



F E N T O N

Handcrafted Glass Artistry Since 1905

DATE: January 1, 2001
TO: All Authorized Fenton Dealers
SUBJECT: Revised *Retail Sale Policy*

Dear Authorized Dealers:

Fenton is continuing to make every effort to implement policies and procedures designed to increase your ability to sell Fenton handcrafted products more effectively, while increasing the collectibility and reputation of the Fenton brand and its products. To support this, Fenton independently adopted a *Retail Sale Policy*, effective March 1, 2000, which all Authorized Dealers should have received.

In further support of our goals, Fenton is now revising its *Retail Sale Policy*. The revised *Retail Sale Policy*, which follows, is effective January 1, 2001. The primary change in the *Retail Sale Policy* from the original one is the elevation of our Honor Collection (see our 2001 General Catalog, Page 3) to the same terms as the Connoisseur Collection (refer to 1a, 1b, 2a and 2b on Page 1 and #2 under Definitions on Page 2). We believe that our revised *Retail Sale Policy*, like the original, should assist you in realizing reasonable margins and continued customer satisfaction while at the same time further strengthening the Fenton brand long term.

PLEASE NOTE: Due to legal considerations, it is company policy not to discuss any aspect or effect of the *Retail Sale Policy* with any dealers – this is for the protection of both the company and its dealers. While we regret the need to restrict the policy in this manner, to do otherwise could expose both your dealership and the company to potential legal claims.

We believe the *Retail Sale Policy* is important to both The Fenton Art Glass Company's long-term success as well as the success of all Authorized Dealers. We're confident this policy will enable all dealers to enjoy greater success and preserve and grow our customers' interest in Fenton products.

We sincerely thank you for your continued support of Fenton Art Glass and wish you continued success.

Best regards,

Don A. Fenton
Vice-President, Sales

George W. Fenton
President

Please refer to the *Retail Sale Policy* on the following 3 pages.

The Fenton Art Glass Company

RETAIL SALE POLICY

The Fenton Art Glass Company has made a commitment to our Authorized Dealers and our consumers to provide excellence in craftsmanship and service.

Consumers who have purchased Fenton handmade products have done so for several reasons . . . quality, craftsmanship and the belief that, over time, the products may appreciate in value. It is the obligation, both of Fenton and all its Authorized Dealers, to do everything possible to promote customer satisfaction.

Following is the policy in full along with a number of additional points that should answer your questions. There is no further information you will need to know in order to comply with the Retail Sale Policy if you choose to do so.

1. SUGGESTED RETAIL PRICES:

- a. Connoisseur Collection and Honor Collection items are to be sold at a price no less than *Fenton's Suggested Retail Price* at all times.
- b. Fenton Limited Edition items (other than Connoisseur Collection and Honor Collection) and Fenton Gift items are to be sold at a price no less than *Fenton's Suggested Retail Price* during the time the items are active in the Fenton Regular Line.

2. INTERNET AUCTIONS:

- a. Connoisseur Collection and Honor Collection items are not to be sold on Internet Auction Sites during the time the items are active in the Fenton Regular Line and for the subsequent 6 months. Thereafter, the "reserve" is to be set at a price no less than *Fenton's Suggested Retail Price*.
- b. Fenton Limited Edition items (other than Connoisseur Collection and Honor Collection) are not to be sold on Internet Auction Sites during the time the items are active in the Fenton Regular Line. Thereafter, the "reserve" is to be set at a price no less than *Fenton's Suggested Retail Price*.
- c. Fenton Gift items may be sold on Internet Auction Sites, provided that during the time the items are active in the Fenton Regular Line, the "reserve" is to be set at *Fenton's Suggested Retail Price*.

3. EFFECTIVE DATE: January 1, 2001.

FENTON RESERVES THE RIGHT TO DISCONTINUE DOING BUSINESS WITH A DEALER WHO CHOOSES NOT TO COMPLY WITH FENTON'S RETAIL SALE POLICY.

PLEASE NOTE: Due to legal considerations, it is company policy not to discuss any aspect or effect of the *Retail Sale Policy* with any dealers - - this is for the protection of both the company and its dealers. While we regret the need to restrict the policy in this manner, to do otherwise could expose both your dealership and the company to potential legal claims.

Please see additional points on Pages 2 and 3



ADDITIONAL POINTS

DEFINITIONS:

1. **What is the Connoisseur Collection . . .** the grouping of Limited Edition items involving exotic glass colors and handpainted motifs, strictly limited to a specific number. The Connoisseur Collection is currently introduced in April and shipped to our Authorized Dealers from August - December of that calendar year (Refer to 1a, 2a on Page 1).
2. **What is the Honor Collection . . .** the grouping of Limited Edition items featuring 1 or 2 special colors and handpainted motifs, strictly limited to a specific number. The Honor Collection is currently introduced in January in the General Catalog and shipped to our Authorized Dealers from February - June of that calendar year (Refer to 1a, 2a on Page 1).
3. **How do you define Fenton Limited Edition items . . .** all non Connoisseur Collection and non Honor Collection items that are limited by number or by time (Refer to 1b, 2b on Page 1).
4. **How do you define Fenton Gift items . . .** all non Connoisseur Collection, non Honor Collection and non Limited Edition items. They are listed on the Fenton price list and pictured in the Fenton General Catalog or one of the Fenton Supplements e.g. Spring, Christmas, June, Fall Lamps (Refer to 1b, 2c on Page 1).
5. **When is an item "active" in the Fenton Regular Line . . .** an item is considered "active" while it appears on one of the Fenton pre-printed price lists. The January 1 price list is "active" through May 30. The June 1 price list is "active" through December 31. Additional seasonal price lists include: Christmas - "active" April 1 through December 31, Fall Lamps - "active" June 1 through December 31, and Spring - "active" September 1 through May 30 of the following year.

PRICING:

6. **Explain Fenton's Suggested Retail Prices . . .** Fenton pre-tickets all items with a Suggested Retail Price. The policy calls for items to be sold at no less than the Suggested Retail Price in accordance with numbers 1. and 2. on the previous page. The one exception: If the price increases at the beginning of a calendar year, the dealer may adjust the retail price accordingly or may continue to sell the on-hand inventory at the stickered price from the previous year.
7. **Are there instances where Fenton items may be sold at less than the Suggested Retail Price by an Authorized Dealer?** Yes, there are 7 approved instances:
 - Carry over of product from prior year (#6 above).
 - Store employee and shareholder discounts.
 - Reciprocal arrangement with another Authorized Fenton Dealer . . . terms left to the two parties involved.
 - Fenton Price Promotions . . . an example is the Fall Lamp Special where specific lamps are Double Retail stickered to provide a 10% - 25% savings to the consumer.
 - Corporate Sales . . . sales to other businesses for use as gifts, service awards, etc.
 - Retired Merchandise . . . all except Connoisseur Collection and Honor Collection are allowable.
 - Preferred Seconds . . . these are pieces with some small defect that are sold primarily through the Fenton Gift Shops. Each piece is marked on the bottom with an F.

Please see additional points on Page 3



Additional Points (continued)

8. Are there instances where give-away or gift-with-purchase promotions are acceptable? Yes, there are 4 approved instances.

- Free Freight.
- Free Glass Messenger Subscription (\$12) with purchase of Glass Messenger Exclusive.
- Free Fenton Story of Glassmaking (\$7.50 retail value) with purchase.
- Frequent Buyer Program (approved guidelines follow):
 - PURPOSE: To build loyalty and grow business by offering incentives to repeat purchasers.
 - BASIS: No more than 10% of Retail Purchase (not including taxes) accumulated for credit toward future purchases (\$1 = 1 Award Point).
 - REDEMPTION FORMULA: Award points may be applied to maximum of 25% of future Fenton purchases in initiating store only.
 - PROMOTION: May be advertised in local area only. No national advertising.

APPLICABILITY:

9. This *Retail Sale Policy* applies to all dealers except for the Service Exchanges (Navy, Marine, Army, Air Force).

THIS RETAIL SALE POLICY IS A UNILATERAL STATEMENT OF THE TERMS ON WHICH WE WILL DO BUSINESS. WE DO NOT SEEK AND WILL NOT ACCEPT DEALER AGREEMENT TO THIS POLICY. PLEASE DO NOT DISCUSS THIS POLICY WITH OUR EMPLOYEES OR OUR SALES REPRESENTATIVES. THEY CANNOT VARY OR INTERPRET THE POLICY. WE ALSO ASK THAT YOU DO NOT ADVISE US ABOUT RETAILERS WHO ARE SELLING AT PRICES OTHER THAN OUR SUGGESTED RETAIL PRICES. WE WILL DETERMINE ON OUR OWN WHETHER PRODUCTS ARE BEING SOLD IN VIOLATION OF THIS POLICY.

We have adopted this *Retail Sale Policy* in order to protect and strengthen the Fenton brand and enhance the collectibility of our products. We believe it will help ensure our mutual success in the future.

