

# DENON

## Authorized Dealer Application

Company name \_\_\_\_\_  
Doing business as \_\_\_\_\_  
Key contact name \_\_\_\_\_  
Street address \_\_\_\_\_  
Shipping address \_\_\_\_\_  
City \_\_\_\_\_  
State \_\_\_\_\_ Zip \_\_\_\_\_  
Contact phone # \_\_\_\_\_  
Contact email address \_\_\_\_\_  
Owner / Principal \_\_\_\_\_  
Tech Source acct # \_\_\_\_\_

Number of years in business \_\_\_\_\_ Type of Reseller \_\_\_\_\_  
Brick/Mortar Retail  
Major Lines sold 1. \_\_\_\_\_ Hybrid Retail/Custom  
2. \_\_\_\_\_ Custom Installer  
3. \_\_\_\_\_  
4. \_\_\_\_\_  
No. of Storefronts \_\_\_\_\_ Primary Market Served \_\_\_\_\_  
Website Address: 1. \_\_\_\_\_  
2. \_\_\_\_\_

Anticipated monthly sales of Denon product? \_\_\_\_\_

Signature: \_\_\_\_\_ Title: \_\_\_\_\_ Date: \_\_\_\_\_

Send completed application to Jon Farquharson at [jon@techsourcedist.com](mailto:jon@techsourcedist.com)  
or fax to (215) 654-1559

**EXHIBIT “D” TO DENON CONSUMER DISTRIBUTOR AGREEMENT**

**FORM OF AUTHORIZED DENON CONSUMER DEALER AGREEMENT**

*This AGREEMENT is made as of this* \_\_\_\_ *day of* \_\_\_\_\_, \_\_\_\_\_ *between*  
**[Distributor Name- Include DBA if any]** Tech Source Distributors, *having its principal*  
*place of business at [Address]* 120A Keystone Dr., Montgomeryville, PA 18936 *(herein*  
*referred to as “Distributor”)* and **[Dealer Name – Include DBA if any]** \_\_\_\_\_  
\_\_\_\_\_, *having its principal place of business at [Address]*  
\_\_\_\_\_ *(herein referred to as “Dealer”)*.

**RECITALS**

- A. Distributor has been appointed by DENON ELECTRONICS (USA), LLC (herein after referral to as “DENON”) as a distributor for, and Distributor distributes, high quality electronic and electro-mechanical products under the brand name and bearing the logo of “DENON” (herein referred to collectively as “DENON Products”) as listed in Distributor’s Price Lists (each herein referred to as the “List”).
- B. Distributor and Dealer recognize that the quality of DENON Products and the professionalism and reputation of Distributor and Dealer are both essential to their mutual success.
- C. Dealer has demonstrated to Distributor’s satisfaction that it currently meets all of Distributor’s and DENON’S guidelines for authorized dealers and has the capability to be an effective retailer of DENON Products, and by executing this Agreement, Dealer warrants and represents that it will continue to meet all of Distributor’s and DENON’S qualifications in the manner set forth in this Agreement.

*NOW THEREFORE, Distributor and Dealer agree as follows:*

**1. APPOINTMENT AND ACCEPTANCE**

Distributor appoints Dealer as an authorized dealer of DENON Products, and Dealer accepts its appointment as an authorized dealer for the DENON Products. Distributor represents and warrants that it has the power and authority to appoint Dealer as an authorized dealer of DENON

Products and that DENON has approved Dealer's appointment. If checked below, this agreement applies to:

DENON CONSUMER PRODUCTS

Dealer acknowledges receipt of DENON'S Marketing Requirements Memorandum (referred to as the "Memorandum") for each category of DENON Products for which it has been appointed an Authorized Denon Dealer. The Memorandum in effect on the effective date of this Agreement is attached as Exhibit "A" and subsequent addendums as issued from time-to-time. The Memorandum may be modified from time to time without prior notice to Dealer. When a new Memorandum is issued, it will become part of this Agreement and will automatically supersede any Memorandum issued prior to its effective date.

**2. LIMITATIONS ON SALES TO NON-AUTHORIZED LOCATIONS**

A. Distributor and Dealer acknowledge the following:

- i. It is in their mutual best interests that all retailers selling DENON Products have the ability to provide and continue to provide quality services in their sale and marketing of DENON Products.
- ii. It is critical to the reputation and image of DENON Products that all dealers selling DENON Products be thoroughly knowledgeable concerning DENON Products in order that they can advise consumers as to:
  - iii. Necessary special adjustments required for DENON Products;
  - iv. Necessary precautions for prolonging the useful life of DENON Products;
  - v. The method of setting up and/or installing DENON Products so as to maximize their performance; and
  - vi. Products that will be compatible with and properly interface with DENON Products.
- vii. If DENON Products are offered only through a limited number of outlets, each DENON dealer will be able to expend significant resources and efforts in servicing customers and prospective customers for DENON Products and compete more effectively against products competitive with DENON Products.

B. Based upon the acknowledgements contained in Paragraph A above, Dealer agrees:

- i. to sell DENON Products directly to retail customers only and only at its authorized retail store locations, and not to sell DENON Products to others for resale without, in any such case, Distributor's and DENON'S prior written consent.

- ii. not to advertise, promote or sell any DENON Products through mail order catalogs without, in any such case, Distributor's and DENON'S prior written consent.
  - iii. not to advertise, promote or sell DENON Products on the Internet except in accordance with DENON'S then current Internet Policy Statement or as Distributor or DENON may otherwise approve in writing. DENON'S Internet Policy Statement currently in effect is attached as Exhibit "B".
  - iv. that Distributor and DENON have the absolute discretion to approve or reject Dealer's requests to add new authorized locations and to increase or decrease the number of authorized DENON dealers in any area at any time.
- C. Dealer's appointment as an Authorized DENON Dealer for DENON Products shall be nonexclusive. This Agreement applies only to those Dealer locations specifically identified on Exhibit "C" or subsequently added with the prior written consent of Distributor and DENON. Dealer agrees to maintain a retail store for the sale of DENON Products at each authorized location. Each such retail store will meet the requirements as described below.

### **3. OBLIGATIONS OF DEALER**

Dealer agrees to comply with each of the following requirements at each of Dealer's authorized locations:

#### **A. Affirmative Obligations**

- i. Dealer will comply with all of the requirements set forth in the Memorandum.
- ii. Dealer will maintain its authorized location(s), both interior and exterior, in a manner conducive to the retail sale of the highest quality of electronic products and audio components.
- iii. Dealer and its staff will possess full knowledge concerning DENON Products and their specifications, and Dealer will conduct such sales training of its personnel as may be necessary to impart such knowledge. Dealer will cooperate completely in any product education programs that DENON may establish. In order to be able to respond effectively to consumer questions, Dealer also shall be knowledgeable concerning products competitive with DENON Products and the advantages of DENON Products in relation to such competitive products, and shall be familiar with current information contained in high fidelity periodicals or other widely disseminated high fidelity literature.
- iv. For purposes of comparison and selection, Dealer shall have on active display performing models of representative products of such categories of electronic home entertainment audio products as are of comparable quality to, and which can be properly interfaced with, the DENON Products sold by Dealer.

- v. Dealer, to the best of its ability, shall consistently encourage its customers to purchase DENON Products. Dealer will at all times represent DENON Products fairly in comparison with competitive products of other manufacturers.
- vi. Dealer will advise Distributor promptly concerning any information that may come to its attention regarding charges, complaints or claims about DENON Products.
- vii. Dealer will use its best efforts to resell DENON Products in accordance with DENON'S lawful selling plans and policies, as announced from time to time. Dealer agrees to utilize promotional materials prepared by DENON as part of its promotion and advertising program for DENON Products and to display prominently all product literature and other point of purchase material supplied free of charge by Distributor.
- viii. Dealer shall provide suitable facilities and personnel for the prompt and effective repair (only when authorized to do so by Distributor and DENON) and service of DENON Products and the handling of customer inquiries of a technical nature. For repairs which Distributor and DENON do not authorize Dealer to make itself, Dealer shall comply with instructions provided from time to time by Distributor and DENON.
- ix. If Dealer or its owners contemplate a sale of its business (whether by sale of stock, assets, or otherwise), Dealer agrees to notify Distributor and DENON in writing not less than forty-five (45) days prior to completing any such transaction.

#### B. Prohibited Conduct

- i. Dealer shall not engage in any conduct in connection with its business operations or in its sales and marketing of DENON Products that would adversely affect the image, credibility and reputation of DENON or DENON Products; nor shall Dealer disclose any confidential information of DENON to any third party.
- ii. Dealer shall not engage in any unfair trade practices in violation of federal or state laws in connection with its sale and marketing of DENON Products, and Dealer shall not make false or misleading representations with regard to DENON Products. Dealer shall not make any representations with respect to specifications or features of DENON Products except as approved in writing or published by DENON.

#### 4. **OBLIGATIONS OF DISTRIBUTOR**

- A. Distributor will endeavor to make deliveries within a reasonable time in accordance with orders accepted from Dealer; provided that Distributor reserves the right to allot DENON Products in times of shortages in its sole discretion. Unless otherwise provided by applicable law, Distributor shall not be liable to Dealer for any commercial damages, incidental, consequential or otherwise, for failure to fill orders, delays in delivery, or any error in the filling of orders.

B. Distributor will provide Dealer with a reasonable supply of product literature.

**5. WARRANTY**

Distributor's warranty obligations with respect to DENON Products sold to Dealer are limited to the following: any warranty which Distributor elects to make with respect to DENON Products sold pursuant to this Agreement will be contained within the original package in which such products are shipped. Distributor makes no other express warranties with respect to DENON Products and:

- A. ALL IMPLIED WARRANTIES, INCLUDING BUT NOT LIMITED TO IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR ANY PARTICULAR PURPOSE ARE HEREBY EXCLUDED.
- B. DISTRIBUTOR'S LIABILITY, IF ANY, FOR DAMAGES RELATING TO ANY ALLEGEDLY DEFECTIVE DENON PRODUCT, SHALL UNDER ANY LEGAL OR EQUITABLE THEORY, BE LIMITED TO THE ACTUAL PRICE PAID BY THE DEALER FOR SUCH PRODUCT, AND SHALL IN NO EVENT INCLUDE INCIDENTAL OR CONSEQUENTIAL DAMAGES OF ANY KIND.
- C. DISTRIBUTOR SHALL NOT UNDER ANY CIRCUMSTANCES BE LIABLE FOR DAMAGES OF ANY KIND RESULTING FROM THE INSTALLATION, MODIFICATION OR REPAIR OF DENON PRODUCTS PERFORMED BY ANY PERSON WHO IS NOT A DULY AUTHORIZED EMPLOYEE OR AGENT OF DISTRIBUTOR.

**6. PRICES, TERMS, AND FINANCIAL REQUIREMENTS**

- A. Dealer shall be bound by Distributor's Terms of Sale for each category of DENON Products for which it has been appointed an Authorized DENON Dealer as set forth in any of Distributor's sales forms provided to Dealer from time to time. Distributor shall not be bound by any terms and conditions in Dealer's purchase orders or other business forms. Dealer also acknowledges receipt of the List, as currently in effect, covering each category of DENON Products for which it has been appointed an Authorized DENON Dealer.
- B. The prices to Dealer for DENON Products are those set forth in the List and any subsequent List issued from time to time by Distributor. Distributor has the right to reduce or increase prices to Dealer at any time without prior notice, except with respect to orders that Distributor accepted prior to such price modification. When Distributor issues a new List, it shall become a part of this Agreement and shall automatically supersede any previous List covering the same DENON Products. Prices shown on the List do not include taxes of any nature. Dealer shall be solely responsible for payment of all applicable taxes and shall pay such taxes when invoiced by Distributor or shall furnish tax exemption certificates in form satisfactory to Distributor. If DENON or Distributor provides Dealer with suggested retail prices for any DENON Products, such prices are

not intended to be binding on Dealer and Dealer is free to establish its own retail prices for such products.

- C. Sales to Dealer will be made on the credit terms in effect at the time that Distributor accepts an order. Although Distributor may have extended credit to Dealer, Distributor may declare all outstanding sums immediately due and payable if: (i) Dealer breaches of any of its obligations to Distributor; (ii) Dealer fails to comply with Distributor's credit terms; (iii) there is a change of ownership of Dealer's business; or (iv) in Distributor's reasonable opinion, Dealer's credit has become impaired. Interest shall be payable on past due accounts at the rate provided in Distributor's Terms of Sale prevailing from time to time or the maximum lawful interest rate under applicable law, whichever is lower.
- D. Dealer represents and warrants that it is in good financial condition and is able to pay its bills when due. In order to enable Distributor to accurately assess Dealer's financial condition so as to maximize the credit that Distributor can extend to Dealer, from time to time, when reasonably requested by Distributor, Dealer shall furnish to Distributor its financial statements and such additional information as may be relevant to Distributor's credit analysis of Dealer. Distributor has the right to change its financial requirements at any time. If Distributor initiates litigation to collect sums owed to it by Dealer, assuming Distributor prevails in such lawsuit, Dealer shall be responsible for the costs and reasonable attorneys' fees incurred by Distributor in connection with such litigation.
- E. In addition to any other right or remedy provided for in this Agreement or by applicable law:
  - i. Distributor may refuse to accept any order placed by Dealer.
  - ii. If Dealer becomes delinquent in payment obligations or other credit or financial requirements established by Distributor, Distributor may cancel any accepted orders or refuse or delay shipment of any order. No refusal to accept or cancellation of an order or delay in shipment shall be construed as a termination of this Agreement (unless Distributor so advises Dealer) nor as a breach of this Agreement by Distributor.

## **7. CHANGES IN PRODUCTS AND POLICIES**

Unless otherwise provided by applicable law:

- A. Distributor may at any time add, change, or cease making available any DENON part or product without notice to Dealer, and Dealer shall have no claim against Distributor for failure to furnish parts or products of the model, design or type previously sold, or otherwise.
- B. Distributor may at any time change warranty or service policies without incurring any liability to Dealer.

**8. SHIPMENTS**

Unless Dealer clearly advises Distributor to the contrary in writing, Distributor may make partial shipments on account of Dealer's orders. Each shipment shall be separately invoiced and paid for when due, without regard to subsequent deliveries. Regardless of the party paying freight charges, all risk of loss or damage in transit shall be borne by Dealer.

**9. TRADEMARKS**

- A. Distributor represents and warrants that DENON has granted to Distributor the right and license to use DENON'S trade names and trademarks, and to grant to Authorized DENON Dealers the sublicense and right to use DENON'S trademarks and trade names in connection with the promotion and sale of DENON Products. During the term of this Agreement, Distributor authorizes Dealer to use the trade names and trademarks "DENON" and "Authorized DENON Dealer", and any similar trademarks and trade names in connection with Dealer's sale, advertisement and promotion of any DENON Products purchased from Distributor. Dealer's use of DENON'S trademarks and trade names shall be in accordance with DENON policies in effect from time to time, including, but not limited to, cooperative advertising policies. Nothing contained in this Agreement gives Dealer any interest in the trade names "DENON", "Authorized DENON Dealer" or any similar trademarks or trade names, except as expressly provided herein. Dealer's right to use such trademarks and trade names shall cease upon termination of this Agreement for any reason. Dealer agrees (i) not to attach any additional trademarks or trade names to DENON Products, (ii) not to remove, obscure, deface or alter any DENON trademark, (iii) not to affix any DENON trademark or trade name to products other than DENON Products, (iv) not to permit any third party affiliate or on-line paid advertising affiliate of Dealer to use DENON's trade names and/or trademarks, and (v) not to engage in any activity or use of DENON's trade names and/or trademarks which would cause consumer confusion or dilution of DENON's trade names or trademarks.
- B. In order to comply with DENON'S quality control standards, Dealer shall: (i) use the trademarks in compliance with all relevant federal and state laws and regulations; and (ii) give Distributor the right to inspect (during normal business hours), without prior advance notice, Dealer's facilities used in connection with efforts to sell DENON Products, in order to confirm that Dealer's use of such trademarks is in compliance with this provision. A violation of this provision shall be deemed a material breach of this Agreement and a basis for Distributor to terminate this Agreement for cause.

**10. DURATION OF AGREEMENT/TERMINATION**

- A. This initial term of this Agreement (the "Initial Term") shall extend until March 31 of the year following the year in which this agreement was originally executed, unless sooner terminated in accordance with the provisions of this Paragraph. Unless either Distributor or Dealer shall provide the other with written notice of termination at least thirty (30) days prior to the last day of the Initial Term or any Renewal Term (as herein defined), the term of this Agreement shall be automatically renewed for successive terms of one (1) year each (each a "Renewal Term"). Unless otherwise provided by applicable law, either

Dealer or Distributor may terminate this Agreement at any time, with or without cause, upon notice to the other. If the termination is without cause, at least thirty (30) days' advance written notice must be given to the other party. For purposes of this Agreement, "cause" shall exist under the following circumstances:

- i. Cause shall exist for Dealer to terminate this Agreement if Distributor breaches any provision of this Agreement.
  - ii. Cause shall exist for Distributor to terminate this Agreement if Dealer (a) breaches any provision of this Agreement, or (b) effects any transaction, which results in a change of management or control of Dealer's business.
  - iii. Cause shall exist for termination by either party if the other party shall purport to assign this Agreement (except where permitted under the provisions of this Agreement), liquidate or terminate its business, be adjudicated a bankrupt, make an assignment for the benefit of creditors or invoke the provisions of any law for the relief of debtors, or file or have filed against it any similar proceeding.
- B. If Distributor terminates this Agreement without cause, Distributor may (a) reject all or part of any orders received from Dealer after notice but prior to the effective date of termination, if availability of DENON Products is insufficient at that time to meet the needs of Distributor and its customers fully; and (b) limit shipments to Dealer during the period between notice and the termination date to Dealer's average purchases during the three (3) months prior to the date of its notice. If this Agreement is terminated by Distributor for cause, Distributor will be entitled to reject any or all of Dealer's orders.
- C. Distributor has the right to repurchase, but is not required to repurchase, any or all DENON Products owned by Dealer at the effective date of termination of this Agreement. Repurchase shall be consummated at Dealer's cost for the products in question, less the costs of refurbishing, repairing and repackaging, if necessary. Dealer agrees to submit to Distributor a list of all such products within ten (10) days following the effective date of termination of this Agreement, in order that Distributor may consider whether to exercise this option. The repurchase option must be exercised by Distributor in writing within thirty (30) days after receipt of the list of products from Dealer. Upon receipt of notice that Distributor intends to exercise the repurchase option, Dealer agrees to have the Denon Products delivered to Distributor, at Dealer's expense (if termination is by Distributor for cause or by Dealer without cause), to such place in the United States as Distributor may designate in its notice.
- D. Termination of this Agreement for cause by Distributor or by Dealer automatically accelerates the due date of all invoices for DENON Products so that they become due and payable on the effective date of termination, even if longer terms have been provided previously. Termination of this Agreement by Dealer with or without cause gives Distributor the right to cancel any open orders.
- E. EXCEPT AS PROVIDED IN THIS AGREEMENT, NEITHER DISTRIBUTOR NOR DEALER SHALL BE LIABLE TO THE OTHER FOR DAMAGES OF ANY KIND,

INCLUDING INCIDENTAL OR CONSEQUENTIAL DAMAGES, ON ACCOUNT OF TERMINATION OF THIS AGREEMENT FOR ANY REASON WHATSOEVER.

**11. NO AGENCY**

Nothing stated in this Agreement shall be construed as creating the relationships of employer and employee, master and servant, or principal and agent between Distributor and Dealer. Dealer shall be deemed an independent contractor at all times with respect to its performance under this Agreement and shall have no right or authority to assume or create any obligation, express or implied, or to accept service of any legal process, on behalf of Distributor, except as specifically stated in this Agreement.

**12. INDEMNIFICATION**

Dealer agrees to indemnify and hold Distributor harmless from and against any and all claims, damages and liabilities whatsoever, asserted by any person or entity, resulting directly or indirectly from any breach by Dealer of this Agreement. Such indemnification includes the payment of all attorneys' fees and other related costs expended by Distributor in defending any such claims.

**13. NOTICES**

All notices to be given under the terms of this Agreement shall be in writing and sent by certified or registered mail, return receipt requested, or by overnight courier service, postage or other applicable charges prepaid, to the addresses for Distributor or Dealer as set forth in this Agreement, which addresses may be changed from time to time by notice served by either party upon the other in accordance with this provision.

**14. GOVERNING LAW; JURISDICTION**

- A. This Agreement and the performance of the parties under this Agreement shall in all respects be governed by and construed in accordance with the law of the State of New Jersey, without reference to conflicts of laws principles.
- B. All legal actions or proceedings arising out of or related to this Agreement shall be brought in the courts of the State of New Jersey or the United States District Court for the District of New Jersey. Dealer agrees to the jurisdiction of such courts and to accept service of process in any such action or proceeding sent in the manner provided for notices as specified in this Agreement.

**15. COMMENCEMENT OF CLAIM**

Any legal action or proceeding arising out of or relating to this Agreement or the relationship between Distributor and Dealer shall be barred unless commenced within one (1) year after the cause of action arose.

**16. VALIDITY**

- A. Distributor and Dealer each warrants and represents to the other that:
- i. it is legally free to enter into this Agreement;
  - ii. it is duly authorized to execute this Agreement;
  - iii. this Agreement is valid and legally binding and enforceable; and
  - iv. its obligations under this Agreement and the terms and conditions of this Agreement do not conflict with or violate any terms or conditions of any other agreement or commitment to which it is bound.

**17. COMPLETE AGREEMENT; SEVERABILITY**

- A. This Agreement is intended to be the sole and complete statement of the obligation of the parties relating to the sale of DENON Products, and supersedes all previous understandings, agreements, negotiations and proposals as to this Agreement.
- B. If any of the provisions of this Agreement or the obligations of the parties shall be held by a court or other tribunal of competent jurisdiction to be unenforceable, the remaining portions of this Agreement shall remain in full force and effect.

**18. NO FRANCHISE**

This Agreement does not in any way create a franchise relationship between Dealer and Distributor and in no circumstances shall Dealer be considered a franchisee of Distributor. Dealer acknowledges that no front-end, conditional or other investment fee is due or owing from Dealer to Distributor under this Agreement or any other written or oral agreement except payments for the purchase of DENON Products.

**19. LIMITED LIABILITY**

Distributor shall not be liable for failure to perform or delay in performance of any part of this Agreement, directly or indirectly resulting from or contributed to by: any foreign or domestic embargoes; acts of God or the public enemy; the adoption or enactment of any law, ordinance, regulation, ruling or order directly or indirectly interfering with production or delivery; wars, fires, floods, explosions, strikes, factory shut downs, work stoppages, slow-downs or other differences with workmen; shortages of fuel, power, materials or labor, or delay in or lack of the usual means of transportation; action taken to carry out the intent or purpose of any law or administrative regulation having the effect of law; compliance with any request by a governmental agency or official thereof; extraordinary currency devaluations, taxes or custom duties or other similar charges or assessments; or other events or contingencies beyond the reasonable control of Distributor.

**20. NO WAIVER, AMENDMENT OR MODIFICATION**

Except as otherwise stated in this Agreement, no provision of this Agreement shall be waived, amended or modified by any party unless such waiver, amendment or modification is in writing and duly signed by the party against whom the waiver or modification is sought to be enforced. The waiver of any one default shall not be considered a waiver of any similar or different subsequent default.

**21. ASSIGNMENT**

Neither party shall assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other party. This Agreement shall be binding upon and inure to the benefit of the parties and their respective permitted successors and assigns.

**22. COUNTERPARTS**

This Agreement may be executed in several counterparts, each of which shall be deemed the original, but all of which shall constitute one and the same instrument.

**23. THIRD-PARTY BENEFICIARY**

The parties agree that DENON is a third-party beneficiary of all of the obligations of Dealer to Distributor under Sections 2, 3, 9 and 12 of this Agreement, as well as Exhibits A and B thereof, and that DENON has the right to directly enforce or to cause Distributor to enforce Dealer's obligations thereunder.

*IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first above written.*

**[DEALER]** \_\_\_\_\_

By: \_\_\_\_\_

Title \_\_\_\_\_

**[DISTRIBUTOR]** Nutech Distributors, Inc., T/A Tech Source Distributors \_\_\_\_\_

By: \_\_\_\_\_

Title \_\_\_\_\_

**EXHIBIT "A" TO DEALER AGREEMENT**

**DENON ELECTRONICS (USA), LLC  
MARKETING REQUIREMENTS MEMORANDUM  
DENON CONSUMER AUDIO PRODUCTS**

**DISPLAY REQUIREMENTS**

Dealer is recommended to meet the following suggested display requirements for each of its authorized locations:

- A. ANY TWO (2) HOME THEATER SERIES A/V RECEIVERS OF CHOICE
- B. ANY ONE (1) AUDIO RECEIVERS OF CHOICE: DRA
- C. ANY THREE (3) DVD MODELS OF CHOICE: DVD/DVM
- D. ANY ONE (1) CD MODELS OF CHOICE: CDR/DCD/DCM
- E. ANY ONE (1) CASSETTE DECK MODEL OF CHOICE: DRM/DRW
- F. ANY ONE (1) TURNTABLE MODEL OF CHOICE: DP
- G. ANY TWO (2) SYSTEMS OF CHOICE: DHT/D-M/D-F

**Stocking Recommendation (Back-Up): THREE (3) PIECES FOR EACH DISPLAY PIECE**

**SOUND ROOM**

It is recommended that the Dealer have a separate room or distinct area of each store or showroom devoted to demonstration of stereo components and DENON Products must be prominently featured there.

## EXHIBIT "B" TO DENON CONSUMER DEALER AGREEMENT

### DENON ELECTRONICS (USA), LLC INTERNET POLICY STATEMENT (Effective as of June 1, 1999)

DENON ELECTRONICS (USA), LLC ("DENON"), hereby adopts the following Internet Policy Statement (the "Internet Policy"), which supplements the terms and conditions of DENON'S Dealer Agreement and shall be binding on all of DENON'S Authorized Dealers ("Dealers"). The terms and conditions of the Internet Policy are as follows:

1. All Dealers that have established their own Web sites are authorized and encouraged to identify themselves on such sites as Authorized DENON Dealers and to promote on such sites the DENON Products for which they have been authorized and which they currently have in stock at their authorized locations.
2. In their Internet promotions of DENON Products, Dealers shall provide pictures of the DENON Products, together with their model numbers and full descriptions of their distinguishing features, all of which shall be displayed in a manner that will enhance DENON'S brand image.
3. Unless DENON has independently authorized any Dealer in writing:
  - A. No Internet promotion of DENON Products shall contain a reference to prices for such products, other than DENON'S suggested retail prices.
  - B. No sale of DENON Products may be made electronically or by mail or telephone order, and all sales shall be made only at Dealer's authorized locations, which shall be identified on Dealer's Web site.
  - C. **A separate Authorized DENON Internet Agreement, approved and signed by DENON, is required to sell DENON products electronically on the Internet, or by mail or telephone order.**
4. Any Dealer that violates the terms of the Internet Policy may, at DENON'S sole discretion, lose the opportunity to obtain DENON Products and/or any advertising or marketing funds to which it would otherwise be entitled for up to 60 days from the date on which DENON notifies Dealer of its violation. Any Dealer that has violated the terms of the Internet Policy on more than one occasion will be subject to termination for cause under the DENON Dealer Agreement.

The purpose of this Internet Policy is to broaden the exposure of DENON Products to consumers and to positively influence their views of the image and reputation of DENON Products and all Authorized DENON Dealers. Accordingly, apart from the specific commitments of Dealers set forth above, Dealers shall take into account DENON'S comments and suggestions from time to time with respect to the structure and contents of their Web sites and shall make appropriate modifications to their Web sites that will help to achieve DENON'S goals.

