

2019 INTERNET POLICY

THE INTERNET MARKETPLACE

It is undeniable that the internet is here to stay, and its significance as an integral part of daily life is only increasing. For most people it is the first place they go to search for and gather information, whether they are looking for historical facts or beginning their search for goods and services. Many people prefer to make their purchases via websites. The internet offers them the convenience of shopping from the comfort of their own homes, researching comparable products, comparing prices and then actually making their purchases, saving time, gasoline and the aggravation of contending with traffic and crowds.

While the internet has become an easily accessible, vast information warehouse, it has also become a viable and lucrative arena for commerce. So much so that many companies do business exclusively on the internet, while others have e-commerce sites to complement and extend the reach of their “brick and mortar” stores. Because of the widespread use of the internet as an information resource as well as a transactional marketplace, the significance of the internet as a showcase and marketing venue for a company’s brand cannot be emphasized enough.

IMPACT OF THE INTERNET ON THE BRAND

As a consequence, it is imperative for MTI to exercise due diligence in monitoring -- and controlling -- how its brand and products are being presented and represented. Website design, product positioning, advertised price, actual transaction price and service levels of resellers of MTI products can all have a positive or negative impact on the perception and growth of MTI’s brand. Advertised prices and actual transaction prices that are significantly lower than the Manufacturer’s Suggested Retail price can have a significant negative impact on the brand by devaluing the products.

Recognizing these facts, MTI formulated and promulgated its “MAP” (Minimum Advertised Price) Policy updated in December, 2013. The policy remains in force, and it is MTI’s full intent to implement and enforce it as stated in the MTI MAP Policy document which follows.

IMPORTANCE OF PHYSICAL SHOWROOMS

While MTI is keenly aware of the significance of the internet and the factors stated above, MTI acknowledges the fundamental importance of the more “traditional” venues for displaying and purchasing its products. Namely, high-end kitchen and bath showrooms located throughout the United States. These showrooms are MTI valued dealers who not only purchase, display and sell MTI products, but their sales personnel serve a vital role in providing their customers with counsel and guidance as they navigate through hundreds of available products, searching for the right one to match the customer’s situation and meet the customer’s needs. The contribution of a skilled, helpful sales person who can offer the “human touch” cannot be underestimated or diminished.

Since these physical showrooms understand the importance, significance and value of their consultative knowledge and human interaction in the decision-making process of selecting bath fixtures, these business entities are far less likely to engage in business practices on the internet that would devalue the MTI brand or their own. For this reason, as well as all of the others aforementioned – branding, marketing and customer care -- MTI is establishing the following policy regarding the sale of its products on the internet:

- MTI will not enter into a contractual sales agreement with any company that is purely internet-based for MTI branded products.
- MTI will sell its MTI branded products to business entities for resale on the internet only if that business entity has and maintains one or more physical (“brick and mortar”) showrooms currently selling and promoting high-end bathroom products, including the MTI brand.
- An internet website will be considered an Authorized MTI Dealer of MTI branded products only if and while the business entity has, operates and maintains at least one physical showroom currently selling and promoting high-end bath products, including the MTI brand.
- ONLY MTI products purchased from an Authorized MTI Dealer internet website will be covered by MTI warranties.
- MTI product information on dealer websites must be kept current, and products must be presented in a way consistent with and

befitting the brand.

- MTI reserves the right to terminate an Authorized MTI Dealer and cease selling its products to said business entity if that entity ceases to maintain at least one physical showroom.

This policy is effective December 1, 2013, and applies to all MTI authorized dealers from this date forward. MTI reserves the right to make changes and amendments at any time and without prior notice.

2019 MINIMUM ADVERTISED PRICE POLICY

INTRODUCTION

MTI Baths, Inc. (“MTI”) is committed to maintaining the superior quality and integrity of its line of whirlpools, air baths, soaking baths, and other related products and accessories (“MTI Products”). MTI has developed the following minimum advertised price policy (“MAP”) for its Dealers in order to promote advertising practices that preserve and enhance the reputation of MTI Products for impeccable quality, innovation and unique customization, and thereby encourage the long term success of MTI and its distribution network.

MINIMUM ADVERTISED PRICE

The MAP is defined as 0.75 times the current List Price as published by MTI. The MAP is established by MTI, and may be adjusted by MTI at its sole discretion, and is available upon request.

SCOPE OF POLICY

This policy prohibits all Dealers of MTI products from advertising below the MAP. Further, the policy applies to advertising of all MTI products by Dealers in any external media including, but not limited to: radio, television, internet, print, and in any form, such as direct mailings, catalogs, price lists, flyers, group faxing, group emailing and trade show signs and brochures (collectively, “Advertisement Medium”).

This policy applies strictly to advertised prices and does not in any way restrict the Dealer’s ability to determine its own resale prices. Moreover, the policy is not intended to prohibit any Dealer from providing below MAP quotations on an individual basis in response to a specific request for quotation by an individual customer; provided such response is not automated and is given by person-to-person communication. Further, Dealers may indicate on their websites for MTI Products that customers may contact the Dealer for a price quotation.

Dignified phrases such as “Call for Price” or “We Offer the Best Prices” may be used to alert potential customers that the actual selling price may differ from the MAP. This does not mean that customers of Internet-based dealers may “click” for pricing other than MAP; such an electronic means of conveying the actual selling price, before or after the “shopping cart” or other similar checkout feature is not a final sale and therefore is considered to be advertising, and would violate the terms of this policy.

Phrases such as “We’ll Beat any Offer,” “No Reasonable Offer Refused,” “Prices Slashed on MTI,” “The Cheapest Prices Available,” “Price Too Low to Print,” “New Low Price” or other phrases in similar wording, tone, or intent, are not permitted in any Advertisement Medium as such price-based language tends to cheapen the image of MTI Products.

ADMINISTRATION OF MAP POLICY

This is a unilateral policy and it will be administered and enforced by MTI in its sole discretion. The MAP for any MTI Product will be determined by MTI and communicated to Dealers by MTI from time to time. No external complaints or reports concerning this policy are solicited by MTI, nor will any such external complaints or reports be used by MTI, as a basis for enforcement of the policy. No employee or representative of MTI will discuss or negotiate this policy with individual Dealers, other than to advise Dealers regarding the administration of the policy. Questions regarding the policy should be directed to MTI via email at info@mtibaths.com.

VIOLATION OF MAP POLICY

While Dealers have the complete freedom to resell MTI Products at any price and to advertise MTI Products, if MTI verifies that a Dealer is advertising MTI Products below the MAP or is otherwise violating this policy, MTI will impose the following penalties:

- Upon the first violation, MTI will notify the Dealer of such violation.
- Upon the second violation, MTI will increase the selling price of MTI products to the Dealer.
- MTI may cease selling MTI Products to the dealer and terminate its relationship with the Dealer if violations continue.

Separate violations will be deemed to have occurred if a violation continues after MTI has notified a Dealer of such a violation (e.g., the same offending advertisement runs on multiple occasions or in different media). The preceding enforcement measures are necessary to protect MTI’s reputation and the integrity of MTI Products.

2019 MINIMUM ADVERTISED PRICE POLICY

OTHER VIOLATIONS

The following practices will also be treated as violations of the policy, on the basis that they violate the spirit of the policy and may be used to circumvent the policy:

- The use of any rebate, discount, coupon, promotion, giveaway or incentive in any advertising by a Dealer where the cumulative effect is to reduce the advertised price of any MTI product below its MAP.
- The use of “click on” or “click through” buttons on a website, or any similar buttons or automated price quotation transmission feature to provide automatic price quotations at below the MAP for any MTI Product.

DEALERS WITH MULTIPLE LOCATIONS

For Dealers with multiple store locations, a violation of this policy by any one store location shall be considered a violation by the entire distributor.

AMENDMENTS

- MTI reserves the right to amend this policy and/or its minimum advertised prices at any time upon prior written notice to its Dealers. Amendments to the policy will not apply to any Dealer advertising that has already been prepared and is scheduled for delivery within thirty days after the date that MTI gives the Dealer notice of the amendment. The thirty day period notwithstanding, Dealers are responsible for observing the current version of the policy as well as the current MAP for all MTI Products.
- Any dealer must have written consent from MTI to sell any MTI product on a website.
- Any MTI product sold by a non-authorized MTI dealer will not be accompanied by MTI’s new product warranty.