

BALDWIN®

August 12th, 2008

Dear Valued Baldwin Hardware Dealer:

For more than 60 years, Baldwin Hardware has been the luxury hardware brand of choice for discriminating homeowners. In order to protect Baldwin Hardware's position and reputation as a high-quality, luxury brand today and for the future, effective August 1st, 2008, we will be implementing a Minimum Advertised Price (MAP) policy.

It is our view that the advertising of steep price discounts devalues our products, brand, and dealers.

Please note that the Baldwin Hardware MAP policy prohibits only the advertising of certain discount prices in certain circumstances, and does not restrict a dealer's ability to set its own resale prices.

Baldwin Hardware dealers are free to provide quotations for individual customers or jobs at prices below those set forth below, provided that the quotation is supplied to a specific customer in person, in writing, over the telephone or on the "shopping cart" page of the dealer's website.

The attached Minimum Advertised Price (MAP) policy is designed to be very straight forward and easy to understand. We encourage you to review this MAP policy as well as our Authorized Reseller Policy, mailed to you earlier this year. Should you have any questions, please contact your local Baldwin Hardware Sales Representative. Questions may also be submitted through baldwinhardware.com.

Baldwin Hardware appreciates your cooperation with this new policy and we will do our best to implement and maintain this policy in the spirit it is intended.

Thank you,



Paul Lobo
Vice President of Sales

BALDWIN HARDWARE CORPORATION
www.baldwinhardware.com

841 East Wyomissing Boulevard • Reading, PA 19611 • Phone: 1-800-437-7448 • Fax 610-777-7256

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BALDWIN HARDWARE MINIMUM ADVERTISED PRICE (MAP) POLICY

OVERVIEW

Baldwin Hardware has established a unilateral policy regarding the minimum advertised price (MAP) of selected products.

All Baldwin Hardware Authorized Resellers advertising Baldwin Hardware products must comply with Baldwin Hardware's Minimum Advertised Price (MAP) policy (see Baldwin Hardware Authorized Reseller Policy).

Baldwin Hardware reserves the right to withhold all or any portion of the Authorized Reseller's co-op advertising allowance for any period in which the Authorized Reseller violates Baldwin Hardware's MAP policy.

For repeated violations by an Authorized Reseller (direct relationship or through wholesale distribution), Baldwin Hardware may suspend or terminate the Reseller's authorization to sell Baldwin Hardware products. See section I.E of Baldwin Hardware's Authorized Reseller Policy that was sent under separate cover.

This policy only limits the prices at which certain Baldwin Hardware products may be advertised and does not extend to the prices at which Authorized Resellers actually sell Baldwin Hardware products, which are at the sole discretion of the Authorized Reseller.

Baldwin Hardware's Channel Marketing Manager is the only person authorized to communicate MAP policy updates, changes or decisions. No other Baldwin Hardware representative is authorized to communicate compliance with or violations of this policy, to discuss it, or to amend it.

RESPONSIBILITY

Each Authorized Reseller of Baldwin Hardware is solely responsible for its compliance with this policy.

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ADVERTISING MEDIA TO WHICH MAP APPLIES

MAP policy applies to all forms of advertising including, but not limited to:

- Print ads (inserts, magazines, catalogs, newspapers, etc.)
- Broadcast (radio and TV)
- Direct Mailers, including email
- Faxes
- Internet (banner ads, broadcast emails, destination pages, third-party sites, text search results)
- Billboards

MAP policy does not apply to the following:

- In-store displays, In-store banners, In-store price markings
- Quotes, contracts
- Internet site "checkout" pages where customer makes their final purchase election

MAP RULES

General:

- Baldwin Hardware will maintain and distribute to its Authorized Resellers a list of products subject to this MAP policy and MAP prices at which such products may be advertised.
- Baldwin Hardware may change the products and MAP prices at any time upon notice to its Authorized Resellers.
- A Baldwin Hardware product subject to MAP may not be advertised at a price less than its MAP price.

By way of example, the following advertising is compliant with the MAP policy:

- Advertising without any reference to price
- Advertising that states "Call for Price" or "Price too low to print"
- Advertising that promises to match or beat prices from competitors
- Advertising that offers free installation with purchase or free delivery with purchase.

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Baldwin Hardware mail-in rebates:

- A Baldwin Hardware sponsored rebate is defined as a rebate paid directly by Baldwin Hardware to an end user regardless of where the product is purchased.
- Ads may advertise any Baldwin Hardware-sponsored rebate, and may show the after-rebate price for a Baldwin Hardware sponsored rebate.

Promotions:

- If an advertisement offers a 'gift' with the purchase of a Baldwin Hardware product, the value of the gift may be stated, but may not be subtracted from the Baldwin Hardware product price to show a net price that is below its MAP price.
- The Gift Card (or the like) must be redeemable towards future purchase. It cannot be used towards the current purchase if subtracting the advertised gift card value from the Baldwin Hardware product's advertised price would result in a price below its MAP price.

INTERNET ADVERTISED PRICE

Advertising on the Internet is subject to MAP Policy. Any Internet advertising other than the Authorized Reseller's shopping cart' must adhere to the MAP policy.

Examples of Internet Advertising that must comply with the MAP policy:

- Authorized Reseller's website and banners
- Authorized Reseller's banners or advertising on sites owned by other parties (such as portal sites and news sites)
- Listings on shopper sites that accumulate and display advertised pricing from unrelated websites if sponsored or funded by the Authorized Reseller, or if the Authorized Reseller submits information to the shopper site.
- Auction sites where a minimum bid is communicated by the Authorized Reseller.
- Search engine text results

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"Call for Price" or "Click for Price" or "Add to Cart for Price" is acceptable. Any advertised reference that indicates that there is a lower than MAP price in the shopping cart is not allowed. A product that has been placed in the shopping cart by the customer can be shown in the shopping cart at any price.

In addition, password protected sites for a single end user that shows pricing negotiated between the Authorized Reseller and that specific end user is not advertising and, therefore, may show any price.

MAP COMMUNICATION

Baldwin Hardware will publish, maintain and communicate the list of products or product families subject to MAP. This list can also be found on baldwinhardware.com dealer section.

Once a product has been formally discontinued by Baldwin Hardware, it is no longer subject to MAP. In addition, Baldwin Hardware may publish a list of products that while not discontinued are determined to no longer be subject to MAP. Baldwin Hardware's Channel Marketing Manager is the only person that is authorized to communicate MAP updates, changes and policy decisions. All communications must be in writing. MAP can be changed immediately by Baldwin Hardware without advance notice.

QUESTIONS REGARDING BALDWIN HARDWARE'S MAP POLICY

MAP compliance is the responsibility of the Baldwin Hardware Authorized Reseller.

All questions regarding MAP should be in writing and submitted to Baldwin via baldwinhardware.com web contact portal. Baldwin Hardware will endeavor to provide a response to questions raised within three (3) business days from receipt of the question. In the absence of a response, the ad placement is at Authorized Reseller's own risk.

Baldwin Hardware will not respond to any questions, complaints or comments from one Authorized Reseller about the activities of any other Authorized Reseller.

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KEY POINTS AND EXAMPLES

- All types of advertising are covered by this MAP policy with the exception the Authorized Reseller's in-store merchandising and Internet shopping cart.
- The Authorized Reseller is free to set its actual resale price.
- If an advertisement is placed which does not comply with the MAP policy, Baldwin Hardware will send a written notice to a representative of the Authorized Reseller outlining the action to be taken.

For all other questions and policies, please refer to Baldwin Hardware's Authorized Reseller Policy. This unilateral policy is mailed to all known Baldwin Hardware customers and available on baldwinhardware.com.

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