

MTI Baths, INC.
INTERNET POLICY
EFFECTIVE December 2013

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:

1. MTI will not enter into a contractual sales agreement with any company that is purely internet-based for MTI branded products.
2. 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.
3. 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.
4. ONLY MTI products purchased from an Authorized MTI Dealer internet website will be covered by MTI warranties.

5. MTI product information on dealer websites must be kept current, and products must be presented in a way consistent with and befitting the brand.
6. 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.