



Hydro Systems, Inc
29132 Avenue Paine
Valencia, CA 91355
Phone (661) 775-0686
Fax (661) 775-0668
<http://www.hydrosystem.com>
E-Mail: hydro@hydrosystem.com

February 1, 2009

Minimum Advertised Pricing Policy (MAP)

Effective March 1st, 2009, Hydro Systems will be enacting a Minimum Advertised Price Policy. This policy shall encompass all forms of media advertising including the internet and shall be applicable to all Hydro System's Distributors and Dealers. All resellers must adhere to the policy and may not list discounts beyond the approved discounting of the product. This shall include online auctions with "Buy it Now" prices, which may not be set below the standard. This policy does not, in theory or intent, set or limit the sales price to any consumer or purchaser for the products: it solely sets a minimum advertised price. This policy mirrors existing policies of countless products in the marketplace.

Primary Condition

A distributor remains free to establish its own resale prices. A distributor may not advertise or otherwise promote Hydro Systems directly or indirectly via the internet below the predetermined MAP policy.

To maintain the integrity of the program, we will institute policy violation consequences

1st Violation: Written warning and notification of violation.

2nd Violation: Hydro Systems will remove distributor from all links and listings from Hydro Systems' website and all the benefits associated with said status.

3rd Violation: Hydro Systems shall contact Google, Yahoo and any other search engine and eliminate use of our trademarked name by the distributor.

Secondary Condition

Distributors are not authorized to sell Hydro Systems' products to entities or persons which advertise or otherwise promote Hydro Systems via the internet at net prices below MAP established by Hydro Systems.

In the event a distributor violates

1st Violation: Written warning and notification of violation.

2nd Violation: Hydro Systems will remove distributor from all links and listings from Hydro Systems website and all the benefits associated with said status.

3rd Violation: Hydro Systems shall contact Google, Yahoo and any other search engine and eliminate use of our trademarked name by the distributor.

MAP Discount

Hydro Systems has established a MAP limit of no greater than 32% off the CURRENT suggested List Price. Hydro Systems reserves the right to change the MAP level on 30 (thirty) days written notice.

Each distributor remains free to determine the resale prices at which it will sell and promote Hydro Systems' products. Each distributor is free to independently decide whether or not to follow Hydro Systems MAP policy. Hydro Systems does not ask for, nor will accept any assurance of compliance or agreement from a distributor regarding this policy, nor will Hydro Systems discuss any conditions or acceptance related to this policy. Hydro Systems will determine whether products are being advertised in violation of this policy and will implement this policy as is warranted. All decisions by Hydro Systems to take action for a violation of this policy are final. There will be no negotiation. This policy does not apply to discontinued merchandise or closeouts as clearly identified by Hydro Systems.