

## **To Our Valued Dealers:**

Thank you for your continued enthusiasm and support.

This note is to introduce to you our new Value Protection (VP) Policies for Dealers (the "Policies"), which are effective September 1, 2016 and accompany this note. They have been adopted in an effort to help safeguard the premium image of Backrack, insure the long-term viability of our brands and protect the investment of those Dealers that provide valuable services to end users.

The Policies (1) are applicable to each individual or entity located in Canada and the United States ("USA") that promotes and sells or either thereof (whether doing so directly or through another party that does such things as advertise or fulfill orders on behalf of such individual or entity) any or all products offered by Backrack (in the plural, "BRI Products") to one or more end user purchasers (such individual or entity is a "Dealer" and, in the plural, are "Dealers") and (2) consist of (a) a policy regarding minimum retail price (the "Minimum Retail Price Policy" or the "MRP Policy") and (b) a policy dealing with advertising and marketing (the "Advertising and Marketing Policy" or the "A&M Policy").

While the Policies are those of Backrack alone, we made every effort to develop a realistic approach that addresses practical issues. In addition, we are providing you with advance notice of the effective date of the Policies, so that you have sufficient time, if you wish, to notify your staff, incorporate the Policies into your planning and conform practices and advertising and promotional efforts. Since this note is only a summary, we encourage you to read the Policies carefully.

**The Minimum Retail Price Policy:** The MRP Policy: (1) establishes a minimum retail price ("MRP") for various BRI Products (individually, a "Covered Product" and collectively, the "Covered Products") and (2) applies to the prices at which the Covered Products are offered and sold, regardless of the means used. In other words, although each Dealer is free to make its own pricing decisions, the MRP Policy applies both to the advertised or offer price, as well as the actual selling price. A violation of the MRP Policy occurs when a Dealer offers or sells a Covered Product below its MRP.

**The Advertising and Marketing Policy:** Among other things, the A&M Policy: (1) requires that the use of Backrack intellectual property (such as trademarks and product images) and the depiction of BRI Products comply with Backrack policies and (2) prohibits selling (a) outside Canada and the USA, (b) online, except when using a website and business name approved by Backrack in advance and (c) to anyone for resale.

**Other Violations:** The Policies also may be violated through certain conduct, including such things as the use of particular terms, descriptions, conditions or offers.

**Consequences of Violations:** For the first violation of the Policies, the Dealer involved will be asked to take down or stop the violative activity (assuming it can be taken down or stopped) within the specified time, while subsequent violations result in the loss of access to some or all BRI Products either temporarily or permanently.

**Questions and Additional Information:** To help address questions and concerns, a copy of the Explanation (including Frequently Asked Questions (FAQs)) accompanies this note. All questions or requests for additional information regarding the Policies or information concerning potential violations of the Policies (which must be in writing) are to be addressed to the person at Backrack responsible for the Policies ("Policy Administrator"):

**Policy Administrator**  
**Backrack, Inc.**  
**475 Wycroft Road**  
**Oakville, ON, L6K 2H2 Canada**  
**email: [policyadmin@backrack.ca](mailto:policyadmin@backrack.ca)**

Only the Policy Administrator or the Policy Administrator's designated representative(s) is or are authorized by Backrack to answer questions regarding the Policies, to comment on the Policies or to accept information regarding potential violations.

Sincerely,

Adrian Jayne  
President

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