

Microtek's Minimum Advertised Price (MAP) Policy

Microtek sells products through two channels: Microtek authorized distributors and Microtek-authorized resellers, herein referred to collectively as vendors.

Microtek MAP Policy

Microtek consistently introduces new LCD and plasma TV products into the market throughout the year. Advertising and promotional activities play a critical role in establishing the image and reputation of the Microtek brand in each market segment the company serves. Microtek believes that the company's customers rely on advertising to establish the value of products they purchase. Microtek's MAP Policy is designed to ensure that all product advertising focuses on features, benefits, specifications, warranty and quality. This advertising is essential to ensure the correct value of the products is perceived in the minds of consumers.

Microtek will launch national and regional print ads in select markets throughout North America starting in Q1 2007. Additionally, Microtek resellers will be conducting advertising on their own. To support nationwide reseller channel participants, Microtek is implementing a MAP policy.

The details of the Microtek MAP policy are contained in the following document.

Microtek believes that the MAP Policy will not only encourage vendors to promote and invest in properly positioning the Microtek TV products, but will also help in establishing the long-term value of the Microtek brand in consumers' minds. The MAP product line and attached policy is presently being offered to reseller accounts on an exclusive basis.

Unilateral MAP Policy

The word unilateral in this context means one-sided, independent and/or by itself. In the context of Microtek's MAP Policy, this means there is no agreement, side agreement or any mutual decision between a vendor and Microtek to resell, market and/or advertise at any price. Each vendor in each category must independently and unilaterally set its own pricing.

The MAP Policy does not affect the vendor's actual resale price. Each vendor is expected to unilaterally and independently determine the price at which it sells Microtek products to consumers (including Microtek TV products).

In order to avoid any implication that Microtek is agreeing with any vendor on pricing, for the mutual protection of Microtek and any vendor, there is not currently nor should there be any discussion or any negotiations between Microtek and the vendor regarding compliance or pricing in conjunction with the MAP Policy. In addition, there should be no discussion between Microtek sales representatives, account managers and any vendor concerning advertising or pricing by another vendor or any other vendor's compliance with the MAP Policy. This policy is companywide. No Microtek employee is authorized or permitted to request, demand or accept any assurance of compliance from any vendor in regards to the MAP Policy. No sales representative or other Microtek employee or agent is authorized or permitted in any form or fashion to interpret or discuss the Microtek MAP Policy with any vendor in any category.

Of course, any vendor is free to independently decide whether or not to follow the MAP Policy. Microtek does not ask for, nor will it accept, any assurance of compliance or agreement from any vendor in any category regarding the MAP Policy.

The MAP Policy applies to every vendor, i.e. to every Microtek-authorized distributor and authorized reseller.

Products Affected by the MAP Policy

The MAP Policy applies to selected products for which a Minimum Advertised Price is specified on the current Microtek Price List. This includes the Microtek LCD and plasma TV lines. The Microtek scanner line is not included. Additional products may be included at a later date, as specified in writing by Microtek from time to time.

The MAP Policy does not apply to any discontinued products, refurbished products, closeouts, demonstration or other refurbished or used merchandise.

Advertising Media

The MAP Policy covers the following advertising media:

- Publications including newspapers, newspaper inserts, weekly circulars, magazines, periodicals and other print media;
- Direct mailers including flyers and newsletters
- Preprinted materials including posters, brochures, or in-box inserts, banners and faxes
- Broadcasts including radio and TV ads
- Billboards
- Mail-order catalogs
- Alternative media and Internet

The MAP Policy does not cover in-store advertising. The MAP Policy does not cover in-store merchandising such as POPs, POS, shelf-talkers, pricing tags, end-cap displays and window displays.

Resellers with Web sites review the following:

The MAP Policy requires that a price no less than the MAP price be shown on all Internet advertising (i.e., all levels of a website page above and below the shopping cart). The MAP Policy covers banner advertisements, broadcast e-mails, destination pages and third-party sites such as:

- Internet-only e-tailer websites
- Websites of traditional retailers, distributors and mail-order businesses, including membership clubs
- Non-Microtek manufacturer direct websites
- Portal sites
- Shopping sites
- Auction sites where a minimum bid is communicated
- Banner advertisements (i.e., on any website, including the vendor's own website and pages that follow banner advertisements upon click-through)

If the Vendor's actual Internet selling price is lower than the MAP price, the vendor may list its actual selling price in the following locations:

- On a private website that shows negotiated pricing between the vendor and a specific customer, where only that customer has access to the site

The MAP Policy does not affect the vendor's actual resale price. Each vendor is expected to unilaterally and independently determine the price at which it sells Microtek products to consumers.

The MAP products shall be identified on Microtek's price list. Microtek reserves the right to change which products are subject to its MAP Policy and/or add or remove products. Microtek will provide written notice of any change.

Violations

An ad implying that a covered product is being offered at a price below the MAP price violates the MAP Policy. It is a violation of the MAP Policy for an advertisement to include language or graphics that state or suggest that a MAP product is being promoted at a price less than the MAP price. An example of a MAP Policy violation for an advertisement would include:

- Showing the price of the MAP product with a slash line through it in a manner that states or suggests that the advertised offer is less than the MAP price.
- Offer an instant rebate or "\$X or X% off" in a manner that states or suggests that the advertised offer is less than the MAP price (i.e., unless MAP products are specifically identified as excluded from the offer).
- Offer any MAP products as a free or gift item.
- Use language such as "sale price" or "new low price" or words such as "subtract", "less" or "take away" in a manner that states or suggests the advertised offer is less than the MAP price.
- Include language such as "price too low to print".
- Include language in Print Media stating "call for price".
- Offer a discount for using a certain type of credit card.

An advertised offer to pay sales tax on a MAP product advertised at the MAP price would violate the MAP Policy. The effective price advertised must be no less than the MAP price plus any applicable sales tax.

Unless ads containing added-value promotional products/services are part of a Microtek-authorized promotion, advertisements containing added-value promotional products/services in connection with the offer of a MAP product will violate the MAP Policy.

There are no exceptions to the MAP Policy for advertising in special competitive situations except for the government, which is exempt.

Microtek will do its best to review off-premises advertising by its vendors to know if a vendor advertisement violates the MAP Policy.

If an advertisement does not comply with the MAP Policy from a Microtek Authorized Reseller, the following steps will take place:

- In the case of a first MAP violation by a Microtek-authorized reseller, Microtek can cease supplying to such reseller for a period of 30 -- 90 days the LCD and plasma TV products or products for which the MAP violation occurred. In addition, the violating advertisement shall not qualify for reimbursement under Microtek's MDF or cooperative advertising program.
- In the case of a MAP violation by a reseller who purchases from a Microtek-authorized distributor, Microtek will cease supplying to such distributor for a minimum period of 30 days and up to 90 days the product or products in which the MAP violation occurred.
- In the case of a MAP violation by a Microtek-authorized reseller, Microtek can terminate the reseller's authorization to sell the product or products in which the MAP violation occurred.
- Microtek will unilaterally make all determinations in relation to a violation of the MAP Policy at its sole discretion. There will be no warnings, threats, discussions or appeals. All accounts will be notified in writing of a violation.

There are no other exceptions to the MAP Policy at this time, except for the government (Navy, Army, Marines etc.)

It is the vendor's responsibility to adhere to current MAP Policy and price lists issued each month. Using an outdated MAP price list will violate the MAP Policy if the price offered is less than the current MAP price.

If the vendor's employee or media supplier makes a mistake that results in a violation, it is the vendor's responsibility to monitor its own advertising compliance. Microtek may, at its sole discretion, review ads on a case-by-case basis to determine whether any mitigating circumstances (e.g., printer error) caused an unintentional violation. Microtek will take the appropriate action(s) necessary according to its findings.

Because of the importance of making a unilateral decision, Microtek representatives will not communicate with a vendor regarding errors. Microtek will determine at its sole discretion whether a violating advertisement should be excused as an error.

If only one retail location of a chain vendor violates the MAP Policy, Microtek will solely determine if an advertisement placed by one retail location or outlet violates the MAP Policy and sanctions will be applied to the entire chain or additional locations (e.g. regional).

The vendor may not appeal Microtek's decision regarding a violation. Microtek must maintain a wholly unilateral policy and therefore cannot entertain appeals. That is the main reason no employee of Microtek is authorized to discuss such matters with any vendor except the chief financial officer who can review each case to make a final determination.

Microtek assumes sole responsibility for enforcing the MAP Policy, and does not solicit or seek from other vendors any information about a vendor's compliance or noncompliance. Microtek's sales representatives are not authorized to accept information from one vendor relating to an alleged violation by another vendor. In the event a vendor submits such information in writing to Microtek, Microtek will not discuss the alleged violation with that vendor or otherwise report to that vendor any action taken or not taken as a result of its report.

Microtek sales representatives will not play a role in administering the MAP Policy. No Microtek representative or Microtek employee is authorized to confirm compliance with the MAP Policy. The vendor is solely responsible for its compliance with the MAP Policy. Any statements to the contrary by any Microtek sales representative or Microtek employee are expressly unauthorized and disclaimed by Microtek.

If Microtek employees are found to be improperly discussing any aspect of the MAP Policy with a vendor or otherwise acting beyond their scope of authority with regard to the MAP Policy, the Microtek employees will be subject to discipline, which could include dismissal. Microtek employees may only provide vendors with copies of the MAP Policy when they are authorized to do so. This policy can only be sent to an authorized dealer along with questions and answer documents that may be included as necessary for clarification. No other discussion or actions by them are permitted.

If a vendor insists on discussing or negotiating some aspect of the MAP Policy despite the restrictions, Microtek may view such activities as a violation of the MAP Policy and may take the same action as could be taken for such a violation.

If a vendor violates the MAP Policy, Microtek will provide written notification of the violation to the vendor. There will be no warnings, threats or appeals.

Please remember: Microtek employees are not authorized or permitted to discuss or answer questions about the MAP policy or its implementation. If you have any question regarding this policy, direct them only to the Microtek chief financial officer. Please make any inquiries in writing only.