

SALES AND MARKETING POLICY

The dealer acknowledges that Demarco's national marketing vision and philosophy emphasizes particularly on prestige, quality and workmanship of the Demarco brand. In such regard, Demarco seeks relationships exclusively with dealers who have a good standing in their community and a reputation for carrying fine products, engage in positive merchandising practices and have the drive and ability to promote the prestige of Demarco. The dealer further acknowledges that central to Demarco's marketing vision and strategy is that authorized dealers should sell Demarco through customary in-store marketing and in a full service environment that enhances and supports the image of Demarco and tends to lessen the risk of "commoditization" of the Demarco brand. In such case that an authorized dealer fails to provide the type of traditional in-store marketing and full service environment that is expected and central to Demarco's strategic marketing, or who in any other way diminishes the prestige of Demarco's Products or Marks, or violates the provisions of this Agreement may be terminated at Demarco's discretion. The intolerable practices that will result in immediate termination of this agreement are those set forth in paragraphs below, in addition to:

* Advertising and Promoting Demarco as a less desirable alternative to other jewelry lines; or * Advertising and Promoting Demarco brand and products as part of any kind of "inventory clearance," "closeout" or similar advertising that suggests the advertised products have not sold well or been in high demand (exempt to this are items identified and directed by Demarco for price reduction).

ADVERTISEMENT AND PROMOTION

The dealer hereby agrees that all advertisement and promotion, including printed materials, advertising over the internet or references to Demarco on any website, shall be done, without any limitations, in accordance with the below advertising procedures:

LICENSE

The dealer may use the Demarco name, Demarco logos and trademarks (collectively, the "Marks") in advertising and promotion of the products. No other trademark and logo may be associated with the Products.

PRE-APPROVAL

All advertisements, promotions and events must be pre approved by the Demarco Advertising Department in agreement with the procedures set forth below before any advertising may be made. The Dealer must ensure that all the advertisements be placed in accord with Demarco's conditions and specifications. Upon request, artwork must be available from Demarco's main office. Requests have to be made by fax or email, and specifying the type of advertisement and visual. Applicable production fees will be deducted from the dealer's Co-op Allowance, as that term is defined in subparagraph D, below.

NAME AND LOGO

In all promotional and advertising materials, the dealer's logo may be no more than 10% larger than the Demarco name and logo.

INTERNET PRICE LISTING

Extending to all advertising materials, including all Internet sites, the lone pricing for Demarco products shall be the MSRP prices provided by Demarco.

CO-OP ALLOWANCE

At its sole discretion, Demarco may contribute to the dealer's advertising costs in advertising Demarco Products (the "Co-op Allowance"). Accounts that exceed \$25,000.00 in Products purchased in any one year from Demarco (applies only to accounts in good standing), will be eligible for a Co-op Allowance. Such Co-op Allowance will be issued in the amount of 5% of the current years Demarco purchases made by the dealer, and will be awarded on a 50/50 match basis. If Demarco deems it suitable to provide the dealer with a Co-op Allowance, it will do so by providing the dealer a credit with Demarco. Unless the dealer's account is current, credits for the Co-op Allowance will not be given. The Co-op Allowance is not in the form of Products. In order to qualify for a Co-op Allowance credit, all credit inquiries must be submitted to the Demarco Advertising Department by January 31st of the subsequent year during which the advertisements appeared. All Co-Op Allowance credit inquiries submitted and deemed appropriate by Demarco will be issued by March 15. Until an actual Co-op credit memo is received the dealer may not deduct credit from payments made to Demarco. If the dealer despite this clarification deducts such amount prior to receiving a credit memo, a bill for the amount deducted (difference) will be issued. Unused Co-op Allowance in a given year will not roll over to the following calendar year. Advertisement and promotional materials, which are not comprised of content approved by Demarco Marketing Department, will not be considered for credit, unless pre-approved by the Demarco Advertising Department. The Dealer must enclose the following materials when submitting a Co-op Allowance credit claim to the Demarco Advertising Department: * Photos/tear pages/or similar materials with the name and date of the publication, or display location of the advertisement; * Copy of the actual publication invoice (not an invoice from an advertising agency); and a* Copy of the previously approved advertising request (from Demarco) containing all required signatures.

NATIONAL ADVERTISEMENT

Demarco takes part regularly in national advertising spots. In times when Demarco purchases national advertising, it may in its own discretion, contact the dealer for prior approval to name the dealers store in the advertisement.

APPROVAL STANDARDS

Demarco will have the right to disapprove any material if it deems, in its sole discretion, that the material in question would impair the value and goodwill associated with the Products and/or the Marks.

ADVERTISING APPROVAL PROCESS

GENERAL. The dealer must adhere to all sensible procedures that Demarco may implement regarding its approval of advertising materials. These approval procedures shall be carried out by email or fax, and must include the basic approval requirements and steps outlined in this document. The dealer must maintain all materials and documents involving approvals in files during the time that the arrangement with Demarco remains in effect and for one (1) subsequent year.

TIME FOR APPROVAL

The dealer must submit all materials necessary for approval at least fourteen (14) days prior to production. Demarco agrees to use reasonable efforts to notify the dealer by fax or email of approval or disapproval by Demarco of any materials submitted to Demarco as soon as possible after Demarco's receipt of such materials.

USE OF UNAPPROVED AND INAPPROPRIATE ADVERTISING MATERIALS

The dealer does not have the right to use any item of advertising material unless the dealer has complied with all the approval procedures and requirements set forth herein with respect to such item of advertising material, and have obtained prior written approval of such item of advertising material by Demarco.

APPROVAL OF ADVERTISING MATERIALS

In regards to each different item of advertising material which the dealer propose to use, the dealer will be required to submit to the Demarco Advertising Department by fax (818-337-7499) or email for review and approval the following materials, in the order stated:

* Written copy for the item of advertising material, accompanied by attached rough art displaying how the Marks will be showcased in connection with the copy; * Final copy for the item being advertised, with finished "lift" art, showing the use of the Marks; * Finished "mechanicals" for the item; and * Final printed sample of the item being advertised, where feasible (for instance in the case of printed brochures, catalogues, labels, etc.).

STORE LOGO

The dealer's store logo, when used in conjunction with the advertising of a Demarco Product, may only contain following information: * Store name(s) or logo symbol; * Authorized store locations; * Local store telephone numbers (800 numbers are not permitted without prior written approval from Demarco); and * Store hours. Demarco shall not permit multiple (stacking) product advertisements with other watch or jewelry brands.

TERMINATION

The dealer's failure to comply with these provisions will be grounds for immediate termination by Demarco.

WRITTEN APPROVAL

The dealer must adhere to all of the approval procedures and steps for each item of advertising material, and also obtain written approval from the Demarco Advertising Department at every step of the procedure, unless a previous written notice from the Demarco Advertising Department has made the dealer exempt from any such step with respect to a specific item of advertising material. Advertising plans and approvals will not be handled or regarded through telephone. In regards to the following advertising materials (such as print media, advertisements, catalogues, promotional flyers, and the like) which the dealer propose to use for the purpose of advertising and promoting the Products to the general public, when submitting such advertising materials to the Demarco Advertising Department for approval, the dealer must describe the intended uses of the advertising materials (including the medium/media it's going to be applied to) and the duration of such proposed uses. In such cases, approval of the advertising materials by the Demarco Advertising Department will extend only to those proposed uses, durations of use, etc., described in the dealer's submissions. All displays used by the dealer in connection with the Products shall be produced by the Demarco advertising Department unless Demarco consents to having such displays produced through the dealer itself, in which case such displays will be subject to the approval process set forth herein.