



ULLMAN SAILS INTERNATIONAL

Dealer Policy

June 10, 2009

The Dealer Agreement Policy dated July 8, 2008, is hereby replaced in its entirety with the following:

Licensees are required to register all dealers located outside of a licensee's protected territory. All such dealers must be approved by Ullman Sails International (USI). Licensees are not required to request approval to set up a dealer within their licensed territory.

All dealers are subject to the terms and conditions in the Ullman Sails License Agreement and licensees are responsible for ensuring all their respective dealers abide by these terms and conditions, including compliance with protected territories, royalties due and usage of the Ullman Sails marks. Each licensee will be held financially responsible for all sails ordered and sold by its dealers.

Dealer Categories

As of June 10, 2009, registered dealers will be classified into one of two primary categories – standard dealers and major dealers. Ullman Sails International will determine the classification of each dealer based on the dealer's primary business and investment in the territory by the licensee.

Standard Dealers:

- Defined as individuals, sailmakers and marine businesses that sell Ullman Sails for a licensee, but not as their primary business.

Major Dealers:

- Defined as individuals whose primary business is selling sails for an Ullman Sails licensee. A major dealer cannot be affiliated with another sailmaker.
- Licensee has a substantial investment in the dealer's local area, including the establishment of a sales facility and possibly a repairs facility.
- The licensee's activity and investment in the dealer's territory justifies protection of the dealer's territory. Upon approval by USI, the licensee may be granted the territory and the license agreement amended accordingly.

Registration & Approval

Dealers Located Outside of Protected Territory

Dealer registration not only allows USI to regulate protected loft territories, but also to provide all of the lofts with a current list of dealers for the group. USI requires that a licensee set up an agreement with the prospective dealer located outside its protected territory using the Ullman Sails Dealer Agreement Letter. Once the Dealer Agreement Letter has been signed by both parties, it must be submitted with a completed Dealer Registration Form to USI for approval by David Ullman. Approval of the dealer arrangement will not be unreasonably withheld.

The Dealer Registration Form and a template for the "Ullman Sails Dealer Agreement Letter" are both available on the Ullman Sails extranet.

Both dealer categories follow the same registration process. For major dealers, a licensee may request protected territory by submitting a proposal outlining the exact boundaries and any other terms to USI.

Once a dealer has been approved, Ullman Sails International will notify the licensee in writing. A dealer's name will depend on its classification by USI:

For Standard Dealers:

- The dealer may not refer to itself as "Ullman Sails – (location)." This applies to all dealers registered with USI after June 10, 2009. All dealers registered with USI prior to June 10, will continue using their respective name as agreed to with USI.

For Major Dealers:

- Upon approval, a major dealer may use the name "Ullman Sails – (location)" as the name of the business. This is otherwise reserved for licensees.

Dealers Located inside a Licensee's Protected Territory

A licensee may establish as many dealers as he or she deems necessary within his/her protected territory. However, in order to list a dealer on the U/S website, the licensee must register the dealer with USI using the Dealer Registration form. USI will determine the classification of each dealer and post the dealer's information using the guidelines below.

Advertising

If a dealer is located outside of a licensee's protected territory, the licensee may not use a dealer's name or location in any advertising until the dealer has been registered with USI. In addition, a potential dealer outside of protected territory may not use the Ullman Sails name or logo until the dealer has been approved by USI.

Posted Information

Dealer Directory

Ullman Sails International will keep an up-to-date directory of registered dealers on the Ullman Sails extranet for use by all lofts.

Ullman Sails Website Listings

All dealers may be listed on the Ullman Sails website, but must be registered with USI in order to be listed. Dealers located outside of a loft's protected territory will automatically be posted once approved by USI. For dealers located in a licensee's protected territory, the licensee must register the dealer using the Dealer Registration Form. Dealers will be listed using the following guidelines:

For Standard Dealers:

- Dealer will be listed with the name of the business/individual and be designated as a member of the "U/S Dealer Network."
- A yellow dot will be added to the U/S website "Loft Locator" map to denote the location of the dealer as a member of the U/S Dealer Network.

For Major Dealers:

- Dealer will be listed as “Ullman Sails – (location)”
- A red dot will be added to the U/S website “Loft Locator” map to denote the location of a major dealer for the Ullman Sails group.

Licensee Management

Licensee is responsible for informing its dealers of all applicable Ullman Sails group policies and procedures, and providing marketing and advertising support.

USI will not setup a China Sail Factory account for any dealer category. The licensee must manage and control all ordering through CSF or any other Ullman Sails supplier/manufacturer.

Licensee will determine whether or not it is appropriate to grant the dealer access to the Ullman Sails extranet. The licensee must coordinate the new account for the dealer with USI.

Licensee is required to pay royalties to USI for all sails sold by its dealers.

If a dealer website is listed on the Ullman Sails website, the dealer’s website must clearly display an Ullman Sails logo on the homepage.

Dealer Termination

If a licensee terminates a registered dealer agreement, the licensee must notify USI immediately.

Date: June 10, 2009
By: David Ullman
CC: All Ullman Sails Lofts