



**OBAGI COSMECEUTICALS LLC
AMAZON AUTHORIZED RESELLERS 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.

Obagi Cosmeceuticals became aware that a number of sellers, many of whom were not authorized resellers of Obagi products, were selling products that they claimed to be Obagi products online through internet marketplaces such as Amazon.com (“*Amazon*”). Products sold through Amazon that sellers were claiming to be Obagi products were often not genuine Obagi products or may have been expired or diluted.

In order to help ensure that Obagi continues to remain a premium brand for skincare products, Obagi Cosmeceuticals established a relationship with Amazon, Inc. in November 2016. Through this relationship, Obagi Cosmeceuticals offers genuine Obagi cosmetic and over-the-counter products through Amazon and such products are included in Amazon’s new *Professional Beauty* category; prescription Obagi products are not available through Amazon.

At the same time, all products purporting to be Obagi products offered by unauthorized third party sellers were immediately removed from Amazon. As a result, only sellers specifically authorized by Obagi Cosmeceuticals may sell Obagi products on Amazon.

In order to protect customers’ businesses and the Obagi brand image, Obagi Cosmeceuticals believes that it is necessary to ensure that any authorized sellers of Obagi products on Amazon meet certain threshold criteria. Accordingly, Obagi Cosmeceuticals has established this Amazon Authorized Reseller Policy (the “*Policy*”), which will be enforced and become effective as of April 1, 2017.

APPLICABILITY

This Policy applies to all Obagi Cosmeceuticals customers and authorized resellers of Obagi products in or to the United States, its possessions and territories who wish to sell Obagi products through Amazon (referred to in this Policy as a “*Reseller*” and collectively as “*Resellers*”).

GENERAL POLICIES

Any Reseller who wishes to be considered an authorized reseller of Obagi products on Amazon must both (1) meet the following criteria and (2) obtain the prior approval of Obagi Cosmeceuticals.

1. Reseller's account is in good standing with McKesson Specialty.
2. Reseller operates an e-commerce site and is currently reselling Obagi products to its customers.
3. Reseller adheres to the Obagi Cosmeceuticals Minimum Advertised Price Policy and Internet sales Policy at all times.
4. Reseller makes minimum quarterly gross purchases of \$500,000 in Obagi products.

A maximum of three (3) authorized resellers will be approved each quarter. Approval to be an authorized reseller of Obagi products by Obagi Cosmeceuticals does not guarantee the Reseller's approval by Amazon. Reseller is responsible for establishing a third party seller account with Amazon and for complying with Amazon's policies.

Approval by Obagi Cosmeceuticals as an authorized reseller of Obagi products on Amazon is granted on a quarterly basis for a duration of (3) months. Approved Resellers shall be notified by Obagi Cosmeceuticals within ten (10) days after the end of each quarter. Approved Resellers must abide by the following:

1. Reseller is required to adhere to the Obagi Cosmeceuticals Minimum Advertised Price Policy and Internet sales Policy at all times.
2. Only approved Obagi products can be sold on Amazon. Approved products are determined by Obagi Cosmeceuticals and are subject to change from time to time. Resellers may not sell Obagi prescription products or Obagi professional products on Amazon.
3. Approved Resellers are required to *advertise* (as defined in the Obagi MAP policy) prices on Amazon no lower than MSRP.

Resellers must follow the policy and meet the criteria each quarter to be considered for re-approval.

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, and notifying Amazon that such Reseller is no longer authorized to sell Obagi products on Amazon.

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 whether to impose any sanctions.

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
50 Technology Dr.
Irvine, CA 92618
Attn: Obagi Policies
Email obagipolicies@obagi.com