



SFI PRESS RELEASE

Litigation Update

June 21, 2010 - There have been developments in the two lawsuits against Impact Racing. In SFI Foundation, Inc. v. Impact Racing, LLC, pending in the United States District Court, Southern District of Indiana, Indianapolis Division, a Motion for Preliminary Injunction Impact filed on May 13, 2010 was ruled on today, June 21, 2010. In the motion, Impact sought to prevent the termination of SFI's Contracts of Participation with Impact, which was due to occur June 22, 2010 under the 90 day no-penalty notice provisions of the contracts. The court made a finding that before the contracts can terminate, SFI is required to afford Impact with "some meaningful opportunity to be heard either in writing or by personal appearance". The decision is lengthy, but in sum, the court found that SFI provides an "important service" through its certification standards, and this affects "the public interest", in part, by setting objective standards for racing equipment to be followed by manufacturers such as Impact. The court noted that "[b]etween 2007 and 2008, Impact started cutting corners in the implementation of SFI standards." The disregard of SFI standards is the basis for its lawsuit against Impact.

The order concludes with the court's finding "that Impact should be afforded preliminary relief in this matter. However, the court notes that in its Motion, Impact essentially asked the Court to issue a permanent injunction against SFI, barring SFI from ever terminating the Contracts of Participation with Impact until SFI provides Impact with notice of substantively rational reasons for terminating the Contracts of Participation and an opportunity to be heard on the matter...In the court's opinion, the relief requested by Impact is at odds with the standard under which the Court evaluated Impact's Motion for Preliminary Injunction as well as the



Court’s authority to issue a preliminary injunction.” The court noted that it must preserve a party’s right to a jury trial. Finally, it held that “SFI is preliminarily enjoined from terminating the Contracts of Participation with Impact until it does so in a manner that is unquestionably ‘substantively rational and procedurally fair’, ... or until after a full trial on the merits of this claim.”

This ruling does not affect the prior decertifications of Impact products. Those decertifications remain in force. With regard to SFI’s intent to terminate all Contracts of Participation, it will afford Impact with a meaningful opportunity to be heard that is unquestionably substantively rational and procedurally fair. A report on the outcome will be provided to Impact and made public in due course.

On June 7, 2010 in the Indiana case, SFI filed its Verified First Amended Complaint and Jury Demand for Injunctive Relief and Monetary Damages against Impact. Additional grounds have been pled for breach of contract, fraud and misrepresentation, and defamation.

In Hubbard/Downing, Inc., d/b/a HANS Performance Products and SFI Foundation, Inc, v. Impact Racing, LLC, pending in the United States District Court, Northern District of Georgia, Atlanta Division, SFI joined with HANS by filing a Motion for Summary Judgment against Impact on the issue of the counterfeit helmet posts that were manufactured and attached to Impact helmets.