



FAQs for S&B's Unilateral Pricing Policy

What is a Unilateral Pricing Policy?

A Unilateral Pricing Policy is a policy that establishes the minimum resale price (Retail Price) for S&B's branded products.

What is the Retail Price?

The Retail Price for our products is the list price which can be found at www.sbfilters.com or on our dealer price sheet.

Is this the same as a MAP program?

No. A MAP program is focused on the advertised price while a Unilateral Pricing Policy is concerned about the actual selling price of the product.

How can the Unilateral Pricing Policy be violated?

Although you remain free to establish your own prices, if you sell an S&B product below the Retail Price you will violate S&B's Unilateral Pricing Policy.

What discounts can a dealer provide?

Free shipping or installation can be provided to consumers.

What are examples of discounts that are not allowed?

Examples of discount violations include any discount that would bring the net-realized price paid to below the Retail Price - examples include offering 10% off the Retail Price, a coupon to be used on a future purchase, instant or mail-in rebates, free gas card, etc.

Is selling on Amazon and other marketplaces allowed?

No. A Dealer shall breach the Authorized Dealer Agreement by selling on Amazon, eBay, Walmart or similar marketplaces.

Can a dealer sell an open box at a discounted price?

Selling any product below the Retail Price even if that item is an "open box" or returned item is a violation of the Unilateral Pricing Policy.

How do I get one of my dealers authorized to sell S&B?

Simply complete the form at <https://www.sbfilters.com/new-dealer>. S&B will review your request and let you know if the dealer was approved or denied usually within one (1) business day.

What is the maximum discount a Warehouse Distributor (“WD”) can sell to a dealer WITHOUT violating the Unilateral Pricing Policy?

In the USA, the maximum discount a WD can offer is 23% off the jobber price. In Canada, the maximum discount is 18%.

Do I sign the Unilateral Pricing Policy?

No. You sign up to be an authorized dealer. You do NOT sign our Unilateral Pricing Policy - this is unilateral policy - meaning we announce it and you choose to accept it or not. It is solely your decision to accept the Retail Price.

What are the penalties?

If you violate the Unilateral Pricing Policy, you will no longer be able to purchase S&B branded product. For example, if you sell the S&B Air Filter Model No. 75-5068 below the Retail Price of \$329, you will no longer be able to purchase S&B products.

How long will I be penalized for?

The penalty for violating the Unilateral Pricing Policy is indefinite.

Is there a separate Retail Price for Canada?

Yes, due to the material difference in the currency exchange rate between the U.S. and Canada, a separate Canadian Dealers and Jobbers Floor Price (Retail Price) has been established and published.

When did S&B’s Unilateral Pricing Policy go into effect?

The Unilateral Pricing Policy went into effect May 1, 2007.

Is this legal?

Yes. This is legal. U.S. antitrust law states that it is lawful for manufacturers to adopt a unilateral policy regarding minimum resale prices and to deal only with resellers that independently choose to follow the policy. Many companies in other industries have already implemented a similar program.

How do I get more information about this Unilateral Pricing Policy?

Please visit www.sbfilters.com or direct inquiries to bcarter@sbfilters.com



S&B FILTERS

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S&B Filters, Inc., and its affiliated entity, S&B Tanks (collectively "S&B") have unilaterally implemented the unilateral pricing policy described herein (the "Policy") effective August 15, 2007 (the "Effective Date"). This Policy applies to each S&B Authorized Dealer ("Dealer") and S&B Authorized Warehouse Distributor ("WD") located in the United States (the "US") and Canada and covers the S&B branded products (the "Products") described in the product list (the "Product List").

Summary:

This Policy may be summarized as follows:

- **Each Dealer or WD is free to establish its own resale prices.**
- The Policy establishes a minimum resale price for each of the Products.
- S&B will revoke the authorization of a Dealer or WD to purchase the Products if a Dealer or WD offers, sells or provides a Product at less than S&B's current minimum resale price.

The Policy:

1. Violation:

Although each Dealer or WD remains free to establish its own resale prices, after S&B verifies, at its sole discretion that a Dealer or WD has violated the Policy, S&B will, without assuming any liability, immediately revoke and terminate the authorization of the Dealer or WD (the "Violator") to purchase the Products. A Dealer or WD will violate the Policy in any of the following ways: by "offering" (through advertising, promotion or otherwise and regardless of place, channel or medium used), by "selling" (in-store, on-line, through a catalog or otherwise) or by "providing" (except in exchange for bona fide returns) one or more of the Products in the US or Canada at a net adjusted price less than the current minimum resale price (the "Retail Price") established and posted by S&B on its current Product List.

A Dealer will also violate the Policy by selling to an Authorized Dealer at more than a 13% discount off the Jobber Price on S&B's current Product List. A WD will violate the Policy by selling to an Authorized Dealer at more than a 23% discount off the Jobber Price in the US and 18% discount off the Jobber Price in Canada.

2. Result of Violation:

On the effective date of a Dealer's or WD's termination as a result of a violation of the Policy, all pending orders from the Violator for any of the Products may be cancelled and no new orders for any of the Products may be accepted, unless the Dealer is reinstated in accordance with Section 3.

3. Reinstatement of Terminated Dealer or WD

A terminated Dealer or WD may be offered reinstatement to purchase Products ("Reinstatement"), at S&B's sole and absolute discretion, upon providing evidence to S&B that its violation of the Policy was the result of an unintentional clerical or administrative error. If Dealer or WD is terminated for violation of the Policy three (3) times in any twelve (12) month period, the Dealer or WD will not be considered for Reinstatement for a minimum of three (3) months from the date of the third termination. S&B's determination whether to issue a Reinstatement of a Dealer or WD is solely a unilateral decision of S&B and will not be based on any agreements, representations or promises of Dealer or WD to comply with Policy.

3. Net Adjusted Price:

For purposes of the Policy, "net adjusted price" means the lower of: (i) the price at which a Product is offered by a Dealer to a customer; or (ii) the price actually paid to a Dealer for a Product by a customer, which is determined by:

- a) Applying all discounts, deductions, rebates, promotions (i.e. e-commerce platform sponsored discount coupons), and allowances made available or provided to the customer; and
- b) Excluding applicable taxes, shipping, delivery, and insurance charges, Dynamometer testing, and installation of the Product.

4. Additional Policy Terms and Conditions:

The Policy (including without limitation the Product List) may be modified, extended, suspended, discontinued, or rescinded in whole or part by S&B, at its sole discretion at any time with or without notice. S&B will not discuss any conditions of acceptance related to the Policy. In addition, S&B neither solicits, nor will S&B accept, any assurance of compliance with this Policy. Notwithstanding anything to the contrary



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which may be expressed or implied in or by one or more agreements between a Dealer or WD and S&B, nothing therein shall constitute an agreement by such Dealer or WD to comply with the Policy. Furthermore, the Policy is not and should not be construed to be one of the S&B's policies as such term is or may be used in any or all of such agreements.

5. Questions, Additional Information or Information Regarding Potential Violations:

All questions, inquiries, or requests for additional information regarding the Policy or information regarding potential violations of the Policy must be addressed to the Policy Administrator:

Berry Carter, Policy Administrator
S&B Filters, Inc.
S&B Tanks, Inc.
15461 Slover Avenue
Fontana, California 92337
Telephone: 909.232.8901
Fax: 909.947.0603
E-Mail: bcarter@sbfilters.com

Only the Policy Administrator is authorized by S&B to answer questions regarding the Policy or pricing, to comment on the Policy or to accept information regarding potential violations.

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