



LG Electronics U.S.A., Inc.

1000 Sylvan Avenue

Englewood Cliffs, NJ 07632

Home Entertainment Product

Minimum Advertised and Unilateral Pricing Policy (MAP/UPP)

Effective Date: 4/1/20

1. Purpose

LG Electronics USA, Inc. ("LGEUS" or "LG") has invested substantial time and money developing the competitiveness of its brand and, in particular, establishing its products in the United States market as premium products with premium consumer features and benefits. Accordingly, LGEUS, acting in its unilateral business judgment to support its marketing plan, has prepared this Policy regarding the pricing for sales of its home entertainment products.

This Policy is a unilateral statement of LGEUS's intent and is not a contract, or an offer to form a contract. LGEUS does not ask and will not accept any agreement about an account's compliance with or acceptance of this Policy. Rather, this Policy describes the terms under which LGEUS may, in its sole discretion, choose to sell its products.

- A. This Policy applies to products that LGEUS has identified as either MAP (Minimum Advertised Price Policy) or UPP (Unilateral Price Policy) products.
- B. Promotions, bundles and other value-added offers listed on the LGEUS national roadmap are exempt from this Policy.
- C. Each violation of this Policy will be treated as a separate incident.

2. Scope

This Policy applies to all resellers that purchase product directly from LGEUS ("Accounts") as well as any resellers that are indirect purchasers ("Indirect Accounts"). Accounts that receive this Policy are responsible for ensuring compliance from their accounts, including all Indirect Accounts, and any affiliated companies. A violation of this Policy by any Indirect Account or affiliated company will be deemed a violation by the Account, and may subject the Account, and if applicable, its affiliated companies, to the recourse schedule set forth herein. LGEUS, in its sole discretion, reserves the right to deauthorize any such Indirect Account that violates this Policy.

3. Communications

- A. UPP and MAP pricing is identified and communicated on the pricing roadmap distributed to Accounts by LGEUS from time to time ("Roadmaps"), and is referred to herein as the "Stated Price".
- B. LGEUS, in its sole discretion, may change or remove any products listed in the Roadmaps at any time.
- C. Any and all questions or requests for information regarding the application or interpretation of this Policy must be directed to mp.operations@lge.com. Please note that your sales representative and other LG employees are not authorized to discuss or modify any aspect of this Policy.

4. Applicable Activity

- A. Advertising: This Policy applies to all advertisements of all LGEUS products identified as either MAP or UPP products in any and all forms, including but not limited to TV, print, radio, internet, social media, flyers, brochures and any other forms of future promotion media known or unknown.

B. Sales: This Policy applies to all distribution, including but not limited to wholesale, retail sales, offers to sell (e.g., advertising), sales as part of a dealer employee purchase or similar program, telephone sales, in-store sales, catalog sales, online sales, email campaigns, newsletters, electronic solicitations, e-coupon offers, mobile, smart device social media and any future means of distribution known or unknown.

5. Product Definitions

- A. "Model" is defined as an individual LGEUS Home Electronics ("HE") product identified with a model number and assigned UPC number.
- B. "Series" is defined a collection of similarly featured products, identified with a common nomenclature (for example, the first letter or number following screen size in TV and Monitor models).
- C. For the purposes of this Policy, product series are not restricted to year. For example: OLED65C7P and OLED65C8 are both considered C-Series TV product.
- D. "Category" is defined as OLED TV, NanoCell TV, Sound Bars, UHD TV, CAV, Monitor, Data Storage, Projectors and Laptops.
- E. The definition of Category may be modified by LGEUS at any time without prior notice.

6. Guidelines

- A. Advertising
 - i. All advertising for products must clearly state a price equal to or greater than the MAP or UPP Stated Price, whichever applicable, listed in the published Roadmaps that are distributed to Accounts by LGEUS from time to time; failure to list a selling price is a violation of this Policy.
 - ii. For UPP products, advertising, offering, or selling more than \$3.00 below the UPP Stated Price is a violation of this Policy, and subject to the recourse described herein.
 - iii. For MAP products, advertising or offering more than \$3.00 below the MAP Stated Price is a violation of this Policy, and subject to the recourse described herein.
 - iv. Any statements or implications which could indicate that a price lower than the MAP or UPP Stated Price may be considered a violation of this Policy (e.g., "call for lower price" or "lower price available in-store").
 - v. Netting of applicable discounts such as instant rebates or global promotions is allowed for products identified as MAP only.
 - vi. LG specified model numbers must be shown when advertising prices or discounts for all LG Category products.
 - vii. Promotional codes or point systems that correspond to actual currency or the selling price is a violation of this Policy.
- B. Open Box products are defined as any product which have been used, returned, opened, demoed or deemed "used-like new."
 - i. Open Box products are prohibited from being sold on any online Marketplace with the exception of Ebay.
 - ii. Accounts may advertise Open Box products in-store, on dealer's own website and on the Ebay marketplace only.
 - iii. Accounts may sell Open Box products at prices 15% below the MAP or UPP Stated Price provided that such products are clearly advertised as not factory new.
 - iv. Sales of Open Box product shall be limited to no greater than 5% of the total quantity of that model sold to the Account or Indirect Account.
 - v. Accounts must provide LG periodic SKU-level reporting of inventory and sell-through with "open box" sales specifically noted separately. LG reserves the right to audit (or have its authorized

agent audit) individual transactions subject to this section of the Policy in order to assure Account compliance.

- C. Gift Cards may be offered with a purchase value of up to 10% off the MAP or UPP Stated Price after calculation of all rebates and offers from LG.
 - i. For products identified as UPP, gift cards may only be offered for future purchases and may not be instantly redeemed at checkout.
 - ii. Gift cards are prohibited for LGEUS Monitor products that are identified as UPP.
- D. Bundles may be offered by Accounts with a savings value of up to 10% of the MAP or UPP Stated Price after calculation of all rebates and offers from LGEUS.
 - i. All bundle proposals must be submitted to mp.operations@lge.com for approval and require an itemized breakdown of the offer.
 - ii. Bundles that include components from other manufacturers may be proposed.
 - iii. LGEUS reserves the right, in its sole discretion, to reject or rescind previously approved bundles with components that have low performance ratings.
 - iv. Bundles may not be included in other promotions unless expressly authorized (i.e., “not “stackable”).
 - v. Bundles must be listed under the “LG” brand name.
 - vi. Promotion or sale of bundles without prior authorization will be considered a violation of this Policy.
- E. Value-added Offers may be offered by Accounts with a value of up to 10% of the MAP or UPP Stated Price after calculation of all rebates and offers from LGEUS.
 - i. Value-added offers are in addition to any promotions or offers listed in LGEUS Roadmaps.
 - ii. Calculation of the value offer will be a reasonable market value determined by LGEUS in its sole discretion.
 - iii. Approved value-added offers are Financing, Free Shipping & Handling, Free Delivery & Installation, White Glove Service, Reward Points (provided that they do not correspond to an actual dollar amount), Extended Warranty and Online Subscriptions (Netflix, Vudu, etc.).
 - iv. All other value-added offers require prior approval from LGEUS (submit proposals to mp.operations@lge.com for approval).
- F. Paid Membership Programs (“PMP”) are defined by LGEUS as annual subscriptions paid by consumers for access to discounts and services that are not available to the non-member public.
 - i. Accounts that offer their customers a PMP, that is approved and recognized by LGEUS as such, may offer a Membership Discount on products in amounts identified in a schedule attached to the Roadmap.
 - ii. Only PMP members should have visibility into or the ability to purchase at the discount after they have signed into the website or presented their PMP identification in the store – If PMP identification is not required for entrance to the store, then both the UPP Stated Price and the member discount must be displayed with the applicable products.
 - iii. All advertised offers that are visible to non-members of the PMP must show both the UPP Stated Price and the member discount.
 - iv. PMP fees cannot be offered as free with purchase of with applicable products.

7. Recourse

- A. For products identified as MAP, advertising below the stated price listed in the published Roadmaps that are distributed to Accounts by LGEUS from time to time may result in LGEUS taking the following unilateral actions.

- B. For products identified as UPP, selling or offering for sale products below the stated price listed in the published Roadmaps that are distributed to Accounts by LGEUS from time to time may result in LGEUS taking the following unilateral actions.
- C. LGEUS reserves the right, in its sole discretion, to grant an exception, for example, if the violation is determined to be a mistake, error, or due to causes beyond the control of the Account, as determined by LGEUS.

| Recourse | UPP - OLED Products | UPP - All Other Products | MAP Products |
|---------------|------------------------------------|------------------------------------|------------------------------------|
| 1st Violation | 60 day suspension of model | 30 day suspension of model | First warning |
| 2nd Violation | 60 day suspension of series | 30 day suspension of series | Formal notification of violation |
| 3rd Violation | De-authorization of model | De-authorization of model | 30 day suspension of model |
| 4th Violation | De-authorization of series | De-authorization of series | 60 day suspension of series |

LGEUS reserves the right to change or discontinue this Policy unilaterally at any time, with or without prior notice.