



OBAGI COSMECEUTICALS LLC INTERNET SALES POLICY

POLICY STATEMENT

The use of the internet for the sale of cosmetic and prescription products has expanded rapidly over the last few years. As a result, Obagi Cosmeceuticals LLC (“*Obagi Cosmeceuticals*”) is concerned about protecting the businesses of physician customers from unauthorized sites, as well as the Obagi® brand, and wants to ensure that patients receive the proper training to achieve efficacy and satisfaction from using Obagi products.

As such, Obagi Cosmeceuticals has always encouraged use of the internet by customers to help their patients either become more aware of the benefits of getting their Obagi products from their practices or to use the internet as an educational forum. Unfortunately, Obagi Cosmeceuticals has become aware that there are internet accounts that have been set up without that purpose or goal in mind, and that some accounts are selling Obagi products through third party auction sites without offering any patient education, all of which is encroaching on customers’ practices. We have also seen heightened activity by state government authorities to enforce applicable laws related to the distribution of products, particularly the dispensing of prescription products, over the internet.

In order to protect customers’ businesses and the Obagi brand image, Obagi Cosmeceuticals has established this Internet Sales Policy (the “*Policy*”), which was enforced and became effective as of January 1, 2016.

APPLICABILITY

This Policy applies to all Obagi Cosmeceuticals customers and authorized resellers who sell Obagi products in or to the United States, its possessions and territories, whether selling products through their practices, medical spas or online (referred to in this Policy as a “*Reseller*” and collectively as “*Resellers*”).

GENERAL POLICIES

1. Resellers are responsible at all times for complying with all federal, state and local laws, regulations and rules related to the promotion, sale and dispensing of Obagi products to patients over the internet. This includes all laws or rules of any state board of medicine or pharmacy, including those requiring physicians to only sell Rx products to those patients/others with whom they have established a valid patient-physician relationship, and those that may require the receipt of specific written authorization from the applicable state board of medicine or pharmacy to sell prescription-strength products over the internet. Resellers are responsible for being familiar with any laws, regulations or rules that apply to them. **ANY SALES OF PRESCRIPTION STRENGTH PRODUCTS ARE AT RESELLER’S OWN RISK OF LEGAL LIABILITY.** Resellers should consult their own

legal counsel on these matters.

2. Resellers who do operate a website through which they sell Obagi products, must inform their Obagi sales representative and Obagi corporate offices of the existence of the website and provide the representative with the URL address. Physicians who engage in sales of Obagi products over the internet must also sell such products through their private or group practice.
3. Resellers may not, in any instance, use the name Obagi or any of the Obagi Cosmeceuticals product names in their domain names.
4. Resellers who wish to use any Obagi product name, logo or copyrighted image in sponsored advertising on the internet (e.g., Google ads) must first sign a Copyright and Trademark Authorization Request (a “*Request*”), which can be obtained through an Obagi sales representative, and receive permission from Obagi Cosmeceuticals to use such product name, logo or copyrighted image in the sponsored ad. Resellers must abide by all Terms and Conditions contained in the Request form. Resellers should be aware that Obagi Cosmeceuticals intends to instruct Google to remove all ads containing a trademark or copyrighted material owned by Obagi Cosmeceuticals or its affiliates unless the ad is sponsored by a Reseller who is on the Obagi Cosmeceuticals list of Resellers that have properly filled out a Request and been granted permission to use the trademark and/or copyrighted material per this Policy.
5. Resellers may not sell Obagi products over any internet auction or aggregation site, such as eBay, Buy.com, Walmart.com, Groupon, Craigslist, ioffer, Sears, etc., or through social media sites.
6. Resellers may not sell Obagi products on Amazon.com unless approval is granted by Obagi Cosmeceuticals. Approved Resellers are required to *advertise* (as defined in the Obagi MAP policy) prices on Amazon no lower than MSRP.
7. Resellers may not sell any Obagi professional products, including, but not limited to Obagi Peels and Obagi professional Facial products, through any internet site, whether their own practice website or another site.
8. Resellers are required to adhere to Obagi’s Minimum Advertised Price Policy with respect to any Advertisements (as defined in such Policy) they utilize with respect to their sales of Obagi products.

ENFORCEMENT OF POLICIES

Obagi Cosmeceuticals does not intend to engage in business with any Reseller who diminishes the perceived value of Obagi Cosmeceuticals and its products. Accordingly, in the event that Reseller elects not to follow this Policy, Obagi Cosmeceuticals, without assuming any liability, may unilaterally impose sanctions on that Reseller, up to and including termination of its relationship with Reseller, cancelling any pending orders placed by such Reseller and ceasing the sale of any Obagi products to such Reseller.

Obagi Cosmeceuticals shall be solely responsible for determining whether a violation of the Policy has occurred, for communicating its decisions regarding the Policy to Resellers, and for receiving any communications about violations or potential violations of the Policy and for deciding what sanctions to impose, if any.

CHANGES TO POLICY

Obagi Cosmeceuticals reserves the right to modify, suspend or discontinue this Policy in whole or in part at any time. Obagi Cosmeceuticals will notify Resellers of any such changes at least five (5) days prior to implementation.

CONTACT

OBAGI COSMECEUTICALS SALES REPRESENTATIVES AND EMPLOYEES (OTHER THAN ITS EXECUTIVE OFFICERS) HAVE NO AUTHORITY TO MODIFY OR GRANT EXCEPTIONS TO THIS POLICY.

Therefore, all questions or comments related to this Policy should be directed to:

Obagi Cosmeceuticals LLC
3760 Kilroy Airport Way #500
Long Beach, CA 90806
Attn: Obagi Policies
Email obagipolicies@obagi.com

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