

November 19, 2019

To: All PHYL RICH® Authorized Distributors

PHYL RICH® Internet Advertising and Sales Policy

This letter outlines the details of a newly established PHYL RICH® Internet Minimum Advertised Price (IMAP) of **10% off current list price** replacing the January 2019 Unilateral Suggested Minimum Advertised Price (USMAP) policy of 20% off list price.

This New Policy, effective immediately, is designed to maintain the high quality reputation of the PHYL RICH® brand and its products. This policy applies to ALL online sales, online advertising, and online promotion of PHYL RICH® products. This includes placements on websites, social media, banner ads, e-mails and URL landing pages.

Authorized Websites for Selling

PHYL RICH® authorized dealers may sell or advertise PHYL RICH® products ONLY on their respective dealer designated website(s) which have been pre-approved by PHYL RICH® in writing. Should the dealer redesign its website substantially then it agrees to submit the new design to PHYL RICH® for approval.

Authorized dealers ARE NOT authorized to sell PHYL RICH® products to or through ANY third-party marketplaces (such as Amazon, Facebook and eBay) or by any other online means.

The websites of all authorized dealers selling PHYL RICH® products online must be kept current and regularly updated, product information and descriptions must be accurate, and the quality and design of the website must be appropriate for the PHYL RICH® brand as approved by PHYL RICH®.

A website selling PHYL RICH® product must clearly show the name and showroom address of the authorized PHYL RICH® dealer with which it is affiliated.

Websites selling or advertising PHYL RICH® product must not display the percentage off list price being charged (i.e. "Item is 10% lower than MSRP").

Authorized dealers are prohibited from selling PHYL RICH® products to any person, company, or entity that the dealer knows or should reasonably know might resell the PHYL RICH® products on a third-party marketplace or auction site or in some other unauthorized manner.

Authorized Online Retailer List

PHYLRICH® will maintain a list of dealers and their websites authorized to sell PHYLRICH® products online. To request to be added to this list a dealer must provide PHYLRICH® with the web address it uses to conduct online sales as well as the address of its showroom. This request should be sent to online@phylrich.com PHYLRICH® will review the website and will make the decision (at its sole discretion) whether to add it to the Approved Online Retailer List.

Unauthorized Online Retailer List

PHYLRICH® will also maintain a list of online retailers and/or websites NOT approved to sell PHYLRICH® products online. Authorized PHYLRICH® dealers must NOT sell PHYLRICH® product to entities on this list. PHYLRICH® reserves the right to void the warranty of any product sold by a seller on the Unapproved Online Retailer List or anyone prohibited from selling as provided above.

Advertised Pricing/Pricing

PHYLRICH® has established an Internet Minimum Advertised Price (IMAP) that applies to all sales and advertising of PHYLRICH® products on the Internet.

Minimum Prices: Internet Minimum Advertised Price (IMAP) will be applicable to all online sales and advertisements. **PHYLRICH® IMAP is 10% off current list price.** List price is subject to change at any time and the PHYLRICH® website www.Phylrich.com maintains correct list pricing.

The advertised price of a product covered by this policy CANNOT represent a discount below 10% off the current published list price. Notwithstanding the foregoing, an authorized dealer may sell a PHYLRICH® Product at below IMAP, and nothing in this policy shall restrict a dealer's freedom to quote prices at below IMAP in response to customer inquiries via email or telephone.

Additional Discounts: Promotional codes, instant rebates and other promotional activities that serve to effectively lower the advertised price below the IMAP **are NOT permitted in any form.**

Maximum Prices: PHYLRICH® does not establish maximum advertised prices. Dealers may advertise a PHYLRICH® product at or above the IMAP established price.

Free/Reduced Cost: Free or reduced shipping/handling, 0% sales tax, or free financing are permissible and do not violate PHYLRICH® IMAP.

Discontinued Products: IMAP does not apply to products discontinued by PHYLRICH®.

Violations

PHYLRICH® reserves the right to investigate the advertising and pricing discount structure of PHYLRICH® products by its authorized dealers, as well as any other conduct related to the sale of PHYLRICH® products. If PHYLRICH® verifies a customer to be in violation of the terms of this Policy it will take action in response. Responses to Policy violations may include, but are not limited to:

- Temporary or permanent suspension of authorization to make internet sales
- Temporary or permanent loss of authorized PHYLRICH® dealer status

Physical Showrooms

PHYLRICH® realizes that despite the increase in importance of internet sales, there is still an undeniable need for “brick and mortar” locations to display and sell products. As such, PHYLRICH® has sole discretion whether to not authorize a dealer to sell PHYLRICH® products online unless said vendor also maintains one or more physical showrooms that are in compliance with the PHYLRICH® Authorized Dealer Display Guidelines.

PHYLRICH® reserves the right to change and enforce this Policy as it sees fit.

Please ensure that all appropriate people in your organization receive this policy letter. This policy is subject to change at any time.

Thank you for your continuing support.

Sincerely,

Geoffrey Escalette
President