



## **INTERNET SUGGESTED MINIMUM ADVERTISED PRICE POLICY (ISMAPP)**

Bates and Bates has adopted an Internet Suggested Minimum Advertised Price Policy (ISMAPP) applicable to all Bates and Bates distributors effective October 1, 2007 with respect to advertising the company's products via the Internet.

### **Part A**

A Bates and Bates distributor remains free to establish its own resale prices. However, a distributor may not advertise or otherwise promote Bates and Bates products via the Internet in print, radio or TV, at a net price below the ISMAPP established from time to time by Bates and Bates. Actual selling prices may be shown at the shopping cart stage, but no language indicating "prices below ISMAPP" or "Prices too low to publish" or "Click for lower price" may be used to entice the customer to the shopping cart.

In the event that a distributor violates Part A of this policy:

**First Violation** – Distributor will be notified with proof of the violation. If the violation is not corrected within five business days, Bates and Bates will place the account on hold for thirty days. All orders that have not shipped and all new orders will not be shipped for thirty days.

**Second Violation** – Bates and Bates will place the account on hold for 60 days and reduce the customers discount.

**Third Violation** – Bates and Bates will terminate the customers account.

### **Part B**

Bates and Bates distributors are not authorized to sell Bates and Bates products to entities or persons which advertise or otherwise promote Bates and Bates products via the Internet at Net prices below the ISMAPP established from time to time by Bates and Bates. The internet is considered, but not limited to, websites controlled by our customer, auction style websites, or third party websites.

In the event a distributor violates Part B of this policy:

**First Violation** – Bates and Bates will remove distributor from customer service telephone referral list and from all links and listings on Bates and Bates websites.

**Second Violation** – Distributor will be notified with proof of the violation. If the violation is not corrected within five business days, Bates and Bates will place the account on hold for thirty days. All orders that have not shipped and all new orders will not be shipped for thirty days.

**Third Violation** – Bates and Bates will terminate the customers account.

#### **ISMAPP Level**

Bates and Bates has established a ISMAPP of .75 times the current List Price in effect. Net price shall mean the stated price less all discounts, coupons, allowances, and free goods or services offered with Bates and Bates products. Bates and Bates reserves the right to change its ISMAPP level on 30 days written notice.

#### **Unilateral Policy**

Each distributor remains free to determine for itself the resale prices at which it will sell and promote Bates and Bates products, and each distributor is free to independently decide whether or not to follow Bates and Bates ISMAPP policy. Bates and Bates does not ask for, nor will it accept, any assurance of compliance or agreement from a distributor regarding this policy, nor will Bates and Bates discuss any conditions or acceptance related to this policy. Bates and Bates unilaterally, is implementing this policy as its own policy. Bates and Bates will determine whether products are being advertised in violation of this policy and will implement this policy as is warranted. All decisions by Bates and Bates 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 Bates and Bates.

Bates and Bates sales representatives and customer service personnel have no authority to modify or grant exceptions to this policy. All questions regarding the interpretation of this policy must be directed to Steven Bates, Bates and Bates, ISMAPP Policy Coordinator at 800-726-7680.