



RETAIL ADVERTISING POLICY

Effective 1-4-11

In order to facilitate the proper retail advertising presentation of Western Power Sports / FLY Racing Branded and Trademarked products we are supplying our valued dealers the following Retail Pricing Policy. The policy will be in place only with respect to the advertising associated with our Trademarks, Names, Brands, Logos, Marks or copywrited materials in catalogs and Publications of any kind including print, electronic, video or audio. Our policy in no way implies any attempt to control, in any way, the dealer's price of the aforementioned products. It is simply a policy of dealer retail advertising meant to protect the image, goodwill and market value of our brands and trademarks. Prior authorization of dealer advertising material can be obtained by submitting examples thereof to the Boise headquarters: attention sales department.

1. Brands, Marks, Trademarks, Names and Logos affected by this policy shall not be advertised in any retail media print, video, electronic or otherwise at greater than 10% off retail as listed in current Western Power Sports / FLY Racing suggested retail price publications
2. Items affected by this policy are FLY Street and FLY Racing Products.
3. The policy is in effect only as it relates to "current merchandise"; products we promote as non-current or closeouts or any others we specifically exclude are not affected by this policy. However, any additional discounting of non-current products must indicate the product is non-current in such advertisement.
4. Advertising the covered brands on Ebay and other Internet auction sites or any printed advertising is allowed in accordance with the above stated policies. Minimum stated bids must be included and also comply with the maximum 10% off suggested retail price policy.
5. Advertising the covered brands in a way that offers or implies a price or discount greater than 10% off suggested retail price is a violation of the advertising policy. Such as, but not limited to "Make offer".
6. Advertising packages, which contain covered and non-covered items should not result in deeply discounted non-covered items, which in effect discounts covered brands beyond the 10% policy.
7. When a special printed program is offered to dealers from the manufacturer, the dealer may reflect that special in their retail advertising. For example, if WPS is offering a "Buy a set of gear, get a free helmet" program, the dealer may pass this special on to the retail public if the dealer so chooses.

Verified violations of the above Retail Advertising Policy for the covered Brands referenced will be addressed in the following manner.

First Violation: Dealer will receive written or verbal warning. Internet advertising will be given 24 hours to make the proper corrective changes.

Second Violation: Dealer will lose the right to use trademarked brand names, logos and images in any advertising with regard to all products involved in the violation for a period of no less than 30 days.

Third Violation: Dealer will lose the right to use trademarked brand names, logos and images in any advertising with regard to all products involved in the violation for a period of no less than 4 months with reinstatement at the discretion of WPS.

Fourth Violation: Dealer will lose the right to purchase all products involved in the violation for a period of no less than 12 months with reinstatement at the discretion of WPS.

Western Power Sports reserves the right to amend this policy on an ongoing basis, as it deems necessary.

Sincerely,

Craig Shoemaker
President
Western Power Sports, Inc.