



MINIMUM ADVERTISED PRICE (MAP) POLICY UPDATE

Effective July 1, 2011

Honeywell has established a unilateral policy regarding the minimum advertised price (MAP) of selected specified products promoted by distributors through the Trade.

The purpose of this communication is to provide our distributor partners with an update on some modifications that are being made to the policy, which first became effective November 1, 2010. These modifications will affect the minimum advertised prices for existing MAP products, and will extend the policy to other Honeywell products.

POLICY OVERVIEW

To ensure effective promotion of its products, Honeywell provides Market Development Funds (“MDF”) to our trade distributor partners. Honeywell is adopting this MAP Policy to ensure these investments are used in a way that properly promotes Honeywell products. Meaning, Distributors who receive MDF may not advertise products which are subject to the MAP policy at a price lower than the MAP as determined by Honeywell.

RESALE PRICE

This policy does not mean that Honeywell is setting the distributor/wholesaler actual resale price. Honeywell’s distributor partner sets resale prices at which they sell Honeywell products at their sole discretion. Distributors are free to set the actual resale price for all products they purchase from Honeywell. The MAP policy does not change this fundamental policy that distributors/wholesalers set their own resale prices. The MAP policy only relates to a mass promoted advertised price.

RESPONSIBILITY

Each Distributor organization is solely responsible for its own compliance with this MAP policy.

PRODUCTS SUBJECT TO MAP POLICY

Please reference the “Attachment A” for products subject to MAP policy as well as **the minimum price** set for promotion of these products. The MAP policy does not mean that products have to be advertised at that price, but if the distributor advertises them, they should be advertised above or no lower than that price. Additional products may be added to or removed from the MAP policy by Honeywell.

The Honeywell Channel Marketing Leader for the line of business is the only person authorized by Honeywell to communicate MAP policy updates, changes or decisions. No other Honeywell representative is authorized to confirm compliance with this policy, discuss it, or amend it.

ADVERTISING MEDIA TO WHICH MAP APPLIES

The MAP policy applies to mass advertising including, but not limited to:

- Catalogs, flyers, newsletters, print ads (inserts, magazines, catalogs, newspapers, etc.), and direct mailers, including email and faxes. By way of example, the following advertising is compliant with the MAP policy:
 - Advertising of the Honeywell product 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
- Internet (banner ads, broadcast emails, destination pages)
 - Advertising on the Internet is subject to the MAP Policy. Any Internet advertising directly by the Distributor, other than the distributors 'shopping cart' must adhere to the MAP policy.
 - Distributors should not transact directly homeowners (reference Internet Selling Policy #50-1666).
- The MAP policy *does not apply* to the following:
 - In-store displays, In-store banners, In-store price markings
 - Individual customer quotes, contracts
 - Internet site "checkout" pages where the customer makes final purchase.
 - Honeywell Sponsored Mail-In Rebates & Contractor PRO Rewards. A Honeywell sponsored mail-in rebate or Contractor PRO reward is defined as a rebate paid directly by Honeywell to an end user regardless of where the product is purchased. Ads may advertise any Honeywell sponsored promotion, and may show the after-promotion price for Honeywell-sponsored promotions.

NON-COMPLIANCE WITH MAP POLICY

Non-compliance with the Honeywell MAP policy as determined by the Honeywell Channel Marketing Leader for each line of business may result in the following actions:

- First Offense: Elimination of the Distributors' Marketing Development Funds for the remainder of the calendar year.
- Second Offense: Elimination of the Distributors' Marketing Development Funds for the remainder of the calendar year, and loss of ability to purchase product involved in MAP violation for 90 days.
- Third Offense: Revocation of the Distributor's authorization to purchase and resell any Honeywell products.

Honeywell independently investigates each potential MAP Policy violation. Honeywell will provide written notice of failure to comply with the MAP policy as documentation. Honeywell will not respond directly to questions, comments, or allegations from one Distributor regarding the activities of another Distributor.

QUESTIONS & COMMUNICATIONS REGARDING MAP POLICY

Questions regarding the policy should be in writing and submitted to the Channel Marketing Leader for the Line of Business. Honeywell 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 from Honeywell, the ad placement is at the Distributor's own risk.

Send Inquires to:

Honeywell MAP Policy
C/o Residential Trade Channel Marketing Leader
1985 Douglas Dr. N
MN10-111A
Golden Valley, MN 55422