



OBAGI COSMECEUTICALS LLC
MINIMUM ADVERTISED PRICE POLICY

POLICY STATEMENT

Through significant investments in the design, formulation, manufacture and clinical testing of its products, Obagi Cosmeceuticals LLC (“*Obagi Cosmeceuticals*”) has developed a strong reputation for providing premium, physician-dispensed skin care products. Obagi Cosmeceuticals also recognizes that its success is tied to the success of its customers, who resell Obagi® products to their patients, and that many customers have invested significant time and resources to deliver an extraordinary patient experience.

In order to protect our reputation and the Obagi brand image, Obagi Cosmeceuticals has unilaterally established this Minimum Advertised Price Policy (the “*Policy*”), which will be enforced and become effective as of January 1, 2016. Not only is this Policy intended to enhance the Obagi brand as a premium offering, but to protect our customers’ investments in Obagi Cosmeceuticals products and discourage discount price-based advertising that would be detrimental to our customers’ sales and support efforts.

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*”).

This Policy applies to all advertisements, announcements, communications, information or publications regarding Obagi products generated, developed, produced or distributed by or on behalf of any Reseller in any media or format whatsoever, including, but not limited to, print ads, fliers, letters, postcards, coupons, catalogs, magazines, periodicals, television, radio, faxes, billboards, emails, test messages, signs, internet websites or ads (including, but not limited to, ads on Google, Facebook or any other internet site or listings on eBay, Amazon, or any other online auction or marketplace), social media sites, banner ads and pages that are linked to or from a banner ad, apps or any other electronic media (“*Advertisements*”). This Policy will not apply, however, to: (a) any Advertisement that is physically displayed on premises in a physician’s office or medical spa that is not distributed to patients, (b) Advertisements distributed by a physician only to his or her actual patients relating to sales of Obagi products that would occur on premises in such physician’s office or medical spa, and (c) Advertisements in the form of direct mail or coupons sent by mail or electronic mail by a physician only to his or her actual patients relating to sales of Obagi products, either in-office or through the physician’s website.

GENERAL POLICIES

1. Any Advertisement issued by or on behalf of a Reseller may not list a price for an Obagi product that represents a discount of more than fifteen percent (15%) off of the suggested list price for such product as listed on the then current Obagi Cosmeceuticals suggested price list (“Minimum Advertised Price”), which can be found at: <http://pro.obagi.com/pricing>. The MAP is unilaterally set by Obagi Cosmeceuticals for all Obagi products and may be adjusted by Obagi Cosmeceuticals at its sole discretion. The MAP may be changed from time to time at Obagi Cosmeceuticals’s sole discretion, provided that such changes apply equally to all Resellers.
2. MAP applies only to prices listed in Advertisements. The Policy is not intended to control, influence, determine or limit in any way the price at which Resellers sell Obagi products to patients. The Policy is strictly limited to restrictions on Advertisements and each Reseller remains free to determine its own resale price for Obagi products.
3. An Advertisement that bundles or includes free or discounted products (whether made by Obagi or another manufacturer) with a product covered by this Policy will be considered in violation of the Policy if it has the effect of discounting the advertised price of the Obagi product below the MAP.
4. This Policy does not in any way limit a Reseller from noting that they “have the lowest prices” or “will match or beat a competitor’s price” or that a patient can “call for a price” or similar phrases as long as the price listed in an Advertisement is not less than the MAP for such product.
5. This Policy does not in any way create a maximum advertised price; Resellers may offer Obagi products at any price in excess of the MAP in an Advertisement.
6. Nothing in this Policy or in any other contract between a Reseller and Obagi Cosmeceuticals shall constitute an agreement between Obagi Cosmeceuticals and the Reseller that Reseller will comply with the Policy. It is in Reseller’s discretion whether to comply or not comply with the Policy. This Policy has been unilaterally established, and will be unilaterally enforced, by Obagi Cosmeceuticals.

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 a 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 may monitor the prices of Obagi products in Advertisements, either directly or through the use of a third party agency, to ensure compliance with this Policy. Resellers are expected to

provide reasonable cooperation in any Obagi Cosmeceuticals investigations regarding possible Policy violations. Obstructing, hindering or otherwise failing to cooperate with any such investigation will be considered a violation of this Policy.

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

CHANGES TO POLICY

Obagi Cosmeceuticals reserves the right to modify, suspend or discontinue this Policy in whole or in part at any time, or to designate promotional periods during which the terms of the Policy may change or not be applicable. 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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