1996 KONA USA Pre-Season Program

1. Pre-season order period: September 1, 1995 to October 31, 1995.

2. Dealer Pricing Levels:

Level C	Level B	Level A
50 to 99 Bicycles	100 to 149 Bicycles	150 + Bicycles

Note: 1995 program dealers will be billed at their 1996 level commitment, providing they met their 1995 program commitment. Payments must be made within terms of sale to maintain pre-season prices. New dealers will be billed at Level C until their level quantity is met. A retroactive credit will be issued once level quantity has been reached.

3. Pre-season Pricing Guarantee: The pre-season price list of September 1, 1995 is guaranteed on all pre-season orders placed before October 31, 1995 and shipped by May 15, 1996. Pricing guarantee is only valid if payments on pre-season orders are made within terms of sale.

4. Shipping Periods: There are three shipping periods for pre-season orders. A minimum of 15 bicycles must be shipped during each period and no more than 50% of the order may be shipped in any one period.

1st period	September 1, 1995 to November 30, 1995.
2nd period	December 1, 1995 to February 29, 1996.
3rd period	March 1, 1996 to May 15, 1996.

5. Pre-season Terms: 1/4 net 30, 1/4 net 60, 1/4 net 90, 1/4 net 120 - subject to credit approval. Prepayments receive a 2% discount. A new dealer must submit their credit application by October 31, 1995 to qualify for pre-season terms. A minimum of fifty bicycles and $1,500 Race Light components & accessories must be ordered and shipped during the three shipping periods to qualify for the preseason terms.

6. Preseason order: Preseason orders will be shipped completely. Any cancellations must be submitted to Kona in writing 30 days in advance of shipment. Preseasons orders that are modified below the level ordered would be subjected to re-billing.

7. Preseason Dealers: Qualify for the following programs: Employee Purchase, S.Ex Bike Promotion, Co-op advertising credit (renewing dealers).

8. Reorders: Orders after the preseason order period will be invoiced at In-Season pricing that are in effect at the time of the order.

9. In-Season Terms: 2% 10, net 30 - subject to credit approval.

10. Advertising Credit: Renewing Level A, B & C dealers qualify for a 2% advertising credit. Credit is accrued from September 1, 1995 to August 31, 1996. Advertising must be Kona specific. All ads must be pre-approved.

11. Freight Terms: All orders are shipped freight collect FOB Ferndale, Washington via UPS ground unless otherwise requested. Shipments of 10 or more bicycles qualify for UPS Hundred Weight service.

1995 Kona USA
Terms of Sale

Billing:
Cashier's check on initial order. Credit application required on subsequent orders for COD, company check or open account terms. Allow 3 to 4 weeks for credit approval. A service charge of 1.5% per month will be charge on all past due invoice amounts until payment is received in full. A 50% deposit is required on all special orders.

Back Orders:
All pre-season bicycle and component back orders will be shipped. In-season bicycle and component back orders are canceled unless otherwise advised.

Cancellations:
Cancellations of custom frame and fork orders (custom sizing, colors, or non-standard braze-on constitute a custom order) will be subjected to a cancellation fee up to 40% of the special ordered products. Preseason order cancellations must be submitted to in writing to Kona at least 30 days in advance of shipment. Preseason orders that are modified below the level ordered would be subjected to re-billing.

Damages or Shortages in Shipments:
Inspect all shipments carefully. Verify the total number of cartons with the packing slip, note on the bill of lading any discrepancies. Carefully inspect the cartons for exterior damage, note on the bill of lading any damage and number of affected cartons. All claims for lost and/or damaged shipments must be made directly with the delivering carrier. Discovery of damages and shortages not otherwise noted must be reported to Kona within 10 days of receipt of delivery.

Returns:
Returns must have a Return Authorization number assigned by your Kona sales representative. The returned merchandise must have the following: the RA number clearly written on the outside of the carton, a note explaining the reason for the return with the RA number noted. Freight charges must be paid by the dealer. Unauthorized returns, returns without RA numbers, and returns without a clear explanation will not be accepted or reviewed for credit considerations.

Warranty Registration:
All bicycles sold after January 1, 1993, must be registered with Kona to validate the warranty, and to be considered for warranty credit.

Warranty:
Kona USA warranty applies to the original owner only. See the warranty coverage noted in the owners manual and the separate warranty statement for complete details. Bicycles can be subjected to high levels of dynamic forces that can bend or break certain parts of the bicycle depending on the particular occurrence. Kona USA reserves the right to inspect all claims to determine if the warranty is applicable. Kona USA will replace, repair or credit the dealer if the claim is faulty due to workmanship or materials.
Note: It is strongly recommended that handlebars and forks be thoroughly inspected and/or replaced every year regardless of use.

Minimum Orders:
Orders less than $100.00 are subject to a $10.00 handling fee.