



January 1, 2019

Dear Valued Retailer,

At Studio M we strive to build long-standing relationships with each of our retailers and believe that through loyalty and good partnership we will all flourish. In everything we do, we aim to put the needs of our retailers first. Ever-increasing competitive pricing pressures have led to aggressive discounting behaviors that threaten to damage the value of the Studio M brand and our products. As a result, we implemented a minimum advertised price (MAP) policy in 2017 to help protect Studio M and our retailer partners from the effects of these economic pressures.

Studio M recognizes the need for Resellers to reduce inventory of out-of-season, overstocked, or discontinued items. We have recently updated our MAP policy to create provisions for Resellers to promote products at reduced prices during designated time periods. Please review the updated "Minimum Advertised Pricing" policy statement on the following pages.

As a reminder, this policy defines the minimum price you may advertise for our products, but in no way restricts you from determining your final selling price. If you have any questions regarding MAP, please contact Tammy Hickel, Executive VP Sales, at [tammy.hickel@studio-m.com](mailto:tammy.hickel@studio-m.com).

Thank you for your continued support of our products. We are committed to helping you grow your business by delivering a quality experience to all customers.

Sincerely,

Curt Todd

CEO

## Minimum Advertised Pricing Policy

At Studio M, our entrepreneurial roots run deep and that same spirit continues today. We have a long-standing commitment to our retailers and believe that through loyalty and good partnership we will all flourish. Studio M has determined it is in our mutual best interest to adopt a minimum advertised pricing (“MAP”) policy. This MAP policy is designed to:

- Protect reseller margins
- Avoid destructive channel conflicts created by resellers aggressively advertising discounted prices
- Support and preserve the reputation, equity, and value of the Studio M brand

### Policy Coverage

MAP pricing applies to all Studio M “Resellers”, defined as all online or brick-and-mortar retailers and distributors located in the US and worldwide. MAP pricing covers all product offered for sale by Studio M in the most current Spring/Summer and Fall/Winter catalogs. Resellers retain the right to establish their own retail prices. This policy applies only to advertised prices and does not seek to determine at what price a product is actually sold.

Studio M will, without assuming any liability, unilaterally impose sanctions as described below against Resellers who advertise current products at prices below the minimum prices outlined in this policy. Studio M’s MAP Policy is non-negotiable and will not be altered for any Reseller. In no way is this MAP policy intended, nor shall it be construed to be, a “selling price” agreement between Studio M and a Reseller.

### Policy Details

- Studio M has unilaterally established that the MAP policy for all Garden Collection products (defined as all products **except** BreezeArt® Flags, MatMates™ inserts, Yard DeSigns® Magnetic Signs, and MailWraps® Mailbox Covers) and all Gift Collections must be advertised at or above Studio M’s keystone price. Keystone pricing is defined as double the wholesale cost of products as published in our printed catalog.



- The MAP for Flag Collection products (defined as BreezeArt® Flags, MatMates™ Mat inserts, Yard DeSigns® Magnetic Signs, and MailWraps® Mailbox Covers) shall be no less than keystone pricing minus 15%.

The MAP Policy applies to all advertisements of current Studio M products in any and all media, including but not limited to coupons, mailers, inserts, newspapers, magazines, catalogs, mail order catalogs, Internet or similar electronic media, email newsletters, and email solicitations.

Prices displayed online are considered “advertised price” and therefore are subject to our MAP Policy. On an e-commerce website, “click for price” and preformatted email responses are understood to be initiated by the seller and are also considered advertising under our MAP Policy.

The MAP policy is not applicable to any physical in-store advertising that is displayed only in the store and not distributed to any customer. Advertising “the lowest prices” or “we’ll match any competitor’s prices” is not a violation of our MAP Policy.

### **Policy Violations**

Studio M chooses not to maintain a relationship with a reseller who creates a destructive retail market or erodes the perceived value of Studio M and its products. In the event that a Reseller chooses not to comply with our MAP policy, sanctions will be unilaterally imposed by Studio M at our sole discretion. Intentional or repeated failure to abide by the MAP Policy may result in customer orders not being accepted, shipments being suspended or cancelled, any/all preferential terms/allowances being cancelled, and/or account being closed.

### **Policy Modifications**

Studio M reserves the right to modify, suspend, or discontinue its MAP policy at any time. Effective January 1, 2019, Studio M has designated the following time periods where Resellers may promote product and reduce prices below MAP on out-of-season, overstocked, or discontinued items:



- Memorial Day: Beginning Thursday prior to Holiday through end of day Monday
- Labor Day: Beginning Thursday prior to Holiday through end of day Monday
- Black Friday/Cyber Monday: Beginning Thursday prior to Black Friday through end of day Tuesday
- Christmas: Beginning 3 days prior to Christmas through the following week

Any Policy modifications or temporary changes will be made available on the Studio M website at [wholesale.studio-m.com/MAP](http://wholesale.studio-m.com/MAP).

Neither Territory Managers for Studio M nor our Customer Service Representatives have the authority to change or modify this MAP policy. Please direct any questions to Tammy Hickel, Executive VP Sales ([tammy.hickel@studio-m.com](mailto:tammy.hickel@studio-m.com)).