

Dealer Policy

Subject to the terms and conditions hereinafter set forth in this agreement ("Agreement"), KMC Music appoints Dealer as its dealer of the type of products listed on the Program Sheets executed by Dealer (the "Products") and grants to Dealer the right to sell Products at Dealer's place of business at the location set forth in the executed Dealer Program Sheets and in consideration whereof the parties agree as follows:

Purchase and Invoicing

1) Dealer agrees to purchase and maintain a reasonably representative stock at the above location in accordance with the current KMC Music terms and conditions of sale then in effect. Dealer agrees that all orders hereunder shall be subject to and shall be billed in accordance with the prices and terms set forth in the KMC Music's terms and conditions of sale in effect at the time of shipment, appearing on KMC Music's invoices or otherwise, notwithstanding any contrary terms and conditions which may appear on any Dealer form, purchase order or correspondence. No additional or different provisions contained in Dealer's purchase order or any other form shall be of any force or effect and Dealer's acceptance of the Products shall constitute Dealer's acceptance of KMC Music's terms and conditions in each case. KMC Music may at its discretion decline to make deliveries except on a prepayment or C.O.D. basis, whenever it is not satisfied as to Dealer's financial responsibility.

Product Support

2) Dealer agrees to devote such time and effort as will most successfully promote the sale and use of the Products at the authorized location in accordance with the general programs, terms and conditions and practices as outlined from time to time by KMC Music. KMC Music agrees to extend to Dealer sales assistance and advertising assistance (including Internet advertising and promotions) provided by KMC Music from time to time, such assistance to be consistent with good business practice and KMC Music policies then in effect. All advertising by Dealer (including advertising on the Internet or in any other electronic medium) will be in accordance with KMC Music Unilateral Policy Regarding Minimum Advertised Pricing currently in effect.

Duration

3) This Agreement shall become effective and shall replace any prior agreements relative to the Products, and shall continue in force until the end of the calendar year. It shall be automatically extended from year to year thereafter unless either party elects to the contrary. Either party may terminate this Agreement at any time during its original term or any extension thereof without further obligation or liability by giving not less than thirty (30) days written notice to the other party. KMC Music shall not be obligated to accept return of any stock of Products from Dealer upon termination of this Agreement.

Mutual Expectation

4) Dealer and KMC Music agree that it is important (1) for KMC Music to be able to ensure an adequate supply of Products to its Dealers; (2) for Dealer to ensure the safety of retail purchasers in using Products; (3) for Dealer to meet the needs of retail purchasers; and (4) for Dealer to actively promote Products and preserve and support their positive reputation. To ensure these objectives, Dealer agrees: (a) that it will sell Products only from the location specifically authorized in this Agreement or from such other location as may be authorized by KMC Music in writing; (b) that it will not sell or otherwise transfer Products to any person or entity for the purpose of resale. (c) that it will provide the services customarily expected of a retail dealer or required by KMC Music of all of its retail dealers from time to time; and (d) that it will ensure that its identity and contact information is clearly disclosed and identified in all catalog sales, mail order sales, telephone sales, telephonic price quotes, or sales through any electronic or other media, including but not limited to, without limitation: invoices, receipts, flyers, post-ers, coupons, rebates, mailers, inserts, newspapers, magazines, catalogs, mail order catalogs, email, Internet (Web Sites, 3rd Party Internet Sales Channels, social media, or similar electronic media), television, television shopping channels, radio, and signage outside of Dealer's store, and in all situations in which Dealer utilizes a third party as sales agent.

Indemnification

5) Dealer agrees to indemnify and hold harmless KMC Music, its officers, directors and affiliates from and against any and all claims, liabilities, damages, costs or expenses incurred (directly or indirectly), or in any way arising as a result of Dealer's performance of this Agreement or its sale of Products hereunder. Dealer hereby grants KMC Music a purchase money security interest in all Products purchased by, shipped to or otherwise held by Dealer, together with all proceeds thereof, to secure the payment in full of the purchase price of the Products and all other obligations, of any kind owed by Dealer to KMC Music hereunder or otherwise, now or hereafter. Dealer authorizes KMC Music to file financing statements, in such jurisdictions as KMC Music deems appropriate, generally covering all Products from time to time purchased by, shipped to or otherwise held by Dealer together with all proceeds thereof. In the event Dealer shall default in any obligation to make payment for Products sold to Dealer here under, KMC Music shall have the right to recover from Dealer all amounts owing, together with interest thereon at the highest legal rate and Dealer grants KMC Music the right to enter Dealer's place of business and to repossess all Products for which payment has not been made in a timely fashion with or without legal process. In such event, Dealer agrees that title to such Products shall revert back to KMC Music at KMC Music's option. Dealer shall indemnify and hold harmless KMC Music from and against any and all reasonable costs incurred by KMC Music in obtaining such payment or repossession from Dealer, including, but not by way of limitation, reasonable collection costs and attorneys' fees.

Warranty Claims

6) Dealer's sole and exclusive remedy for any claims against KMC Music for matters arising under or relating to this Agreement or for claims with respect to any Product shall be limited to the extent of the written warranty applicable to such Product and KMC Music's liability to Dealer for any and all claims of any nature whatsoever, regardless of how arising, shall not exceed the cost of returning and replacing the Product involved or previously sold to the Dealer. IN NO EVENT WILL KMC MUSIC BE RESPONSIBLE OR LIABLE FOR INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY NATURE WHATSOEVER RELATING TO ANY PRODUCT OR CLAIM AGAINST KMC MUSIC BY DEALER HEREUNDER.

International Shipping

7) Dealer agrees not to engage in any activities which would result in the sale, directly or indirectly, of Products outside of the United States.

Prohibited Channels

8A). All advertisement of New KMC Music product on Craigslist.org is strictly prohibited. Instances of advertisement of KMC product found on Craigslist.org otherwise compliant or non-compliant with the MAP pricing policies described herein, may merit immediate KMC Music account termination for a minimum of 12 months for all product lines offered, including One- Stop Product. Support and communication with KMC Music and the terminated KMC retailer during this period will be restricted to inquires pertaining only to consumer owned product currently covered under applicable warranties

8B) KMC brands are not allowed on auction sites. EBay stores and web affiliation sites are permitted as long as MAP pricing is followed. Buy-It-Now offerings must be at MAP. "Best Offer" or "Make Offer" solicitations are prohibited.

Retailer Identity Disclosure

9) Dealer agrees to ensure that the following information is provided and disclosed in all sales of (or advertisements for) Products on Internet web sites or through any other electronic medium: clear identification of Dealer and its contact information, including full legal name, store identity, physical and e-mail addresses, and phone numbers.

Mutual Exclusivity

10) The parties hereto are independent contractors and Dealer shall not make any statement, warranty or commitment by or purported to be on behalf of KMC Music and Dealer agrees not to represent itself as having any authority to obligate or bind KMC Music in any way whatsoever. Trademarks, Trade Names, Patents, and Copyright Materials

11) Dealer acknowledges the validity of KMC Music's trademarks, trade names and patent rights and agrees not to take any action which would in any way reduce, misappropriate or in any other way adversely affect such rights. During the term of this Agreement KMC Music grants Dealer the right to use KMC Music's trademarks for such purposes as may be approved by KMC Music in writing and for no other purpose or purposes whatsoever. Dealer agrees to strictly comply with KMC Music's instructions in this regard.

Disclaimer

12) In the event any provision of this Agreement is found to be contrary to applicable law, such provision shall be deemed to be deleted and the remaining provisions of this Agreement shall remain in full force and effect. This Agreement shall be governed by the laws of the State of Connecticut and in the event of a dispute arising hereunder; the parties agree to submit the matter to binding arbitration to be held in Hartford, Connecticut in accordance with the rules of the American Arbitration Association then pertaining.

Dealer Agreement

KMC MUSIC UNILATERAL POLICY REGARDING MINIMUM ADVERTISED PRICING

KMC Music actively supports the advertising and promotion of its products and brands by its Authorized Dealers through, among other things, materials provided by KMC at no or nominal cost or by its Dealers in accordance herewith. KMC has built a strong reputation and following among consumers based, in large part, on the quality lines of products manufactured by or for KMC. KMC has determined that it shall not support through advertising or promotional materials, cooperative advertising or otherwise, advertisements or promotional materials that have the effect of diminishing or detracting from the perceived value of KMC's products and brands. KMC has unilaterally established a minimum advertised price ("MAP") on certain products that are manufactured by or for KMC. This MAP Policy ("the Policy") governs the advertising and promotion of such products. The Policy applies only to authorized Dealers in the United States.

The following guidelines apply to all products that KMC, in its sole discretion, determines are subject to a MAP:

Authorization to Advertise

1. Only products for which a dealer has specific authorization pursuant to this agreement may be advertised by Dealers.

Printed Publications

2. A copy of each printed Publication containing Products shall be sent by first-class mail, postage prepaid, to KMC Music Inc, 310 W. Newberry Rd., Bloomfield, CT 06002, Attention, Vice President of Sales, immediately upon the first issuance of such Publication or Web site.

Manufacturer-Included Accessories

3. Some KMC products include accessories or other items, e.g. Washburn guitars, with cases and accessories. If a Dealer elects to advertise KMC products without such accessories or other items, the MAP shall remain as listed without any reduction for excluded accessories or other items.

Scope

4. MAP applies to all advertisements that pertain to, or directly or indirectly include covered products in any and all media, including but not limited to, without limitation, flyers, posters, coupons, rebates, mailers, inserts, newspapers, magazines, catalogs, mail order catalogs, email, Internet, social media, or similar electronic media, television, radio and signage outside of Dealer's store. Coupons or other advertised price reductions that offer general discounts on products must specifically exclude KMC products and/or brands that are subject to KMC's MAP if the effect of such general discount reduces the MAP of any covered KMC product and/or brand below KMC's designated MAP. Such exclusions must be shown next to the coupon.

Selling Price

5. MAP applies only to advertised prices and does not apply to the price at which the products are actually sold by the Dealer. KMC's Dealers remain free to sell KMC products at any prices they elect. MAP also does not apply to the price offered for sale to a consumer within the Dealer's retail location.

Bundling

6. KMC Music "Bundling" MAP Policy: From time-to-time, KMC Music may approve value-added bundled product offerings to be advertised by the following specific guidelines:

Approval

- A. All Bundles intended for advertisement, and their corresponding included contents must be submitted to KMC Sales management, and approved in writing by KMC Music Sales Management prior to the advertisement of the Bundle.
- B. The sum of individual MAP for all product subject to MAP included in a given bundle, will determine that Bundle's actual MAP price.

Maximum Advertised Price

7. MAP does not establish a maximum advertised price. All KMC Dealers may offer covered products at any price in excess of the MAP established for such product.

Price Representation

8. Requesting consumers to "call for a price," "email for price," "add to cart for price," "add to cart for details," stating "price too low to print," or phrases of similar import in lieu of providing KMC's designated MAP is prohibited. Unsolicited e-mail advertisements to one or more recipients, showing KMC products that are subject to MAP must be advertised in a manner consistent with this Policy.

Subject to change without notice

9. From time to time KMC may discontinue models or engage in promotions with respect to certain covered products. In such events, KMC may modify or suspend the MAP for such products. KMC may adjust the MAP with respect to all or certain covered products in its sole discretion.

Product Condition

10. KMC's products that are covered by the MAP Policy will be provided in new condition. As a result, KMC's MAP policy applies to all covered products and Dealers may not advertise such products using terms such as "B Stock," "seconds," or similar phrasing unless KMC provides advance, written consent. KMC products sold as anything other than NEW must be identified as USED and NOT covered by the corresponding KMC Brand's warranty. Stock product photos, copyright protected trademarks, multiple quantities of identical used product in a single advertisement, and repeated use of the same product photo across multiple used listings is also prohibited.

Returns, Floor Models, Seconds, etc.

11. Dealers may have KMC products in their inventory that have served as display models or have been returned by consumers. Such products may still qualify as new, yet exhibit minor wear, and as a result, Dealers may be unable to present these items as unblemished or in factory condition. In such cases, with written approval from KMC Music Inc, Dealers may advertise these products at up to 20% off MAP provided such advertisements clearly state the condition of the product and include a serial number. Preapproved advertisements of this nature should also be designated with a condition code of "New Other" where the option is available to distinguish the product from other first quality goods. Phrasing such as, "scratch and dent", "floor model", "demo model", or similar phrases must be clearly displayed in the item's title/primary description. Additional information describing typical wear and tear of such items must also be included in the product's listing. An item presented in such condition must be listed as a separate item from unblemished or factory sealed items. In cases where a product has been displayed, returned, box opened or otherwise, but the product exhibits no visible use wear and tear and can be returned to original packaging, Dealers must advertise these products as new.

Administration and Enforcement

12. Dealers who choose to advertise KMC products covered by the KMC MAP Policy, but who fail to comply with such Policy shall be subject to actions including, but not limited to: KMC's discontinuance of cooperative advertising or other Dealer support by KMC and/or suspension or cancellation of Authorized Dealer status or access to product lines for one or more product lines offered by KMC Music, as determined at KMC's sole discretion.

13. The administration and enforcement of the MAP Policy is handled exclusively by KMC. KMC reserves any and all right deemed necessary, in KMC's sole and absolute discretion, to enforce the Policy and preserve its unilateral nature.

14. This MAP Policy supersedes all other outstanding MAP Policies of KMC.

Third Party Manufacturer's MAP Policies

- A. Products sold by KMC Music which are not KMC-owned brands, may have MAP policies as put in place by the respective manufacturer or vendor. In such event, see section 15-B.
- B. Dealers must comply with such MAP policies. Failure to do so may subject Dealers to disciplinary action, up to and including product line suspensions and termination as an authorized Dealer of KMC Music.

This Policy has been established by KMC unilaterally to help ensure the legacy of KMC as the premium manufacturer and distributor of musical instruments and accessories. This policy also is adopted to induce KMC Dealers to invest in higher levels of service and to encourage new dealers to enter the market to sell KMC products and KMC distributed goods. All questions or comments should be submitted in writing to KMC Music, 310 W. Newberry Rd., Bloomfield, CT 06002.