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## **DERIVE POWER™ ADVERTISING, MARKETING, PRICING AND SELLING POLICIES**

Derive Power, LLC (“Derive”), a Delaware limited liability company doing business under the brands DERIVE POWER™, SCT PERFORMANCE® and BULLY DOG®, has unilaterally adopted the policies described below (collectively, the “**Policies**”), effective **February 23, 2018**, for the advertising, marketing and reselling of all SCT PERFORMANCE® and BULLY DOG® branded products to customers in the United States, including advertising, marketing and reselling such products by Derive’s warehouse distributors, jobbers, dealers, and other downstream resellers (collectively, “**Customers**”).

Derive reserves the right to revise the Policies at any time and from time to time. Additionally, Derive may decline to accept future purchase orders from any Customer that, in the sole opinion of Derive, fails to comply with any of the Policies.

### **MARKETING AND ADVERTISING POLICIES**

#### **Brand Marketing Policy**

Derive is committed to selling only to select Customers who fully support the brand image that Derive seeks for its DERIVE POWER™, SCT PERFORMANCE® (“**SCT**”) and BULLY DOG® (“**BD**”) products. The SCT and BD product lines are innovative, high-quality brands with suggested retail pricing that reflects the full range of sales and service support that Derive seeks to provide for its products. Derive’s SCT and BD products must be advertised and marketed based on their high quality and unique features and benefits and in accordance with marketing requirements or directives issued by Derive from time to time.

Derive understands that Customers may wish to market their own brand names in connection with the sale of Derive’s SCT and BD products through the use of Customer-funded (i) gift cards, (ii) sweepstakes, (iii) “gift with purchase” promotions, and (iv) other similar promotions. From time to time, Derive may authorize such promotions and will make the guidelines related to any authorized promotions available to all Customers. A Customer that advertises a promotion in accordance with these guidelines will not be deemed to have violated the Brand Marketing Policy or the MAP Policy.

#### **General Advertising Policy**

Derive expects all advertising of its SCT and BD products to be of high-quality content and media placement that is appropriate for their desired brand positioning. All advertising of Derive’s SCT and BD products, including but not limited to comparisons with competing products, must be truthful. Customers must not advertise Derive’s SCT or BD products in a manner that suggests they are inferior to any competing products. Consumers should never be deceived regarding the features, performance characteristics and anticipated benefits or results of Derive’s SCT and BD products. The only product warranties given by Derive are the written limited warranties provided by Derive for the applicable products, including the product warranties posted on Derive’s website.

Derive reserves the right to discontinue its business relationship and to rescind any previously granted license to use its software, trademarks, or other intellectual property (including without limitation, registered and unregistered design rights, copyrights, and trademarks), if, in the sole opinion of Derive, the advertising fails to comply with the Policies, is misleading or deceptive in any way, or detracts or denigrates from Derive’s SCT or BD brand image as innovative, high-quality brands.



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The only product warranties given by SCT and BD are the SCT and BD written limited warranties. Derive only permits resales of its Products through Authorized Resellers. Except as otherwise may be required by applicable law, Derive's warranty is void unless the Customer purchased the Product directly from an Authorized Reseller.

### **Advertising Policy Regarding Compliance with Applicable Emissions Laws**

Derive at all times strives to strictly comply with all applicable federal and state laws, including those pertaining to vehicle emissions. For example, Derive's products that have not received an Executive Order from the California Air Resources Board shall not be advertised for sale, sold or used in the State of California on pollution-controlled motor vehicles.

Additionally, existing U.S. emissions laws prohibit tampering with, disabling, disconnecting, or removing factory-installed emissions control devices and equipment from pollution-controlled vehicles. These legal prohibitions cover all sorts of emissions-control defeat devices and products, including but not limited to so-called EGR delete and DPF delete pipes, products and kits (collectively, "**Emissions Defeat Products**").

Although there are limited legal exemptions for Emissions Defeat Products in certain situations and jurisdictions with regard to exclusively off-road and/or racing/competition vehicles, Emissions Defeat Products are never permitted to be used on pollution-controlled vehicles that are registered and driven on public streets and highways anywhere in the U.S. The public advertisement of Emissions Defeat Products may be viewed by the EPA and state regulatory agencies as an intentional effort to market and sell such products for unlawful use on pollution-controlled vehicles to be operated on public roadways.

Consequently, Derive has adopted a unilateral policy strictly prohibiting the advertisement of Derive's products in a manner where they are characterized as, or directly or indirectly coupled, bundled, promoted, shown, displayed, sold or otherwise presented together with, in conjunction with or in association with, any Emissions Defeat Products. Any attempts in advertising to use words or phrases that Derive, in its sole judgment, believes are part of an effort to evade the restrictions of this Policy are also a violation of this Policy. The determination of whether a particular listing or advertisement is in violation of this Policy is within the sole and absolute discretion of Derive. If you are currently advertising any Emissions Defeat Products in conjunction with any Derive products, this practice must immediately and permanently be discontinued as it is a violation of this Policy.

### **Minimum Advertised Pricing Policy**

Derive unilaterally has selected a minimum advertised price ("**MAP price**") for each of its SCT and BD products. The MAP price is the absolute lowest price that an SCT or BD product can be advertised for retail sale in accordance with this Minimum Advertised Pricing Policy ("**MAP Policy**").

Derive wishes to promote advertising and marketing that focuses on product performance, high quality, unique features, innovation, and similar attributes that convey the superior brand image associated with the combined DERIVE POWER™ line of SCT and BD automotive tuning products and services. Derive believes that certain advertising practices erodes the perceived value of Derive's SCT and BD products to end user customers, and the incentives of Customers to stock, promote, sell, and support these products.



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MAP pricing effective as of **February 23, 2018**, is as follows:

Part Number	Description	MAP
3200	X3 Power Flash DCX Programmer	\$379
4015, et al.	Ford iTSX / TSX for Android Wireless Vehicle Prog.	\$399
4416	GM iTSX / TSX for Android Wireless Vehicle Programmer	\$399
5015 / 5015P	Ford Livewire TS Performance Programmer & Monitor	\$599
5416 / 5416P	GM Livewire TS Performance Programmer & Monitor	\$599
6600	Eliminator Single / Multi-Program Switch Chip	\$269
7015, et al.	X4 Ford Power Flash Device	\$399
7215	X4 DCX Power Flash Device	\$399
7416	X4 GM Power Flash Device	\$399
BA-2600	Big Air BA-2600 Ford 90mm Mass Air Meter	\$230
BA-3000	Big Air BA-3000 Ford 90mm Mass Air Meter	\$230
BA-5000	Big Air BA-5000 Ford Slot Style Mass Air Meter	\$230
70000	Performance DPF	\$1799.00
70002	Cummins DPF	\$1799.00
40410	Triple Dog GT (Gas, 50-State Legal)	\$429.00
40417	Triple Dog GT Platinum	\$429.00
40420	Triple Dog GT (Diesel)	\$449.00
40460B	Bully Dog GTX Performance Programmer	\$599.00
40460S	SCT GTX Performance Programmer	\$599.00
40465B	GTX Watchdog	\$499.00
40470	Bully Dog BDX Performance Programmer	\$399.00
40490	SCT BDX Performance Programmer	\$399.00
46500	Heavy Duty GT (Gauge Tuner)	\$1899.00
46501	Heavy Duty WD (Watchdog)	\$499.00
46502	Medium Duty GT	\$799.00
46511	ECM Tuner for Cummins	\$999.00
46521	ECM Tuner for CAT	\$999.00
46531	ECM Tuner for Detroit	\$999.00
46541	ECM Tuner for Paccar	\$999.00
46550	Heavy Duty GT 550 (Fleet Edition)	\$11599.99
46551	Heavy Duty GT 550 Upgrade	\$2199.99
40250	Watchdog ECM Tuning Upgrade Card	\$2199.99
40200	GearMaster Software Upgrade	\$199.99
48100	GTP Polaris	\$499.00
48200	GTP Skidoo	\$499.00
56100	BFT-1 Performance Turbo Charger (OEM replacement)	\$2205.00
56200	BFT-1 400-725hp Performance Turbo Charger (OEM replacement)	\$2205.00
51103	Ford F-series 6.4L '08-'10	\$369.99
51104	Ford F-series 6.7L '11-'14	\$369.99
51105	Ford F-series 6.0L '03-'07	\$369.99
51200	Ford F150 5.4L '09-'10	\$339.99



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51201	Ford F150 5.0L '11-'12	\$339.99
51202	Ford F150 3.5L Eco Boost '11	\$339.99
51203	Ford F150/Raptor 6.2L '11-'12	\$339.99
51204	Ford F250-550 6.2L '11-'12	\$339.99
51205	Ford F150 3.5L Ecoboost '12-'13	\$339.99
52100	Dodge Ram Pickup 5.9L Cummins '94-'02	\$369.99
52102	Dodge Ram Pickup 5.9L Cummins '03-'07	\$369.99
52103	Dodge Ram Pickup 6.7L Cummins '07-'12	\$369.99
53102	GM Silverado and Sierra 6.6L Duramax '07-'10 (LMM)	\$369.99
53105	GM Silverado and Sierra 6.6L Duramax '01-'04 (LB7)	\$369.99
53106	GM Silverado and Sierra 6.6L Duramax '04-'06 (LLY)	\$369.99
53107	GM Silverado and Sierra 6.6L Duramax '06-'07 (LBZ)	\$369.99
53108	GM Silverado and Sierra 6.6L Duramax '13-'14 (LML)	\$369.99
53152	GM Silverado and Sierra 6.6L Duramax '07-'10 (LMM)	\$369.99
53153	GM Silverado and Sierra 6.6L Duramax '11-'12 (LML)	\$369.99
53204	GM Pickups and SUVs 4.8L, 5.3L, 6.0L, 8.1L '99-'04	\$339.99
53205	GM Pickups and SUVs 6.0L '11-'12	\$339.99
53206	GM Pickups and SUVs 4.8L, 5.3L, 6.0L '05-'07	\$339.99
53252	GM Pickups and SUVs 4.8L, 5.3L, 6.0L, 6.2L '07-'08	\$339.99
53253	GM Pickups and SUVs 4.8L, 5.3L, 6.0L*, 6.2L '09-'13	\$339.99
54200	Nissan Titan and Armada 5.6L '04-'12	\$339.99
221102	Ford F-series 7.3L Power Stroke '94-'97	\$369.99
221103	Ford F-series 7.3L Power Stroke '99-'03	\$369.99
85100	Cummins N-14 (3078323 OEM)	\$1549.99
85101	Cummins ISX (3880199 OEM)	\$1549.99
85102	Cummins ISX (3682959 OEM)	\$1549.99
85103	Cummins ISX (3683789 OEM)	\$1549.99
85104	Cummins ISX	\$1549.99
85105	Cummins ISX	\$1549.99
85200	Caterpillar (KW & Pete 146-9445 OEM Center)	\$1549.99
85220	Caterpillar for Holset Turbo (146-9445)	\$1549.99
85201	Caterpillar Acert (231-3462)	\$1549.99
85202	Caterpillar (FL & WS 150-1914)	\$1549.99
85203	Caterpillar Acert (231-6127)	\$1549.99
85204	Caterpillar C13 (251-4410)	\$1549.99
85205	Caterpillar (150-1916)	\$1549.99
85206	Caterpillar C12 (115-2989)	\$1549.99
85207		\$1549.99
85220		\$1549.99
85300	Detroit (FL & WS 2352122)	\$1549.99
85301	Detroit (KW & Pete 23519348)	\$1549.99
85302	Detroit (All Makes 23536449)	\$1549.99
85303		\$1549.99



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This MAP Policy applies to all forms of public advertising in connection with retail sales of SCT and/or BD products, including without limitation newspaper, magazine and other print ads; buyer's guides and other forms of product listings; direct mail flyers, catalogs, solicitations or offers; radio/television commercials and webcasts; websites and online stores; postings on online message boards; mass e-mails; and all other forms of public communications and/or private communications initiated by a Customer to multiple customers or prospective customers, to the extent used to advertise available prices for Derive's SCT and/or BD products.

The online display (*e.g.*, via an online store or website) of any retail price for any of Derive's SCT or BD products that is below the established MAP price for such product shall be a violation of the MAP Policy, unless the price only appears after the customer has already selected the item for purchase and proceeded to checkout. Online advertising methods that Derive believes, in its sole interpretation, are designed to bypass the intent and purpose of the MAP Policy are strictly prohibited. By way of example only and not limitation, displaying a MAP or other price online which appears to be crossed-out or lined-through as a means of inviting a prospective customer to click through to reveal a below-MAP price shall be a violation of the MAP Policy.

Any advertisement that offers an instant rebate (other than a manufacturer's rebate), coupon or similar means of discounting the retail price of any of Derive's SCT or BD products below MAP pricing is a violation of the MAP Policy. To the extent any such advertisement or offer is presented as applying to "all products" or the customer's "entire order" (or similar), such advertisement or offer must clearly and expressly exclude Derive's SCT and BD products.

Any attempt to advertise new SCT and/or BD products for retail sale at below MAP prices by falsely and/or deceptively identifying such products as "open box," "unlocked," "used," or "like new," for example, shall be a violation of the MAP Policy. Similarly, other attempts in advertising to evade the restrictions of the MAP Policy—including, without limitation, statements such as "prices too low to advertise" or "make an offer" or other practices deemed by Derive to have the purpose of disguising or concealing actual advertised pricing of those products—are a violation of the MAP Policy.

## **SALES CHANNEL POLICY**

Derive values a high-quality brand image for its products, and is committed to selling only through channels and stores that fully support the desired brand image. Derive has, therefore, established a number of requirements for resale of its products, including the following, to assure that end user customers will have a positive purchasing experience consistent with Derive's SCT and BD brand images.

Except for Warehouse Distributors and Jobbers (who are identified as such on purchase orders and invoices), Customers are authorized to resell only to end user consumers of Derive's SCT and BD products, and not to any entity or individual that will resell the products.

Derive sells to wholesale customers who have one or more brick and mortar stores (warehouse and distribution facilities in the case of Wholesale Distributors; manufacturing or service facilities in the case of Jobbers). These stores (warehouse/distribution facilities; manufacturing/service facilities), can also sell Derive's SCT and BD products via the Internet but only using the Customer's own website. Customers who make such Internet sales must have their own fulfillment and customer service operations, and the Customer's website must clearly identify and provide contact information for the Customer, including company name, street address, phone number, and email address.



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Derive will not make sales to Customers that engage in trans-shipping, which includes order fulfillment by a third party for sales to end user customers, and acting as a distributor for or reseller to anyone other than end-user customers (except for Warehouse Distributors and Jobbers as stated above).

The manner in which Amazon.com and Jet.com administer and fulfill third party sales on their Internet sales platforms interferes with Derive's ability to monitor sellers' adherence to product quality and customer service requirements and often results in a consumer experience that is inconsistent with that expected of the SCT and BD brands.. Consequently, Derive no longer approves of the use of Amazon.com's or Jet.com's third party Internet platforms for the sale of Derive's SCT or BD products. SCT and BD, therefore, will not sell products to Customers who engage in marketing and sales on Amazon.com's or Jet.com's third party Internet platforms (or to Customers who resell Derive's SCT or BD products to customers who engage in resales on the Amazon.com or Jet.com third party Internet platform). Additionally, Derive reserves the right to expand such prohibition to other third party Internet platforms such as eBay, Craigslist, Yahoo Auctions, and other Internet auction sites, to the extent such platforms or sites are administered and/or fulfilled in a manner that implicates similar product quality concerns.

Notwithstanding Derive's disapproval of the Amazon.com and Jet.com third party Internet platforms, distribution of Derive's SCT and/or BD products through online auction sites (*e.g.*, eBay, Yahoo Auctions, etc.), is allowed *but only if* the seller's only option to complete a purchase is through a "Buy It Now" (or similar) option and the seller's business name and contact information is clearly indicated on the website.

Derive may have direct relationships with selected Online Only Stores. These stores will have their own branded storefront that has been established and operates independently to build the store's retail brand image. They will also hold their own inventory and distribution platform, their own customer service operations, and a website on which customers can shop and make purchases directly from the Online Only Store. The front page of the Online Only Store must clearly identify the branded storefront as the seller and provide contact information for the seller, including street address, phone number, and email address.

## **ENFORCEMENT OF POLICIES**

Derive will monitor advertising, marketing and sales activities for its SCT and BD products, both online and elsewhere, to ensure compliance with its applicable Policies, and take action as necessary to decline orders from Customers whose advertising, marketing and sales activities (or the activities of customers who purchase SCT and BD products from the Customer), are not in compliance with these Policies. Derive reserves the right to take such actions at any time and from time to time, including but not limited to discontinuing to supply its products to any Customer that violates any of the Policies after being provided notice of the applicable Policy(ies).

Any Customer that purchases Derive's SCT or BD products and resells the products to its customers who are resellers and not end users is responsible under this MAP Policy to notify the customers (*e.g.*, Jobbers, retailers, dealers, resellers), of the terms of the Policies stated above. Any violation of these Policies by such customer(s) shall be deemed to be a violation of these Policies by the Customer that supplied the SCT or BD products. Derive requires that each Customer (a) send a copy of this Policy to each of its existing customers at this time, (b) provide a copy of the then-current version of this Policy to each new customer at the time of commencement of any new customer relationship, and (c) send an updated version of this Policy to each customer from time to time whenever this Policy is modified, amended, or updated.

Derive routinely checks Internet websites and eBay to ensure that dealers and wholesale resellers (*e.g.*, Warehouse Distributors and Jobbers) are advertising SCT and BD products in compliance with these Policies.



Derive's SCT and BD products have serial numbers, so Derive can trace the serial numbers on such products back to the Customer who originally purchased the products from Derive.

An initial violation of this Policy by a Customer will result in a notice of the violation. A second violation will result in account suspension for 60 days following notification of the second violation. Any further violations of this Policy following a Customer's account suspension, or failure or refusal to stop violations of the Policy by customers of the Customer, will result in Derive declining to accept further purchase orders from the Customer and adding the Customer to Derive's "Do-Not-Sell" list.

Suspended accounts cannot purchase Derive's SCT or BD products, use Derive's SCT or BD software, or receive technical support, but end users who have already purchased SCT or BD products from a suspended Customer can obtain support directly from Derive, or from another Derive Customer during the suspension period. If Derive declines to accept further purchase orders from the Customer, the Customer will no longer be allowed to purchase SCT or BD products or receive support, so end users will need to obtain further technical support directly from Derive, or from another authorized Derive Customer. Derive may disable or turn off a Customer's software access during any suspension period to ensure that the Customer's copy of the software is not being used during the suspension period.

This Policy is the unilateral policy of Derive and is not a contract or agreement with any Customer. Derive reserves the right to modify or amend this Policy at any time and from time to time in its sole discretion. In the event of any such modifications or amendments, the amended Policy will be posted on the Derive Systems website at [www.derivesystems.com](http://www.derivesystems.com), the SCT website at [www.sctflash.com](http://www.sctflash.com) and the BD website at [www.bullydog.com](http://www.bullydog.com) and/or a copy of the updated Policy will otherwise be provided to you at your then-current e-mail or U.S. mail contact address.

We appreciate your cooperation with us to ensure compliance with this Policy. All communications regarding these Policies should be directed to Derive's Policy Administrator at [MAP@derivesystems.com](mailto:MAP@derivesystems.com).