

From: "Bruce Davison" <bruce@promarkmarketing.com>

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To: "Bruce Davison" <bruce@promarkmarketing.com>

Subject: Velodyne sign of the times

Dear Esteemed Partner and Velodyne Dealer,

There have been some changes taking place at Velodyne over the last few months. In these challenging economic times, they, like many other companies are looking to contain costs and increase efficiencies. As a result, they have restructured their business model in a radical and I'm sorry to say, draconian and in my opinion, haphazard manner.

About two weeks ago they fired Doug Smith, their long time national sales manager. They also fired Bruce Hall, who was the exec VP of the company and David Hall's brother. They have also let to other key players go in cost containment measures. The final item in this reconfiguration is that they have **terminated their entire national representation sales force**. It remains to be seen what will happen with their distributors.

Instead of the normal representative based sales model, they now wish to become a **direct to the consumer on line e-tailer** who also has local dealers. **So, in a sense, you dealers will be in competition with the factory as they sell at UMRP pricing to the public from their own web site.** Your dealerships are all intact and will remain so. For those of you that are members of buying groups, it remains to be seen how they will proceed with existing programs, I would expect changes going forward. I do not know how they intend to proceed in terms of servicing you the dealer or how they intend for you to place orders. Eventually, I'm sure that someone from Velodyne will reach out to you and explain their new process but we at ProMark are as much in the dark as you.

I want to personally thank all of you for your commitment to the Velodyne brand. ProMark Marketing was the only rep firm that they ever had to service so Cal , Las Vegas and Arizona . We had been named rep of the year numerous times and I was personally singled out as territory manager of the year in 2006 and 2008. Those awards were really more of a reflection of the great dealers we have and the great relationships we all have together. Thank you. Ironically, our sales for the year were well ahead of the national average and we had grown the business by 20% over last year and were on our way to another award winning year with you and the brand.

If you have questions about how to proceed, contact Geoffrey Marks at 408 930 0831 or via e mail at gmarks@velodyne.com

This is a crazy way to end a 25 year business relationship!

Thank you,

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