



September 10, 2013

Dear Customer,

Effective as of Sept 10<sup>th</sup> 2013, Schylling Associates, Inc. ("Schylling") has unilaterally adopted and instituted a Minimum Advertised Price ("MAP") policy and a third party internet resale policy (collectively, the "Policy") applicable to the retail sale of Schylling products on third party websites. Specific terms and conditions of the new Policy are attached hereto and incorporated herein.

The Policy applies to a specified list of Schylling products, ***sold on third party websites***. From time to time new items may be added to, or deleted from this list and this list is available to you on the Schylling website under the dealer login tab . For purposes of the Policy, a "third party website" is any website not independently owned, operated and controlled by a Schylling retailer. By way of example, Amazon.com and eBay.com are considered third party websites. The Schylling MAP policy does not apply to items that are discontinued.

**IT IS YOUR RESPONSIBILITY TO CAREFULLY READ AND FOLLOW THE TERMS OF THE ATTACHED POLICY.**

Schylling will enforce its Policy against those retailers who sell our products below MAP- minimum advertised price in violation of our Policy. Retailers found in violation of the Policy are subject to sanctions as determined unilaterally by Schylling, up to and including suspension as an authorized retailer of Schylling products.

The Policy is limited to third party website sales. Retailers who sell Schylling products in brick and mortar retail locations or on independent websites are permitted to establish their own retail prices for Schylling products.

We are all faced with a challenging and rapidly changing retail environment. The Policy is being implemented to help insure the long-term viability of the Schylling brand and to protect the investment of independent specialty toy retailers that provide valuable sales and product assistance and support to their customers. We expect that you will respect this new Policy moving forward.

Please note that the Policy is subject to change without notice.

Best Regards,

Paul Weingard  
President

