

Unilateral Pricing Policy (UPP)

Focal Naim America, (“Focal Naim”), recognizes that its high-quality resellers invest time and resources to deliver an extraordinary customer experience through knowledgeable staff and compelling vendor presentation. To support its resellers’ efforts, Focal Naim wishes to establish policies that allow resellers to earn the profits necessary to maintain the high level of customer excellence people have come to expect from Focal Naim resellers.

In order to successfully compete in the marketplace and to ensure that Focal Naim’s high-quality products are adequately promoted and supported, Focal Naim has announced this Unilateral Price Policy (“**UPP**”). Hereafter, all sales to End-Users of Products set forth in Focal Naim’s Unilateral Price Grid (attached) inside the United States shall be subject to this UPP.

The terms of the UPP are as follows:

- 1) Resellers shall not advertise Products at prices below the Minimum Advertised Price (“MAP”) set forth by Focal Naim, and as reflected in the applicable Unilateral Price Grid. Note: A price advertised even one cent below the MAP is considered non-acquiescence. Focal Naim reserves the right from time to time to alter, modify, suspend, or cancel this UPP, the Products covered and/or the minimum advertised price, in its sole and absolute discretion at any time. Focal Naim is the sole arbiter of such decisions and reserves the right to make any such decision unilaterally.
- 2) The UPP applies to all advertised prices for the Products. The UPP is not, and is not intended to be, an agreement or understanding of any kind, express or implied, regarding the price at which the Reseller may sell the Products (or any Focal Naim products). A Reseller may sell the Products (and all Focal Naim products) at any price it chooses. No officer, employee, representative or agent of Focal Naim has authority to (i) enter into any agreement or understanding with respect to the price at which the Reseller sells the Products; or (ii) coerce or otherwise force the Reseller to price the Products at any level other than that unilaterally determined by the Reseller. The Reseller within its own discretion can choose to acquiesce or not acquiesce with this policy. Focal Naim will not discuss conditions of acceptance related to this policy. This policy is non-negotiable and will not be altered, modified or amended for any Reseller. Please note that following the actions of another reseller is not an exception to this Unilateral Policy and will be considered non-acquiescence.
- 3) The UPP applies to all advertisements and marketing of Products in any and all media, including and without limitation: newspapers, direct mail flyers

or circulars, catalogs, television, radio, online/electronic media, and all other media. The UPP does not apply to in-store banners, displays, or price tags or other in-store advertising that is not distributed externally to End-Users. The UPP, however, prohibits the use of phrases or graphical representations that are intended to suggest, or that would allow an End-User to infer, that a lower price than the Minimum Advertised Price may apply.

The following are actions that constitute acquiescence with this UPP:

a) Offering free shipping or financing on Product(s) shall constitute acquiescence with the UPP.

b) Focal Naim, from time to time within its sole discretion may announce promotional prices of products listed in the Unilateral Price Grid.

The following are actions that DO NOT constitute acquiescence with this UPP:

a) Website features such as “click for price,” “see price in cart,” “add to cart for best price,” automated “bounce-back” pricing emails, pre-formatted email responses, forms, and automatic price display for any items prior to checkout, and other similar features are considered to be communications initiated by the dealer (rather than by the End-User), constitute advertisements and shall not constitute acquiescence with the UPP.

b) The issuance of non-Focal Naim announced rebates (in any form, including coupon codes) on Product(s) listed in the Unilateral Price Grid.

c) Including free or otherwise discounted products (whether Focal Naim products or another brand's products) along with the sale of Products shall not constitute acquiescence with this UPP if such inclusion has the effect of discounting the advertised price of the Product below the price on the Unilateral Price Grid for that Product.

4) If Focal Naim determines that any Reseller has violated this UPP, then Focal Naim may within its sole discretion and without assuming any liability, cancel pending orders and may indefinitely refuse to accept new orders for Products.

5) Focal Naim may engage in monitoring of advertised prices for the Products sales in all channels, either directly or via the use of third parties. Third parties retained by Focal Naim may engage in the monitoring of product sales. Focal Naim’s sales personnel have no authority to modify or grant exceptions to this Unilateral Policy. All questions regarding interpretation of this Unilateral Policy should be directed to enforcement@focal-naim.com

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