



INTERNET MINIMUM ADVERTISED PRICE (IMAP) POLICY

This policy applies to all direct customers of Waterstone and shall be in effect as of August 1st 2011.

The policies and procedures outlined in this document are being implemented in a direct effort by the Company to preserve the premium branding and pricing associated with the Company's line of products. Any information relating to a Waterstone product on an Internet website is considered to be advertising for the purposes of the policies set forth in this document. These policies are applicable to any advertising of the company's products over or by the Internet, whether done through a website controlled by a customer, or through an auction website such as eBay, or through Internet placements with third parties (e.g. banner ads and destination pages). These policies only concern advertised prices of Waterstone's products and not the actual sale price of a Waterstone product.

1.0 Customer's right to set advertised pricing - Each direct customer is free to determine for itself how it will promote Waterstone's products including the prices at which it will sell those products to a consumer or other purchaser. Waterstone is not asking for, nor will accept, any agreement or other assurance of compliance from a direct customer regarding the policies set out herein. Similarly, Waterstone will not discuss any conditions or acceptance related to the policies, even if initiated by a customer.

2.0 Customer's right to post pricing on the internet - All customers are free to post their prices for the sale of Waterstone's products on the Internet or other means used in connection with the transmission of communications to others by or through the use of a computer. Customers may even so post a discount from Waterstone's suggested retail price list for a particular product. Alternatively, customers may also list instead of pricing information on such a posting, "Contact us directly for pricing detail" or "Contact us directly for a quote"

3.0 Minimum Advertised Pricing - All Waterstone direct customers selling new Waterstone products on the Internet as defined in the sections above may not advertise or list a selling price for a Waterstone product that is discounted more than 20% from Waterstone's current suggested list price for any and all Waterstone products and related accessories.

3.0.1 Method to determine the advertised discount - in accordance with this policy, any method of granting a discount from Waterstone's current suggested list price for a product is intended to be covered by this policy. Further, for the purposes of determining whether or not a particular price is in violation of this policy; any discounts, "in cart" online reductions, coupons, allowances, gifts or other free goods or services or any other consideration offered with Waterstone products will be considered in calculating the price being advertised or offered by the customer.



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- 4.0 **Used, refurbished, damaged or discontinued product** – this policy is intended for new Waterstone product only. This policy does not apply if the product is used, refurbished, damaged, or discontinued; provided the customer also identifies (in type set at least the same size as the price listing) that the quoted price is for a “used”, “refurbished”, “damaged” or “discontinued” Waterstone product. All shipping, handling, and related fees for the product involved that will be in addition to the quoted price must be listed in any such advertised price as well.

- 5.0 **Collateral Sales** - Waterstone’s direct customers also may not sell Waterstone products to other persons or businesses which advertise or otherwise promote Waterstone products over the Internet as defined in the sections above in violation of this policy.

- 6.0 **Enforcement of the Policy** - Waterstone reserves the right at any time to audit and investigate the Internet advertising of Waterstone products by any of its customers. Any customer determined by Waterstone to be in violation of these policies is subject to the following action being taken by Waterstone in enforcement of the policies set forth herein:
 - 6.0.1 Waterstone will notify the offending customer with proof of the applicable violation. Upon notification, all pending orders will be suspended and if the violation is not corrected within three (3) business days of Waterstone’s notice, all pending orders will be cancelled and the customer’s purchasing privileges with Waterstone will be terminated.

- 7.0 **Waterstone reserves the right, in its sole and absolute discretion, to cease doing business with a customer at any time** in the event of repeated violations of this policy by the customer. Further, Waterstone also reserves the right at its sole and absolute discretion to change the policies contained herein and to interpret, enforce and otherwise determine any and all issues relating to this policy. No sales representative or agent of Waterstone has any authority to change or enforce these policies, or to discipline any customer.

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