products are subject to it?

The Advertising and Marketing Policy applies to all Sylvania Products and protects the intellectual property of Sylvania and references to Sylvania or its products. Specifically, a Reseller violates the A&M Policy if any advertisement, promotion or other marketing vehicle (regardless of medium, whether Conventional Advertising, Electronic Content or otherwise) used or done by or on behalf of such Reseller (a) includes any or all Sylvania Intellectual Property or mentions, uses, depicts or otherwise refers to any or all of the Sylvania Products and (b) either (i) does not conform to the Usage Policies or (ii) otherwise is not expressly approved in advance by Sylvania Notice.

21. What do the terms “Sylvania Intellectual Property” and the “Usage Policies” mean?

As used in the Policy: (a) “Sylvania Intellectual Property” means trademarks, trade names, service marks, copyrights, logotypes, images, artwork, copy or anything else in which Sylvania or its designee(s) claim(s) rights and (b) the “Usage Policies” means policies regarding (i) the use of Sylvania Intellectual Property and (ii) uses, depictions or other references of or to any or all of the Sylvania Products (including without limitation those policies relating to format and content) made available by Sylvania through Sylvania Notice.

22. Apart from using Sylvania Intellectual Property or references to or depictions of Sylvania Products without following the Usage Policies or obtaining Sylvania’s approval, can the A&M Policy be violated in other ways?

Yes. Except as expressly authorized by Sylvania Notice or otherwise allowed by the Policy, with respect to any or all items of Sylvania Products, a Reseller violates the A&M Policy by knowingly or negligently, directly or indirectly:

- (a) Certain Offers and Sales: (i) advertising, promoting or selling in any or all of the following ways: (A) outside the USA (except to the extent any or all advertising and promotion efforts cannot be reasonably restricted geographically, but this exception does not apply to sales made to those located outside the USA), (B) doing business under or using any or all business names and storefronts disapproved by Sylvania Notice and (C) online in any fashion to the extent that disapproval for any or all business names, storefronts, websites and marketplaces used for such purpose by such Reseller has been provided by Sylvania Notice and (ii) selling in any or all of the following ways: (A) to anyone for resale, other than, in the case of returns of any or all items of Sylvania Products permitted by Sylvania, to Sylvania or any or all Authorized Distributors and (B), except as otherwise allowed by the Policy, to anyone other than actual and prospective end users (but not resellers), including without limitation to the Special Accounts (as

used in the Policy, the “Special Accounts” means, collectively, each individual or entity so designated by Sylvania Notice);

- (b) URLs: Using any or all of Sylvania, its trademarks or other Sylvania Intellectual Property (or any variant(s) thereof) as or as part of one or more Uniform Resource Locators (“URLs”) or the substantive equivalent as determined by Sylvania employed by or for the benefit of such Reseller, regardless whether such use is in connection with the offering or sale of any or all Sylvania Products;
- (c) Gun Jumping: Advertising, promoting or selling prior to the release date(s) specified by Sylvania for (i) a new product or (ii) a product or product combination with a special promotional price authorized by Sylvania;
- (d) Questioning Rights: Questioning or challenging the rights claimed by Sylvania or its designee(s) in or to the Sylvania Intellectual Property or assisting in any way any other(s) in doing so;
- (e) Certain Purchases: Purchasing any or all Sylvania Products other than from Sylvania, an Authorized Distributor or, in the case of bona fide returns only, an end user; and
- (f) Counterfeits: Offering or selling one or more products that are modified or counterfeit version(s) of one or more Sylvania Products.

23. Are there any exemptions from the A&M Policy?

Yes. Provided that a Reseller otherwise complies with the Policy, such Reseller does not violate the A&M Policy by conduct that, as determined by Sylvania, cannot reasonably be modified prior to the Policy Effective Date (i.e., September 1, 2017) or the effective date of a change in the A&M Policy or the Usage Policies until such time that it is reasonable to modify such conduct (as determined by Sylvania) to be consistent with the A&M Policy or the Usage Policies (the “A&M Policy Exemption”).

Questions Applicable to both the eMRP Policy and the A&M Policy

24. Will Sylvania consider requests for additional exemptions?

No, except in extraordinary situations.

25. What happens if a Reseller relies on one or more exemptions, but does not qualify for or abused it or them?

If Sylvania determines that such Reseller does not qualify for or abused any or all of the eMRP Policy Exemptions or the A&M Policy Exemption, such exemption(s) with respect to such Reseller will be deemed withdrawn by Sylvania retroactive to the Policy Effective Date or such other date specified by Sylvania.

26. If a Reseller violates the eMRP Policy and later violates the A&M Policy, has it committed (a) one violation of each policy or (b) two violations of the Policy?

Both (a) and (b). But what is most important is that any violation of the eMRP Policy is combined with any violation of the A&M Policy to determine the number of times a Reseller has violated the Policy. So, violations of the Policy could be based on eMRP Policy violations, A&M Policy violations or both types taken together.

27. Are there other ways to violate the Policy?

Yes. Except as expressly authorized or directed by Sylvania Notice or otherwise permitted by the Policy or to the extent limited to the Covered Products as provided in the Policy, a Reseller (directly or through another

party on behalf or for the benefit of such Reseller) 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 Sylvania) in connection (directly or indirectly) with the offering or sale of any or all Sylvania Products using Electronic Marketing will be deemed to be a violation of the Policy:

- (a) Strike-Throughs: In connection with the offering or sale of any or all of the Covered Products, showing a strike-through of any eMRP(s) regardless whether one or more other prices is or are shown;
- (b) Price Variance: If a price for a Covered Product is shown in internet advertising or promotion or as part of a sale made over the internet permitted by the Policy and the price for such product varies (exclusive of applicable taxes and all shipping, delivery and insurance charges) across any or all of (i) the initial webpage mentioning, depicting or describing such product (if a price for such product appears on such page), (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 Sylvania;
- (c) Action Invitations: An invitation to click, rollover, call, email, visit a location (such as a website, store or showroom) or otherwise communicate to obtain a price for any or all of the Covered Products;
- (d) Group Purchasers: With respect to the Covered Products, the promotion or sale to group purchasers, except at price(s) no less than each applicable eMRP;
- (e) Trade-ins: Advertising or promoting a trade-in offer or applying a trade-in discount, allowance or rebate for one or more Sylvania Products or 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;
- (f) Itemization: Except as otherwise directed by the Policy, on any and all proposals, quotations, contracts, invoices and receipts provided to or prepared for the benefit of any or all of such Reseller'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 Reseller to itemize the price charged for each of the products and services shown, referred to or otherwise included on or in such Customer Communications, regardless whether such Customer Communications contain(s) any reference to any or all of the Covered Products;
- (g) Audit Compliance. Failure to promptly provide information requested by Sylvania or otherwise cooperate with Sylvania in auditing compliance by such Reseller with the Policy, which audit(s) may include without limitation one or more representatives of Sylvania appearing at the place(s) of business of such Reseller and examining books and records related to such compliance; and
- (h) Circumvention: Each tactic which Sylvania determines is intended to circumvent application or operation of the Policy.

28. How is the situation treated when a Reseller requests approval from Sylvania under the Policy, but doesn't hear back?

If the approval of Sylvania under the Policy is sought by a Reseller, the failure to obtain it no later than seven (7) days after the date of such request will be deemed to be a disapproval of each thing for which such approval is sought.

29. What does the Policy say about product availability?

The availability of any or all items of Sylvania Products may be changed by Sylvania anytime, in which case, Sylvania and each Authorized Distributor may without liability or penalty (a) cancel all pending orders (even if

accepted) from a Reseller for such changed item(s) and (b) refuse to accept any new orders from a Reseller for such item(s).

30. What happens if a Reseller violates the Policy?

One or more of the following will occur following verification by Sylvania to its satisfaction that a Reseller has violated the Policy:

Violation	Consequences
First Violation	Sylvania will provide notice of such violation to such Reseller and may request that such Reseller remove or stop, or cause to be removed or stopped within the time period specified in such notice, which typically will be one of the following: (a) no later than seventy-two (72) hours (usually for a violation involving Electronic Content) or (b) by the conclusion of the period otherwise specified by Sylvania (regardless whether any action need be taken, a violation has been accrued).
Second Violation	Effective as of the date specified in notice from Sylvania to such Reseller and continuing for the next thirty (30) days, either of the following will occur with respect to each stock-keeping unit ("SKU") involved in the second violation (as determined by Sylvania): (a), in the case of orders for any or all items of Sylvania Products submitted by Reseller directly to Sylvania ("Direct Orders"), half of the implicit discount of ten percent (10%) for advertising and promoting Sylvania Products (the "Implicit Discount") will be lost for such SKU, so that the acquisition price paid by such Reseller for such SKU is increased by five percent (5%) or (b) the authorization of such Reseller to purchase such SKU will be immediately revoked by Sylvania, so that all pending orders (even if accepted) from such Reseller will be cancelled and no new orders will be accepted from such Reseller for each such SKU.
Third Violation	Effective as of the date specified in notice from Sylvania to such Reseller and continuing for the next ninety (90) days, either of the following will occur with respect to any and all of the Sylvania Products: (a), in the case of Direct Orders, the Implicit Discount will be lost, so that the acquisition price paid by such Reseller for each of such products is increased by ten percent (10%) or (b) the authorization of such Reseller to purchase any and all of such products will be immediately revoked by Sylvania, so that all pending orders (even if accepted) from such Reseller will be cancelled and no new orders will be accepted from such Reseller for each such product. (If the penalty for the third violation of the Policy is imposed before thirty (30) day period for the second violation of the Policy has run, Sylvania may extend the period for the third violation by the time remaining for the second.)
Fourth Violation	Effective as of the date specified in notice from Sylvania to such Reseller and continuing until Sylvania provides notice to such Reseller otherwise, if ever, the authorization of such Reseller to purchase any or all of the Sylvania Products designated by Sylvania (the "Designated Products") will be immediately revoked by Sylvania, so that all pending orders (even if accepted) from such Reseller will be cancelled and no new orders will be accepted from such Reseller for any or all of the Designated Products.

Continued Violations	If such Reseller fails to remove or stop, or cause to be removed or stopped, a violation within the time period specified by Sylvania in the notice of such violation, such failure will be a subsequent violation of the Policy.
Additional Violations after the Fourth	In the event that, after the fourth violation of the Policy by such Reseller, either or both of the following is or are relevant: (a) the Designated Products do not include all Sylvania Products or (b) Sylvania provides notice to such Reseller that Sylvania has re-authorized such Reseller to purchase any or all of the Designated Products, then each act or failure to act of such Reseller that constitutes a violation of the Policy (or is deemed by Sylvania to be such a violation) will receive the same treatment as if a new fourth violation had then occurred.

31. How are violations of the Policy treated?

Each violation of the Policy is cumulative. Except as noted, the consequences of each violation can 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.

32. If a Reseller buys from an Authorized Distributor and violates the Policy, how are the restrictions on product access enforced?

For each Reseller purchasing any or all Sylvania Products from one or more Authorized Distributors, the Policy will be enforced through a Do-Not-Sell List provided to all Authorized Distributors. As used in the Policy, “Do-Not-Sell List” means Sylvania Notice which indicates that (a) one or more individuals or entities is or are not authorized by Sylvania to promote or sell Sylvania Products or (b) the authorization of a Reseller to promote and sell Sylvania Products has been revoked in whole or part with respect to all such products or revoked only with respect to certain of such products.

33. Will a Reseller violating the Policy be warned first?

No. Sylvania cannot provide any advance warning.

34. How are violations of the Policy handled if a Reseller sells Sylvania Products through more than one business?

Unless Sylvania designates otherwise, for purposes of compliance with the Policy, each business (regardless of the name(s) used and location(s)) directly or indirectly owned, operated or associated with a Reseller (as determined by Sylvania) will be considered to part of such Reseller, so that each violation by any such business will be aggregated with that or those of each other such business and attributed to such Reseller.

35. Does Sylvania have any recourse beyond the consequences described for violating the Policy?

Yes. The consequences of violating the Policy are non-exclusive and do not limit or waive in any way the legal, equitable and other remedies available to Sylvania, particularly for conduct relating to Sylvania Intellectual Property.

36. How are minimum retail price policies (like the eMRP Policy) treated under the laws of the United States?

At least four Supreme Court cases taken together—U.S. v. Colgate (1919), Monsanto v. Spray-Rite (1984), Business Electronics v. Sharp (1988) and Leegin v. PSKS (2007)—have recognized that a supplier may establish the terms and conditions under which it will sell its products, including the terms and conditions affecting retail price. Particularly in the resale pricing area, such terms and conditions should be determined by the supplier unilaterally, i.e., without agreeing with any of its customers. Although there generally is more latitude in matters relating to advertising and marketing matters, Sylvania will not discuss conditions of acceptance of the Policy nor solicit or accept any assurances of compliance in order to maintain the Policy as unilateral.

37. Do the concerns in the U.S. about discussing the Policy mean that Sylvania cannot explain the Policy?

No. Sylvania will answer questions about the Policy, but it will not do anything that may change the nature of the Policy into something other than unilateral. As a result, Sylvania cannot give any warning to a Reseller violating the Policy, nor can it ask for or accept pledges of compliance from Resellers.

Certain materials regarding or related to the Policy or otherwise intended for Resellers can be found at: www.sylvania-automotive.com/arp.

All questions or requests for additional information regarding the Policy and all information regarding potential violations of the Policy must be in writing and are to be addressed to the following person at Sylvania responsible for the Policy (“Policy Administrator”):

Policy Administrator, OSRAM SYLVANIA Inc., 275 West Main Street, Hillsboro, NH 03244
email: policyadmin@OSRAM.com

Only the Policy Administrator or the Policy Administrator’s designated representative(s) is or are authorized by Sylvania to answer questions regarding the Policy, to discuss the Policy or to accept information regarding potential violations. Except for the Policy Administrator and such representative(s), no Sylvania employee or independent sales representative has authority to comment upon or to take any action under the Policy.

38. Will Resellers that follow the Policy violate U.S. antitrust laws?

No. But they should avoid communicating to Sylvania their acceptance of the Policy or their compliance with them. Honoring the Policy by offering or selling any or all of the Covered Products at or above each relevant eMRP or avoiding certain conduct or the use of certain terms is not communicating acceptance or compliance.

39. If a Reseller notifies Sylvania that another Reseller has violated the Policy, may Sylvania act on this information?

Yes. Such notification must be in writing addressed to the Policy Administrator and document the apparent violation. Sylvania will investigate and, if warranted, take action against the Reseller violating the Policy, as long as the Reseller that contacted Sylvania does not agree with the company on a specific retail price. (Following the Policy is not an agreement.) In addition, Sylvania will not disclose to the Reseller that contacts it the outcome of its investigation, as, although Sylvania enforces its policies uniformly, all of the dealings between the company and its Resellers are confidential. Sylvania also may use the services of one or more outside firms to monitor compliance with the Policy.

40. Why are the rules so strict?

In order to comply with the standards established by the law, Sylvania must carefully stay within its boundaries.

41. How long will the Policy be in effect?

The Policy will remain in effect with respect to a Reseller until Sylvania notifies it otherwise, but Sylvania may modify or suspend the Policy at any time, including, among other things, by changing their terms and conditions in any way. It also may grant variances as it deems appropriate for limited-time promotional offers and the like.

42. Can Sylvania add other products or services to the Policy and establish minimum offering and selling prices for them, remove certain products or services from coverage under the Policy or change the eMRP for a Covered Product?

Yes. Sylvania may do so at any time.

43. Are other companies doing this?

Yes. A number of automotive aftermarket manufacturers and those in other industries have adopted policies to address the same or similar concerns as those faced by Sylvania.

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