

## **ATMOSFX U.S. MINIMUM ADVERTISED PRICE POLICY**

**Effective March 21, 2017.** This policy supersedes any and all previous communications, written or otherwise with regard to Minimum Advertised Prices (“MAP”) for AtmosFX products.

AtmosFX has built a strong reputation and following among consumers and has established a quality distribution network that actively promotes, educates and advertises AtmosFX products to consumers. Therefore, with the goal to preserve its strong brand image, AtmosFX has established a MAP policy (“Policy”) applicable to all direct and indirect dealers, distributors and resellers of AtmosFX products in the United States (collectively “Reseller” or “Resellers”). This Policy covers all AtmosFX products.

Reseller remains free to independently establish its own retail prices. In order to protect AtmosFX’s high quality image, however, AtmosFX has determined that it shall not support advertising or promotional materials, through cooperative advertising or otherwise, that may affect its goodwill, or diminish, detract, and/or damage the value of AtmosFX products and standards.

This Policy defines the lowest price authorized to be advertised in order to maintain AtmosFX equity (“MAP price”). Advertisements that do not comply with this Policy will be considered in violation and, without assuming any liability, AtmosFX may issue written notification of failure to follow this Policy and execute the Schedule of Consequences as set forth below. AtmosFX reserves the right at its sole discretion to suspend or cancel this Policy with respect to the affected products, with fourteen (14) days prior written notice to Reseller.

### **MAP Policy Compliance Requirements:**

This Policy applies to all advertisements of AtmosFX products by Reseller in any and all media, including but not limited to inserts, newspapers, circulars, flyers, brochures, coupons, magazines, catalogs, mailers, mail-order catalogs, posters, public signage, or any other print media; television, radio or any other broadcast; Internet websites, online stores, e-mail blasts, text message blasts, any method which uses the hypertext transfer protocol (http) or any internal links to a web based shopping cart and/or other electronic media, and any other electronic commerce; and Pricegrabber, Pricespider, pricing feeds into third-party websites such as Amazon.com and Buy.com, and any other pricing engines or pricing feeds (“Advertisements”).

This Policy does not apply to the price at which the products are actually sold or offered for sale to an individual consumer within Reseller’s physical location or over the telephone. This Policy does not establish maximum advertised prices. Reseller may advertise AtmosFX products at any price in excess of the MAP price established for such products.

The MAP price(s) will be communicated to Reseller through AtmosFX’s online reseller portal and/or reseller email notifications. These communications may also announce new products and price changes along with other pricing and specification data.

All public facing Advertisements that include prices must meet the following requirements in order to be deemed in compliance with this Policy:

1. Reseller may not advertise any price in violation of this Policy either online or off line in any publication including those of any third-party. Third-parties include retailers, price comparison websites, search engines, auction websites, distributors, marketplaces, or any company conducting commerce. Violations will be subject to the Schedule of Consequences as outlined below.

2. Any link to another retailer/retailer's listing on Reseller's website is subject to this Policy. Any violation from any such retailer counts toward the Schedule of Consequences (*see, infra*) against the Reseller who listed it.
3. A "click for price", "mouse over for price", or similar other method on a website intended to solicit potential customers that in a manner that promises or suggests a price lower than the MAP price is a violation of this Policy.
4. This Policy shall not apply to the final "Checkout" stage for online purchases. The final "Checkout" stage must meet the following criteria:
  - the customer has acted in a deliberate manner to "go to Checkout" or "make a purchase payment", by clicking on buttons designed for such purpose;
  - the customer has provided personal information, most commonly name and email address, or login information that is inclusive of this personal information; and
  - security measures are in place such that all data is encrypted against fraudulent activity, and such that product price is not accessible by price comparison engines or "spiders."
5. Promotional codes or coupons may be entered only at the Checkout stage. The manner in which Reseller communicates the existence of such coupons or additional discounts may be subject to this Policy.
6. All advertised prices must be at or above the MAP price. Deviation of \$0.99 is permitted to accommodate retail price point guidelines. Savings amounts may be omitted if desired.
7. Free shipping and/or handling or free financing promotions do not violate this Policy.
8. Bundle promotions containing AtmosFX products that are not sponsored by AtmosFX shall not be advertised less than the total MAP price of all AtmosFX items included in the bundle.
9. This Policy does not in any way limit the ability of Reseller to advertise that it "has the lowest prices", that it "will meet or beat any competitors price", that prices are "too low to show", or that consumers should "call or e-mail for a price", as long as the price specified in the Advertisement is not less than the MAP price.

#### **Deviations from and Changes to the MAP Policy**

From time to time AtmosFX may discontinue models or engage in special promotions with respect to certain products. Deviations from this Policy will be announced periodically by AtmosFX in connection with events such as:

- AtmosFX bundled product promotions;
- free or discounted gift or service promotions;
- new store opening promotions; and
- Reseller anniversaries.

In the event of any rebate promotions or similar discount promotions sponsored by AtmosFX, the price displayed in the Advertisement must be no lower than the total MAP price of all advertised AtmosFX items less the amount of the AtmosFX-approved discount.

**Schedule of Consequences for Violating the MAP Policy**

**Table 1.1: Schedule of Consequences.**

<b>Violation</b>	<b>Consequence</b>
First Violation*	Written e-mail warning and two-business day notice to comply with this Policy.
Second Violation (where the second violation occurs on or between Sept. 1 <sup>st</sup> – Dec. 31 <sup>st</sup> )	Loss of rights to advertise and purchase AtmosFX products for two (2) weeks.
Second Violation (where the second violation occurs on or between Jan. 1 <sup>st</sup> – Aug. 31 <sup>st</sup> )	Loss of rights to advertise AtmosFX products for four (4) weeks. Marketing support may also be removed for AtmosFX products.
Third Violation	Loss of ability to advertise and purchase AtmosFX products for eight (8) weeks.
Fourth Violation	Loss of rights to advertise and purchase AtmosFX products for six (6) months.

\* If Reseller is in violation of this Policy and does not bring itself back into compliance with this Policy within two full business days of receiving a written e-mail warning, that will be considered a new instance of violation.

As detailed in Table 1.1, a second violation occurring on or between September 1 – December 31 will result in the loss of rights to advertise and purchase AtmosFX products for two (2) weeks. A second violation occurring on or between January 1 – August 31 will result in the loss of rights to advertise and purchase AtmosFX products for four (4) weeks. A third violation will result in the loss of rights to purchase AtmosFX products for eight (8) weeks, and a fourth violation will result in the loss of rights to purchase AtmosFX products for six (6) months. After the fourth violation of this Policy, regardless of date, AtmosFX at its sole discretion may terminate Reseller and/or buy back any remaining sellable inventory of AtmosFX products of Reseller.

In addition to the specific consequences outlined in Table 1.1., AtmosFX may refuse to pay or provide advertising dollars for Advertisements that do not comply with this Policy.

**Advertising Guidelines**

Reseller's Advertisements must follow the following guidelines and are subject to approval by AtmosFX. Failure to follow these guidelines may result in termination of the Reseller Agreement and/or Distribution Agreement by AtmosFX.

1. All Advertisements must include the AtmosFX model numbers that are complete or sufficient in AtmosFX's sole and absolute discretion to specifically identify the advertised product(s).
2. All Advertisements must display appropriate brand name prominently containing the correct and authorized logo, product illustration, model number and mention at least one feature. If the Advertisement includes images, the AtmosFX logo must be prominently displayed.
3. When AtmosFX's trademarks, logos and trade names are used, they must be used properly as indicated in AtmosFX Logo & Trademark Usage guidelines, available upon request.
4. All Advertisements must contain the correct product illustration and exterior color of the product corresponding to the model number.
5. Advertisements must not be deceptive and should comply with state and/or federal laws, e.g. models shown and/or features advertised must be related to the price indicated in the Advertisement.

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AtmosFX has adopted this Policy unilaterally in furtherance of its independent business strategy and reserves, at its sole discretion, the right to change this Policy and to interpret, enforce and otherwise handle all questions and issues related to the Policy. Interpretation and application of this Policy shall be made exclusively by AtmosFX in its sole discretion. Except as expressly authorized by AtmosFX in writing, no Reseller of AtmosFX, or their employees, have the authority to discuss, change or enforce this Policy.