



## **Kryptonite Minimum Advertised Price Policy (“MAP”)**

**Effective:** July 1, 2013

### **INTRODUCTION TO PROGRAM**

Schlage Lock Company, LLC, through its Kryptonite portable security division (“Kryptonite”), has established a Minimum Advertised Price Policy (“MAP Policy”), effective July 1, 2013, which will apply to the advertising of Kryptonite Products.

Kryptonite provides premium security solutions to bicyclists and powersport enthusiasts. Kryptonite is the lock brand for people who want the certainty and freedom that comes from having premium u-locks, disc locks, cables, chains and electronic GPS tracking and monitoring solutions for their bicycles and powersport vehicles.

Kryptonite has elected to implement a MAP Policy to govern the advertising of the Kryptonite Products to:

- Position the Kryptonite Products effectively against competition;
- Aid in creating a consistent nationwide advertising campaign;
- Ensure that advertised prices represent an affordable price point while maintaining its public perception and reputation as a manufacturer of premium high quality, performance products and accessories.
- Otherwise position the Kryptonite Products for success in a competitive marketplace

Although retailers are free to determine their own retail prices, Kryptonite believes that failure to strictly comply with this policy will negatively affect the reputation, goodwill and customer service associated with Kryptonite Products and the general competitiveness of Kryptonite Products. Therefore, Kryptonite will cease sales of Kryptonite Products to retailers who fail to comply with this MAP Policy. **THE MAP POLICY DOES NOT APPLY TO ACTUAL RESALE PRICES.** The MAP Policy is not intended as, nor is it to be construed as, an attempt by Kryptonite to set resale prices, or an agreement between Kryptonite and any reseller with respect to resale prices. In addition, Kryptonite will not accept any assurances of compliance from any reseller. This policy is strictly limited to restrictions on advertised price in marketing materials.

### **GUIDELINES**

The MAP Policy Guidelines are applicable to all storefront, direct mail, and internet retailers. Authorized Kryptonite retailers advertising (internet, catalogue, billboards, television, radio, mass media, direct mail, email, etc.) any Kryptonite Products may not advertise Kryptonite Products at a price less than the applicable MAP, and may not advertise any discounts, rebates, credits, or similar price reduction that serves to reduce the net advertised price below MAP, whether any such reduction is expressed in terms of specific dollar amounts or more generally described as a reduction from MAP or the selling price. Retailers may also participate in Kryptonite specified promotional periods, if applicable. During these scheduled periods only, retailers may temporarily reduce their advertised prices to levels that are equal to or greater than those specified on the ‘Promotional’ price list.

### **MINIMUM ADVERTISED PRICES**

For purposes of this MAP Policy, the MAP for Kryptonite Products shall be as set forth in Exhibit A, as amended by Kryptonite from time to time in its sole discretion.

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## **PROMOTIONAL PERIODS**

Kryptonite will offer two (2) Promotional Periods: May 15 – June 1; and August 15 – September 15. During each Promotional Period, the retailer may discount the Kryptonite Products up to 10% off of MAP. Kryptonite reserves the right to change, modify, or discontinue the Promotional Periods in its sole discretion.

## **ENFORCEMENT**

Retailers violating the MAP Policy will be subject to the following, unless Kryptonite in its sole discretion chooses to take other action:

1. **First offense:** Retailer will be placed on the Do Not Ship list for a period of fifteen (15) days.
2. **Second offense:** Retailer will be placed on the Do Not Ship list for a period of forty-five (45) days.
3. **Third offense:** Retailer will be placed on the Do Not Ship list for a period of one (1) year.

In the event of a violation, Kryptonite reserves the right to terminate any and all rights and/or access that a retailer has to Kryptonite's intellectual property, including trademarks, logos, and copyrighted images. Kryptonite also reserves the right to suspend or terminate any distributor/wholesaler in the event that the distributor/wholesaler fails (intentionally or unintentionally) to comply with the Do Not Ship list.

## **GENERAL TERMS**

1. Sales of any Kryptonite Products listed on the current Kryptonite wholesale price list through Internet auctions (such as eBay) are strictly prohibited.
2. Use of "See Price in Cart" and similar online functionality to indirectly advertise lower pricing is not permitted.
3. Authorized Kryptonite retailers may market, advertise, offer to sell, sell and/or fulfill orders of Kryptonite Products from the dealer's websites and catalogs in compliance with the MAP policy.
4. No customer may use, apply for or register any trademarks, company names or domain names that are identical or confusingly similar with Kryptonite's trademarks, product names or company names or any other intellectual property right identical or confusingly similar to Kryptonite IP, without Kryptonite's prior written consent.
5. Kryptonite Products purchased in the United States are intended for U.S. distribution only and may not be distributed or promoted outside of the United States territories.
6. The Map Policy applies to all retailers and wholesalers/distributors who sell Kryptonite Products (purchased either directly from Kryptonite or through a wholesaler/distributor).
7. Kryptonite will provide its retailers with its MSRP and Minimum Advertised Price List for Kryptonite Products on an annual basis or as prices change. Retailers will be notified at least 30 days prior to any changes in Kryptonite price list and or MAP Policy and must have websites and other advertisements in compliance by the price list effective date.
8. Kryptonite may, in its discretion, directly terminate, and may require its wholesalers/distributors to terminate, its agreements with, and any further shipments of Kryptonite Product to, any retailer and/or wholesaler/distributor who fails to comply with the MAP Policy and such termination shall be effective upon delivery of notice of termination to the retailer and/or wholesaler/distributor by Kryptonite.

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9. Kryptonite recognizes the retailer should retain some flexibility in the marketing and sale of Kryptonite Products, in order to reflect local conditions in retail practices, provided that such practices are within the MAP Policy. Accordingly each of the following constitute exceptions to the strict compliance with that policy: direct sales to employees of the retailers, sales made in connection with storewide loyalty programs, and closeouts (defined as products no longer listed for sale on the current Kryptonite wholesale price list).
10. UNDER NO CIRCUMSTANCES ARE KRYPTONITE EMPLOYEES, VENDORS, SUPPLIERS, OR SALES REPRESENTATIVES AUTHORIZED TO, NOR SHALL THEY, DISCUSS WITH ANY RETAILERS OR OTHER PERSONS THE SALES PRACTICES OF ANY RETAILER OR THE APPLICATION OF THE MAP POLICY TO ANY RETAILER. ANY QUESTIONS OR COMMENTS CONCERNING THE MAP POLICY MUST BE DIRECTED EXCLUSIVELY TO KRYPTONITE, ATTENTION: SALES PRESIDENT.
11. Kryptonite reserves the right to unilaterally modify, change or update its MAP Policy and Minimum Advertised Price List at any time.

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## Exhibit A

### Bicycle & Powersport Minimum Advertised Price List

#### U-locks

##### New York Ulock Series

Item name	item #	SIZE	2013 MSRP \$USD	2013 MAP
New York FAHGETTABOUDIT Lock	720018 <b>997986</b>	(3.25"x6") 18mm x 8.2cm x 15.3cm	\$109.95	\$98.95
New York Lock Std. w/ FlexFrame-U bracket	720018 <b>000952</b>	(4"x8") 16mm x 10.2cm x 20.3cm	\$98.95	\$88.95
New York Lock LS / MC	720018 <b>180111</b>	(4"x10.25") 16mm x 10.2cm x 26cm	\$102.95	\$92.95

##### Evolution Ulock Series

Item name	item #	SIZE	2013 MSRP \$USD	2013 MAP
Evolution Series 4 Std. w/ FlexFrame-U bracket	720018 <b>001010</b>	(4"x9") 14mm x 10.2cm x 22.9cm	\$74.95	\$66.95
Evolution Series 4 LS w/ FlexFrame-U bracket	720018 <b>001027</b>	(4"x11.5") 14mm x 10.2cm x 29.2cm	\$78.95	\$70.95
Evolution Mini-5 w/ FlexFrame-U bracket	720018 <b>000983</b>	(3.25"x5.5") 13mm x 8.2cm x 14cm	\$63.95	\$57.95
Evolution Mini-7 + 4' Flex w/ FlexFrame-U bracket	720018 <b>000990</b>	(3.25"x 7") 13mm x 8.2cm x 17.5cm	\$67.95	\$60.95
Evolution Mini-9 LS w/ FlexFrame-U bracket	720018 <b>001003</b>	(3.25"x9.5") 13mm x 8.2cm x 24.1cm	\$66.95	\$59.95

##### KryptoLok Ulock Series

Item name	item #	SIZE	2013 MSRP \$USD	2013 MAP
KryptoLok Series 2 Std. w/ FlexFrame-U bracket	720018 <b>001041</b>	(4"x9") 13mm x 10.2cm x 22.9cm	\$43.95	\$39.95
KryptoLok Series 2 LS w/ FlexFrame-U bracket	720018 <b>001058</b>	(4"x11.5") 13mm x 10.2cm x 29.2cm	\$44.95	\$39.95
KryptoLok Series 2 ATB w/ FlexFrame-U bracket	720018 <b>001065</b>	(5" x 9") 13mm x 12.7cm x 22.9cm	\$44.95	\$39.95
KryptoLok Series 2 Std + 4' Flex w/FlexFrame-U bracket	720018 <b>001072</b>	(4"x9") 13mm x 10.2cm x 22.9cm	\$47.95	\$42.95
KryptoLok Series 2 Mini-7 w/ FlexFrame-U bracket	720018 <b>001034</b>	(3.25"x 7") 13mm x 8.2cm x 17.5cm	\$40.95	\$36.95

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## Chains & Disc padlocks

### New York Chain Series

Item name	item #	SIZE	2013 MSRP \$USD	2013 MAP
New York Legend 1515 Chain w/NY PadLock - 5'	720018 <b>999577</b>	15mm RND x 150cm (5') - 16mm Shackle	\$235.95	\$211.95
New York Legend 1590 Chain w/NY PadLock - 3'	720018 <b>999508</b>	15mm RND x 90cm (3') - 16mm Shackle	\$179.95	\$161.95
New York Fahgettaboudit 1415 Chain w/NY Disc Lock - 5'	720018 <b>999492</b>	14mm Hex x 150cm (5') - 15mm Shackle	\$174.95	\$156.95
New York Fahgettaboudit 1410 Chain w/NY Disc Lock - 3'3"	720018 <b>999485</b>	14mm Hex x 100cm (3'3") - 15mm Shackle	\$137.95	\$123.95
New York Chain 1217 w/ EV series 4 Disc Lock - 5'6"	720018 <b>999522</b>	12mm Hex x 170cm (5'6") - 14mm Shackle	\$157.95	\$141.95
New York Chain 1210 w/ EV series 4 Disc Lock - 3'3"	720018 <b>999515</b>	12mm Hex x 100cm (3'3") - 14mm Shackle	\$102.95	\$92.95
New York Noose 1213 w/ EV series 4 Disc Lock- 4'3"	720018 <b>999546</b>	12mm Hex x 130cm (4'3") - 14mm Shackle	\$132.95	\$119.95
New York Noose 1275 w/ EV series 4 Disc Lock- 2'4"	720018 <b>999539</b>	12mm Hex x 75cm (2'4") - 14mm Shackle	\$94.95	\$84.95

### Evolution Series 4 Chain

Item name	item #	SIZE	2013 MSRP \$USD	2013 MAP
Evolution Series 4 1055 MINI Integrated Chain 21"	720018 <b>000792</b>	10mm Hex x 55cm (21")	\$68.95	\$61.95
Evolution Series 4 1090 Integrated Chain 35.5"	720018 <b>000808</b>	10mm Hex x 90cm (35.5")	\$79.95	\$71.95
Evolution Series 4 1016 Integrated Chain 5.25'	720018 <b>000815</b>	10mm Hex x 160cm (5' 3")	\$104.95	\$93.95

### KryptoLok Series 2 Chain

Item name	item #	SIZE	2013 MSRP \$USD	2013 MAP
KryptoLok Series 2 955 MINI Integrated Chain 21"	720018 <b>000822</b>	9mm Sqr. x 55cm (21")	\$48.95	\$43.95
KryptoLok Series 2 995 Integrated Chain - 37.5"	720018 <b>000839</b>	9mm Sqr. x 95cm (37.5")	\$59.95	\$53.95
KryptoLok Series 2 915 Integrated Chain - 5'	720018 <b>000846</b>	9mm Sqr. x 150cm (5' )	\$84.95	\$75.95

### Keeper Chain Series

Item name	item #	SIZE	2013 MSRP \$USD	2013 MAP
Keeper 785 Integrated Chain - 32"	720018 <b>000853</b>	7mm Sqr. x 85cm (32" )	\$34.95	\$30.95

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## Disc Locks

### New York Disc Series

Item name	item #	SIZE	2013 MSRP	2013 MAP
			\$USD	
New York Disc Lock - "Liberty" Yellow/Black	720018 <b>998457</b>	14mm Shackle 5.8cm x 5.6cm (2.3"x2.2")	\$76.95	\$68.95

### Evolution Disc Series

Item name	item #	SIZE	2013 MSRP	2013 MAP
			\$USD	
Evolution Series 4 Disc Lock Premium Pack -ORANGE	720018 <b>999591</b>	14mm Shackle 4.8cm x 5.4cm,	\$60.95	\$54.95
Evolution Series 4 Disc Lock - Black -	720018 <b>999607</b>	14mm Shackle 4.8cm x 5.4cm,	\$56.95	\$50.95
Evolution Series 4 Disc Lock - Red -	720018 <b>999621</b>	14mm Shackle 4.8cm x 5.4cm,	\$56.95	\$50.95
Evolution Series 4 Disc Lock - Yellow -	720018 <b>999614</b>	14mm Shackle 4.8cm x 5.4cm,	\$56.95	\$50.95

## Electronic

### RealTime GPS

Item name	item #	SIZE	2013 MSRP	2013 MAP
			\$USD	
Kryptonite RealTime GPS	720018 <b>001256</b>		\$395.95	\$395.95
Kryptonite RealTime GPS	720018 <b>001416</b>		\$395.95	\$395.95