



**Minimum Advertised Price Policy
January 2017**

Pearl Izumi has established a unilateral policy (the “Policy”) regarding the minimum advertised price (“MAP”) of its products in the United States.

Pearl Izumi believes that this Policy is necessary to ensure the preservation of the superior image of our brand and the value of our products, and to ensure that retailers provide effective marketing and sales support for all Pearl Izumi products. This Policy has been unilaterally adopted by Pearl Izumi and will be unilaterally enforced. Pearl Izumi is not requesting, or otherwise seeking, any agreement or acknowledgment regarding this Policy from any retailer.

Terms of the Policy

This Policy applies only to advertising of Pearl Izumi products by retailers. Unless stated otherwise in writing by Pearl Izumi, the MAP for any Pearl Izumi product is the manufacturer’s suggested retail price (MSRP) for that product. This policy does not apply to the actual price at which Pearl Izumi products are sold by retailers. Each retailer is free to independently determine its actual retail price for Pearl Izumi products.

Unless subject to an exception specified below, any retailer advertisement that presents a price for a Pearl Izumi lower than the MSRP for that product is a violation of this Policy. For purposes of this Policy, advertising a price lower than the MSRP includes:

- Advertising Pearl Izumi product in combination with non-Pearl Izumi at a single price;
- Advertising multiple Pearl Izumi products in combination for a single price that is less than the combined MSRPs.
- Advertising that offers gift certificates or store credit in combination with Pearl Izumi product at a single price, where the value of the gift certificate or store credit results in a net advertised price below MSRP.
- Advertising Pearl Izumi product subject to a store-wide or other general discount that would result in a net advertised price below MSRP.
- Advertising Pearl Izumi product through an online auction where the minimum displayed bid is less than MSRP.

This Policy applies to all forms of advertising, including mailings (physical or emailed), catalogs, print ads (inserts, magazines, newspapers, etc.), and displays at consumer exhibitions and shows. The display of a Pearl Izumi product on any website, including the retailer’s own website, is advertising subject to this Policy. Any price information relating to Pearl Izumi products on an internet website which can be accessed directly through any hypertext link or by any other method which uses the hypertext transfer protocol (http) is considered to be advertising for purposes of this policy.

This Policy does not apply to the following (exceptions):

- Brick-and-mortar in-store displays, in-store banners, or in-store price markings
- Internet “shopping cart” pages where the customer makes their final purchase election
- Electronic mail sent in direct response to a customer inquiry
- Advertising that offers free installation with purchase; free delivery with purchase; free training with purchase; free service with purchase unless the ad specifies a dollar value for these activities which nets a price below the MSRP

- Advertisements for Pearl Izumi product on “close out,” i.e., any previous season’s merchandise that has been identified by Pearl Izumi as close out with a prescribed date. Close out is defined as any previous season’s merchandise that has been communicated by Pearl Izumi as close out with a prescribed date regarding when the merchandise will be close out.

In addition to the above exceptions, advertisements for Pearl Izumi products offered for sale during the following annual promotional periods do allow for specific discounts below MSRP :

<u>Promotional Periods**</u> May 19 through May 29, 2017 August 25 through September 4, 2017 November 13 through November 27, 2017	<u>Promotional Period MAP</u> up to 25% off of the MSRP (or 75% of the MSRP) up to 25% off of the MSRP (or 75% of the MSRP) up to 25% off of the MSRP (or 75% of the MSRP)
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Pearl Izumi reserves the right, in its sole discretion, to change the Promotional Period(s) and Promotional Period MAP.

In response to any violations of this Policy, Pearl Izumi, in its unilateral discretion, may take the following actions:

- First Violation:** Pearl Izumi will issue a warning letter.
- Second Violation:** Pearl Izumi will refuse to accept any new orders from the retailer for the remainder of the current season and the entirety of the subsequent season.
- Third Violation:** Pearl Izumi will no longer accept orders from the retailer for Pearl Izumi products.

Questions Regarding This Policy

Compliance with this Policy is entirely within the control of each retailer. This Policy is non-negotiable and no modifications will be made for any retailer. Pearl Izumi cannot and will not discuss this Policy outside of providing the terms of the Policy and examples of compliant and non-compliant advertising.

In general, Pearl Izumi gathers input and feedback from retailers about policies and practices. If you have comments or concerns about this Policy, you may submit those by email to map@pearlizumi.com. Pearl Izumi will not respond to any comments from one retailer about the activities of any other retailer.

**Current promotional periods can be found at Pearl Izumi B2B Logon page.