



1993 DEALER SUPPORT SUMMARY

BARRACUDA BICYCLE COMPANY IS MAKING A COMMITMENT TO OUR DEALERS AND THEIR CUSTOMERS WHICH WON'T END WHEN THE SALE IS MADE. WE'RE BACKING THAT PROMISE WITH A COMPREHENSIVE SUPPORT PROGRAM DIRECTED AT BOTH THE RETAILER AND THE CONSUMER.

BANNERS, DOOR DECALS, INVENTORY DATING SCHEMES AND CONVOLUTED "PROGRAMS" THAT CURRENTLY PASS AS DEALER SUPPORT FROM SOME BIKE MANUFACTURERS DON'T CONSTITUTE A BILATERAL WORKING PARTNERSHIP.

BARRACUDA WAS FOUNDED ON THE PREMISE THAT DEALERS SHOULD BE REWARDED FOR SELLING, NOT BUYING BIKES — THAT A COMPANY SHOULD STAND BEHIND ITS PRODUCTS AND DEALERS, AND NOT FROM A GREAT DISTANCE.

WITH MANUFACTURERS ACROSS THE COUNTRY STRUGGLING AND FAILING, THE INDEPENDENT BICYCLE DEALER IS UNDER SIEGE. IS THIS A GOOD TIME TO LAUNCH YET ANOTHER BICYCLE COMPANY?

WE THINK THIS IS THE BEST TIME.

SO, HERE ARE THE PROGRAMS WE'VE ESTABLISHED TO SUPPORT OUR AUTHORIZED BARRACUDA DEALERS

LIMITED DEALER BASE

IN THE FIRST YEAR, BARRACUDA PLANS TO LIMIT ITS DEALER BASE TO 135. CONTROLLED DEALER PROLIFERATION ALLOWS US TO SUPPLY EACH NEW DEALER WITH A SOLID CROSS-SECTION OF MODELS AND SIZES WHILE MAINTAINING SUFFICIENT ON-HAND INVENTORY TO COVER EXPECTED PRODUCT TURNS. OVER THE NEXT THREE YEARS, WE EXPECT TO EXPAND TO A MAXIMUM OF 250 U.S. RETAILERS.

TERRITORIAL EXCLUSIVITY

EACH DEALER WILL BE GUARANTEED TERRITORIAL EXCLUSIVITY, RENEWABLE ON A YEARLY BASIS. DISTRICT REPRESENTATIVES WILL WORK CLOSELY WITH EACH DEALER TO ESTABLISH REALISTIC SALES GOALS AND DETERMINE THE LEVEL OF SUPPORT NECESSARY TO OBTAIN THEM.

PRE-DELIVERY INSPECTION

AUTHORIZED BARRACUDA DEALERS ARE PAID FOR ASSEMBLING OUR BIKES. PRE-DELIVERY INSPECTIONS ARE COMPLETED BEFORE THE UNIT IS DELIVERED TO THE SALES FLOOR TO ENSURE THE BIKE HAS BEEN PREPARED CONSISTENTLY WITH BARRACUDA'S QUALITY ASSURANCE POLICIES. WHEN THE UNIT IS SOLD, THE RETAILER RECEIVES A \$12.50 PDI CREDIT.

FACTORY-DIRECT TECHNICAL TRAINING



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TO PROVIDE A UNIFORM LEVEL OF CUSTOMER SERVICE THROUGHOUT THE BARRACUDA DEALER NETWORK, WE WILL PROVIDE EACH AUTHORIZED DEALER WITH TECHNICAL TRAINING FOR THEIR STAFF MECHANICS. EACH TECHNICIAN WHO SATISFACTORILY MEETS THE STANDARD ESTABLISHED BY BARRACUDA WILL RECEIVE IDENTIFICATION DESIGNATING HIM AS A CERTIFIED BARRACUDA TECHNICIAN AND THE DEALER WILL RECEIVE AN AUTHORIZED BARRACUDA SERVICE CERTIFICATE FOR DISPLAY.

SALES SUPPORT PROGRAMS

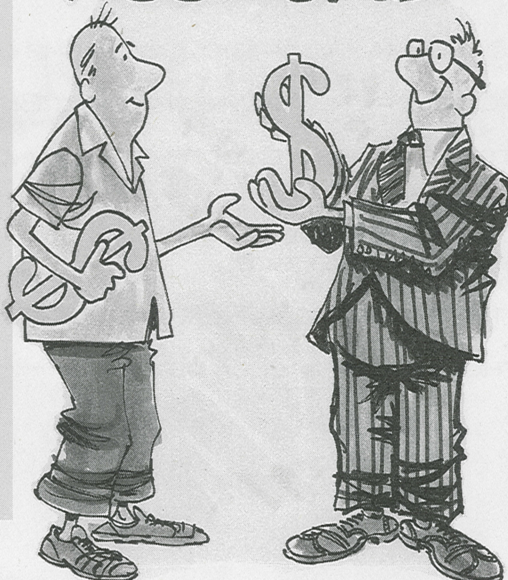
BARRACUDA WILL PRESENT STAFF CLINICS AIMED AT PRESENTING EFFECTIVE SALES INFORMATION. TOPICS WILL INCLUDE TECHNICAL ASPECTS OF THE PRODUCT, DEMOGRAPHIC/BUYER PROFILES, AND EFFECTIVE DISPLAY TECHNIQUES. DISTRICT REPRESENTATIVES WILL ASSIST RETAILERS TO EFFECTIVELY UTILIZE PROMOTIONS, ADVERTISING OPPORTUNITIES AND IN-STORE MATERIALS.

APPLIED BENEFIT PROGRAM

THIS PROGRAM IS A SALES-BASED, PERFORMANCE-ENHANCED BENEFIT ACCRUAL PLAN. EVERY DEALER RECEIVES CREDITS BASED ON A FIXED PERCENTAGE OF THE WHOLE-SALE PRICE OF HIS MONTHLY SALES. DEALERS CAN INCREASE THE PERCENTAGE BY MAINTAINING THEIR CUSTOMER SERVICE INDEX AND/OR BY SATISFACTORILY PARTICIPATING IN FACTORY-DIRECT TECHNICAL AND SALES SUPPORT PROGRAM.

ACCRUED CREDITS ARE APPLIED ON A MATCHING BASIS. DEALERS MAY CREATE A PROMOTION FOR APPROVAL OR SELECT

BENEFIT ACCRUAL



FROM A VARIETY OF ADVERTISING AND PROMOTIONAL OPPORTUNITIES, INCLUDING LOCAL ADVERTISING, RACE PROMOTIONS, IN-STORE PROMOTIONS, AND DIRECT MAIL.

WHOLESALE PRICING

WE WILL ESTABLISH ONE PRICE PER UNIT; THERE WILL BE NO MULTIPLE UNIT DISCOUNTS OR VOLUME PURCHASE INCENTIVES. HOWEVER, WE MAY OCCASIONALLY OFFER ALL DEALERS SPECIAL UNITS AT A FACTORY-SPONSORED PRICE.

30-DAY COMPLIMENTARY SERVICE COUPON

AFTER THE SALE IS MADE, WE INVITE THE CUSTOMER TO RETURN TO YOUR STORE SO ANY NECESSARY ADJUSTMENTS CAN BE MADE. THAT'S OUR CONTINUING SERVICE TO YOUR CUSTOMER. AFTER THE SERVICE IS COMPLETED, THE RETAILER IS ELIGIBLE FOR A \$7.50 SERVICE CREDIT. THAT'S OUR SERVICE TO YOU!

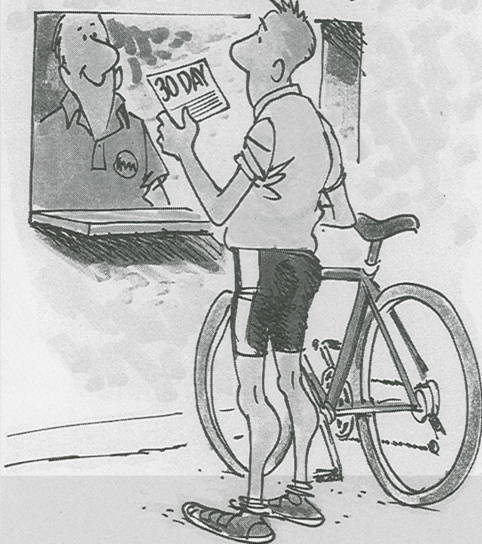
EQUAL FREIGHT

TO ASSURE PRICE POINT INTEGRITY, FREIGHT AND DESTINATION WILL BE AVERAGED NATIONWIDE; RETAILERS IN DENVER WILL BE CHARGED THE SAME FREIGHT AS THOSE IN CHICAGO OR NEW YORK.

BARRACUDA NEWSLETTER

TO ENCOURAGE SELLING THROUGH THE SALE, BARRACUDA WILL ALSO PRODUCE A QUARTERLY NEWSLETTER TO BE MAILED TO ALL PRESENT AND PROSPECTIVE BARRACUDA OWNERS ON THE DEALER'S BEHALF. COPIES CAN BE CUSTOMIZED WITH A DEALER'S NAME, LOGO, ADDRESS AND PHONE NUMBER.

30-DAY SERVICE COUPON



CUSTOMER SERVICE INDEX

DEALERS CAN IMPROVE SALES THROUGH THIS PROGRAM. THE INDEX EVALUATES A WIDE RANGE OF CUSTOMER SERVICE FUNCTIONS TO ASSESS THE DEALER'S PERFORMANCE. BARRACUDA WILL CONDUCT TELEPHONE SURVEYS TO CUSTOMERS TO DETERMINE THE CSI. A HIGH CSI RATING WILL ALSO INCREASE A DEALER'S APPLIED BENEFIT CREDITS.

MERCHANDISING

TO EMPHASIZE THE IMPORTANCE OF SIZING, WE WILL PROVIDE A VARIETY OF STEM LENGTHS AND SADDLE STYLES, WHICH MAY BE EXCHANGED AT THE TIME OF PURCHASE. CUSTOMERS MAY ALSO UPGRADE THEIR SADDLE SELECTION OR A NOMINAL PARTS COST.

IN ADDITION, WE WILL OFFER CONVENIENCE ITEMS SUCH AS FACTORY TEAM APPAREL, IMPRINTED WATER BOTTLES, AND SELECTED SEASONAL PROMOTIONAL ITEMS. MERCHANDISE CAN BE BOTH STORED AND DISPLAYED IN A SELF-

CONTAINED STAND-UP MODULAR UNIT. THIS DISPLAY CAN BE USED AS A WALL STAND OR FREE-STANDING UNIT.

HIGHEST NET MARGINS

DEALERS WHO HONOR THE SUGGESTED BARRACUDA PRICE STRUCTURE WILL BE ABLE TO MAINTAIN NET MARGINS 3-5% HIGHER THAN INDUSTRY STANDARD.

T H E R E ' S M O R E

ADVERTISING

WE WILL INTEGRATE A PROGRAM OF REGIONAL AND NATIONAL ADVERTISING AND PROVIDE DEALERS WITH AD SLICKS TO INCORPORATE A CONSISTENT MESSAGE IN THEIR LOCAL AD PROGRAMS.

BARRACUDA RACING TEAM PROMOTIONS

BARRACUDA'S PRIMARY ACTIVE PROMOTION ENTITY IS ITS FACTORY-SPONSORED RACE TEAM, WHICH ALSO SERVES AS A PRODUCT DEVELOPMENT AND TESTING PLATFORM. IN ADDITION TO THEIR PRESENCE ON THE NORBA RACING CIRCUIT, THE TEAM WILL ASSIST DEALERS WITH IN-STORE PROMOTIONS BY PROVIDING CELEBRITY APPEARANCES CONDUCTING RIDING TECHNIQUE CLINICS, AND ACTING AS SPOKESPEOPLE FOR BARRACUDA PRODUCT GROUPS.

POINT OF PURCHASE MATERIALS

EFFECTIVE POINT OF PURCHASE MATERIALS ADDRESS THE CONSUMER'S NEED FOR INFORMATION AND ALLOW THE MANUFACTURER TO TELL HIS STORY WHILE ALSO GIVING THE SALESPEOPLE "SILENT ASSISTANCE". BARRACUDA HAS PLANNED A VARIETY OF MATERIALS DESIGNED TO FULFILL THESE THREE OBJECTIVES.

LIFETIME BUYER PROTECTION PLAN



LIFETIME BUYER PROTECTION

WE ARE SO CONFIDENT OF THE QUALITY OF OUR BIKES THAT WE OFFER LIFETIME BUYER PROTECTION. THE ORIGINAL PURCHASER IS GUARANTEED THAT THE FRAME AND FORK ARE FREE FROM DEFECTS IN MATERIALS AND WORKMANSHIP, PROVIDING THE BIKE IS NOT MODIFIED, ALTERED OR ABUSED.

DIRECT SALES INCENTIVES

BECAUSE THE SALES FORCE IS OUR STRONGEST LINK TO THE SALE, WE HAVE ESTABLISHED SEMI-ANNUAL INCENTIVE PROGRAMS THAT DIRECTLY REWARD PEAK SALES PERFORMANCE WITH MERCHANDISE AND TRAVEL AWARDS.



BARRACUDA BICYCLE COMPANY

For details on becoming an authorized Barracuda dealer, call toll-free

1-800-GET-CUDA

463 Turner Drive
Unit 105, DCI Complex
Durango, CO 81301

*Simpson
Greengreen
Bike
4M*

16749

*11561
Village
Press
10466*