

JULY 18, 2007

AURORA® COOPERATIVE ADVERTISING POLICY

Lutron is introducing a new residential lighting control system under the brand name AuroRa. The success of the AuroRa lines will depend on the support of our dealers, upon whom we rely to provide attentive customer service and to implement energetic advertising and promotion. In order to support our dealer's efforts and investment in stocking, displaying, promoting and selling Lutron's AuroRa systems, we must maintain the value of the Lutron AuroRa brand.

We have determined that it is in the best interest of the AuroRa brand for us to provide cooperative advertising funds to accounts that advertise AuroRa system products at no less than 80% of our manufacturer's suggested list prices and who sell only to third parties that advertise AuroRa system products at no less than 80% of our manufacturer's suggested list prices (except to the professional trade, i.e., builders, contractors and designers). Under this Policy, any price that can be detected by an Internet search engine constitutes advertising. Furthermore, we have determined that it is in the best interest of the AuroRa brand for us to deal only with dealers that advertise AuroRa system products at no less than 80% of our manufacturer's suggested list prices and who sell only to third parties that advertise AuroRa system products at no less than 80% of our manufacturer's suggested list prices (except to the professional trade, i.e., builders, contractors and designers). We will be monitoring dealers' practices in this respect, as well as dealers' customers' practices, and if we discover that a dealer is advertising AuroRa system products at prices lower than indicated or selling to third parties that are advertising such products lower than indicated, we will make a unilateral decision whether to take action, which may include withholding cooperative advertising funds, terminating that dealer as an AuroRa dealer, or ceasing to do business with that dealer altogether. Such a decision will be made solely by our management.

It is every dealer's right to decide which products to sell and at what price to sell them. At the same time, it is our right to do business with whichever dealers we choose, and we will exercise that right where we believe the future of one of our brands is being compromised.

Any and all questions regarding this policy should be directed only to Lutron's Law Department. No one else is authorized to discuss any aspect of this policy, or the application of this policy to any specific dealer.