

THE ELECTRIC QUILT COMPANY MINIMUM ADVERTISED PRICE POLICY

Effective October 15, 2006

The Electric Quilt Company, ("EQ") has unilaterally adopted this Minimum Advertised Price Policy ("MAP Policy") on selected products, which shall apply to distributors and retailers, including catalogs and internet retailers, (collectively, "Resellers") who resell EQ products to end users located in the U. S. and Canada .

EQ is adopting this MAP Policy to preserve its strong reputation for providing customers with high value products and strong after-sales support. The Electric Quilt Company greatly values the efforts of all Resellers to distribute EQ products.

The MAP Policy shall work under the following guidelines:

1. The MAP Policy shall apply to the Electric Quilt products listed in the MAP LISTING at the end of this document. The MAP Policy for selected Electric Quilt Company products shall be listed on each Electric Quilt price sheet for dealers and distributors. MAP pricing is established by The Electric Quilt Company for selected products and may be adjusted by The Electric Quilt Company at its sole discretion.
2. The MAP Policy applies to all advertisements of selected Electric Quilt products in any and all media, including, without limitation, flyers, posters, coupons, mailers, inserts, newspapers, magazines, catalogs, mail order catalogs, Internet or similar electronic media including websites, email newsletters, email solicitations, television, radio, and public signage. The MAP policy is not applicable to any in-store advertising that is displayed only in the store and not distributed to any customer. In-store displays, point-of-sale signs, hangtags or bar codes or similar marks on products or product packaging which merely state the price are not considered "advertising" for purposes of this MAP Policy. In that regard, this MAP Policy does not apply to the actual sales price on any "check-out page" of any Reseller's website or related internet site (typically the page at which the end user finally purchases the product). This MAP Policy does apply to any other page(s) on the Reseller's website.
3. "Bundling" or including a free or discounted product (whether made by Electric Quilt or another manufacturer) with an Electric Quilt product covered by this MAP Policy would violate this policy and is not permitted.
4. If pricing is displayed, any strike-through or other alteration of the Minimum Advertised Price is prohibited.
5. The MAP Policy applies only to advertised prices and does not apply to the price at which the products are actually sold or offered for sale to an individual consumer within the Resellers retail location or over the telephone. Electric Quilt Company Resellers remain free to sell the selected MAP products at any prices they elect.
6. The MAP Policy does not establish maximum advertised prices. All Resellers may offer EQ products at any price in excess of the MAP established for such products. Internet auctions may not display or have reserved bid or other acceptable prices below the MAP price.
7. The MAP Policy does not in any way limit the ability of any dealer to advertise that "they have the lowest prices" or, they "will meet or beat any competitor's price," that consumers should "call for a price" or phrases of similar import as long as the price advertised or listed for the products is not less than MAP.
8. From time to time, The Electric Quilt Company may instigate promotions for products covered by the MAP Policy because the products are being discontinued or because they are just being released. In such events, The Electric Quilt Company reserves the right to modify or suspend the MAP with respect to the affected products by notifying all Resellers of such a change. Electric Quilt Company further reserves the right to adjust the MAP with respect to all or certain products at its sole discretion upon 7 days advance written notice to Resellers provided that such changes shall apply equally to all Resellers.
9. In cases of violation of the MAP Policy, Resellers will be allowed twenty-four (24) hours to bring advertising into compliance or The Electric Quilt Company will cease supplying products to the Reseller. In cases of intentional and/or repeated failure to abide by this policy, The Electric Quilt Company will terminate all orders from Electric Quilt to the Reseller. The Electric Quilt Company will not provide prior notice or issue warning before taking action under this policy.

10. This MAP Policy is solely The Electric Quilt Company's decision and responsibility. No employee or sales representative of The Electric Quilt Company has any authority to discuss or modify this policy and any action of any person, which claims to modify this policy or to solicit or obtain the agreement of any person to the policy, is unauthorized and invalid. Any questions about this policy should be in writing and directed to Ann Rutter, Treasurer, The Electric Quilt Company, 419 Gould Street, Suite 2, Bowling Green, OH 43402, annrutter@electricquilt.com, who will respond only in writing. No oral communications about this policy are authorized. The foregoing MAP Policy and any MAP Product Listing is subject to modification or discontinuance by The Electric Quilt Company, in its sole and absolute discretion, at any time. Any action taken by The Electric Quilt Company under this policy shall be without liability to The Electric Quilt Company.

11. Distributors of Electric Quilt products will supply a copy of THE ELECTRIC QUILT COMPANY MINIMUM ADVERTISED PRICE POLICY to any new or existing retail Reseller to be filled out, acknowledged and returned to The Electric Quilt Company. This form shall be signed and returned to The Electric Quilt Company and in doing so, will bind the Reseller to abide by the MAP Policy and Reseller requirements spelled out in this document.

Please indicate your understanding of this policy and your willingness to abide by its terms and conditions by signing and listing the name of your company below.

Date: _____

Company: _____

Address: _____

Authorized Representative: _____

THE ELECTRIC QUILT COMPANY MINIMUM ADVERTISED PRICE POLICY PRODUCT LISTING

Effective October 15, 2006

If a particular EQ product does not appear on the MAP Listing below, then there is no minimum advertised price for the product. Resellers must be in compliance with this Policy by November 30, 2006.

PRODUCTS:

Electric Quilt 6 (EQ6) Quilt Design Software
Manufacturer's Suggested Retail Price (MSRP): \$149.95 US Dollars
Minimum Advertised Price (MAP): \$149.95 US Dollars

EQ6 Upgrade Quilt Design Software (requires installed version of EQ5)
Manufacturer's Suggested Retail Price (MSRP): \$74.95 US Dollars
Minimum Advertised Price (MAP): \$74.95 US Dollars

If you are specifying prices in Canadian dollars, use **Electric Quilt 6 (EQ6)** \$156.00 CDN and **EQ6 Upgrade** \$78.00 CDN. These figures may change from time to time if currency exchange rates fluctuate significantly. (1-6-10)

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