

Canadian pricing, advertising, and sales channel policy

Master policy as of March 25, 2014



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If you have questions, please contact the MAP Policy team at: PRImappolicy@philips.com

Canadian minimum advertised pricing policy (MAP Policy)

Sleep and Home Respiratory (SHR) products covered by this minimum advertised pricing policy

The products listed in the "MAP pricing and covered products" table in the back of this document are covered by this MAP Policy and are collectively referred to in this MAP Policy as "SHR MAP Products." The minimum advertised price ("MAP") for each SHR MAP Product is as set forth opposite such SHR MAP Product in the "MAP pricing and covered products" table in the back of this document ("Internet advertising and marketing prices"). This policy applies to all customers of Philips Respironics ("Respironics") that purchase SHR MAP Products from Respironics in Canada and sell such SHR MAP Products online and/or in brick and mortar locations, who are collectively referred to in this policy as "Retailers."

Elements of this policy

- 1. Definition of "Advertisement:" The terms "Advertise,"

 "Advertised," and "Advertisement" mean a public announcement
 affirmatively promoting an SHR MAP Product for sale, whether
 such public announcement includes (but is not limited to) an
 internet website, social media platform, general discussion board,
 blog, or internet auction site; in a catalog, newspaper, or other
 type of circulated printed media; on the radio or television; a fax;
 a text message; a retail point-of-sale display; or any other public
 forum or communication method.
- Retailers should not Advertise SHR MAP Products at prices below MAP prices. Retailers will not imply through Advertisements that prices below MAP prices are available for SHR MAP Products. Retailers will not imply through Advertisements that prices below MAP prices are available at checkout, in the "shopping cart," or at the point of purchase.

Authorized rebates and promotions are exempt from this MAP Policy.

These MAP prices are not the minimum selling prices, and providers are free to sell these products at pricing they choose.



- 3. Consequences of violation
 - a. First offense: If a Retailer chooses to Advertise an SHR MAP Product at a price lower than the individual product MAP for that SHR MAP Product (an "Affected Product"), or otherwise violates any of the policies included in this Master Policy, Philips Respironics reserves the unilateral right to discontinue sales to the Retailer of all products in the same category as the Affected Product (as shown in the "MAP pricing and covered products" table in the back of this document), until Philips Respironics has determined in its sole discretion that the Retailer is no longer in violation.

Example: TrueBlue is in the "Patient interface" category, and a determination by Philips Respironics that there has been a MAP violation with respect to TrueBlue would give Philips Respironics the unilateral right to immediately cease sales of all "Patient interface" items to the Retailer.

- b. Second offense: After the initial offense, if a Retailer chooses to Advertise an SHR MAP Product at a price lower than the individual product MAP for that SHR MAP Product, or otherwise violates any of the policies included in this MAP Policy or any related policy in this Master Policy, Philips Respironics reserves the right to discontinue sales to the Retailer of all SHR products in the same category immediately for a period of no less than six (6) consecutive months.
- c. Repeat offenders: Should more than two violations occur in any consecutive six-month (6) period, Philips Respironics reserves the right to immediately discontinue sales to the Retailer of all products in the same category for a period no less than twelve (12) consecutive months. Philips Respironics reserves the right and sole discretion to terminate any Retailer who repeatedly violates this MAP Policy and the related policies contained in this Master Policy.



- 4. This MAP Policy has been adopted unilaterally by Philips Respironics, and Philips Respironics reserves the right to modify or rescind this MAP Policy at any time at Philips Respironics' sole discretion. Philips Respironics neither asks for, nor will Philips Respironics accept, any assurance from any Retailer that such Retailer will comply with this MAP Policy. This MAP Policy does not constitute an agreement between Philips Respironics and any Retailer. No Retailer will have any right, contractual or otherwise, to enforce this MAP Policy against any other Retailer or against Philips Respironics.
- 5. Canadian retailers are subject to the following additional, unilateral policies:
 - a. Canadian sales only policy for Canadian homecare dealers
 - b. End-user only sales policy for Canadian homecare dealers
 - c. Home respiratory equipment and PAP device full-support policy
- 6. Philips Respironics sales, marketing, and customer service personnel have no authority to modify or grant exceptions to this MAP Policy. They are not permitted to discuss with Retailers the enforcement of this MAP Policy, including the discontinuance of sales of any Affected Product to any Retailer. All questions with respect to this policy and its enforcement must be directed to the MAP Policy team via email at PRImapPolicy@philips.com.

Canadian advertising policy

This Canadian advertising policy applies to all product advertising conducted by the Retailer. Philips Respironics reserves the right to take appropriate steps in the event of noncompliance with any of these policies, up to and including the termination of the Retailer's account.

- 1. Definition of "Advertisement:" The terms "Advertise,"

 "Advertised," and "Advertisement" mean a public announcement
 affirmatively promoting an SHR MAP Product for sale, whether
 such public announcement includes (but is not limited to) an
 internet website, social media platform, general discussion board,
 blog, or internet auction site; in a catalog, newspaper, or other
 type of circulated printed media; on the radio or television; a fax;
 a text message; a retail point-of-sale display; or any other public
 forum or communication method.
- 2. Appropriate prescription: Because prescription SHR products are not to be sold to patients without an appropriate prescription, each Advertisement of a prescription SHR product by a Retailer must legibly and prominently state the following ("Prescription Statement"):

"A valid prescription is required for the purchase of this product."

- Reference to this Master Policy is prohibited:
 Advertisements may not directly or indirectly indicate that prices and advertisements are subject to a pricing and advertising policy.
- 4. Full legal name: A Retailer must display its full legal name and the address of its main office location in a manner that is readily accessible to all visitors to any and all of the Retailer's website(s).
- 5. Separate entity: The Retailer must state clearly on all websites that the products and services provided by the Retailer are provided solely by the Retailer and are independent from Philips Respironics.



- 6. Access and disclosure: Retailers must provide a list to Philips Respironics of any and all of their current or proposed websites that reference or sell Philips Respironics SHR products. Retailers must provide Philips Respironics with any necessary passwords, usernames, or other methods to gain access to these websites.
- 7. Sell new products only: Retailers must sell new SHR products in their original packaging. Retailers cannot change, re-label, adulterate, or misbrand SHR products. SHR products cannot be sold or labeled as "used," "open box," or any other similar descriptors.
- 8. Only approved claims: Because SHR products and their uses are regulated by Health Canada, Retailers may reproduce only approved claims in all advertisements and other materials relating to SHR Products. These claims are available on the Philips Respironics' website, http://www.healthcare.philips.com/us_en/homehealth/respironics.wpd or in Philips Respironics' published product or marketing literature.
- 9. Proper trademark usage: In order to protect Philips Respironics' trademarks, all product names must be reproduced exactly as they appear on our website or in Philips Respironics' published product or marketing literature.
- 10. Approved marketing materials: Retailers may use only those images, graphics, and videos that are provided by Philips Respironics, or those that have been specifically authorized in writing by Philips Respironics, and Retailers may not issue press releases or make any public statements that include the Philips name, or otherwise reference their relationship with any part of Philips, without first obtaining written authorization from Philips Respironics. No Philips Respironics advertising, merchandising, or other materials may be used to sell other brands without expressed written permission from Philips Respironics.
- **11. Untrue statements and claims:** No untrue or misleading statements or claims may be made, such as (but not limited to):
 - · "Largest Philips Respironics dealer in Canada"
 - · "Hundreds of units in stock"
 - "Only company that services Philips Products"
- **12. Social media/discussion boards:** Any advertising or other postings on any social networking sites or boards must be in compliance with this Master Policy.

- 13. Search engines: Retailers may provide product and price data on SHR products to search engines for inclusion in search results or shopping comparisons, provided that such information reflects pricing at or above MAP pricing and is otherwise in compliance with this Master Policy. Product and pricing information for PAP devices and home respiratory equipment may not be provided. Please see "Home respiratory equipment and PAP device full-support policy."
- 14. Third-party websites: All Retailers are permitted to advertise masks on third-party websites (such as Amazon. com), as long as such advertisements on those third-party websites are in full compliance with this Master Policy. In addition, such advertisements must comply with the applicable rules and regulations of each third-party website, including any prohibitions relating to the offer and sale of prescription medical devices, and Philips Respironics reserves the right to seek the immediate delisting of SHR products from such third-party websites in the event of a violation. Advertising on any thirdparty auction sites is expressly forbidden by this Advertising policy. Any Retailer determined to have offered or sold product to any party that offers or sells SHR products online via a site which prohibits the offer or sale of prescription items (or an auction site) will be subject to the same consequences outlined in Section 3 of the MAP Policy.
- 15. Rebates/coupons: Retailers may not include individual or multiple Philips Respironics SHR products in any Advertised promotion (such as a discount or rebate on all purchases), unless the gross Advertised prices of the SHR products are at or above the individual MAP pricing for such products.



- 16. Bundling: MAP Products sold in product bundles may not be advertised at a discount unless the combined price of the product bundle is equal to or greater than the sum of the MAP prices for each individual SHR product. For example, if one SHR MAP Product with a MAP price of \$100.00, and a different SHR MAP Product with a MAP price of \$50.00 are sold together, the total Advertised price of the bundle should be \$150.00 (\$100.00 + \$50.00, respectively). Product bundle advertisements that include both MAP and non-MAP products (or non-Philips Respironics SHR products) must include separate Advertised product pricing for each product component included in the bundle, and MAP products must have an Advertised price within the MAP guidelines. Additionally, SHR products must not be bundled with other brands without the expressed written permission of the MAP Policy administrator.
- 17. Customer service capabilities: Retailers must state clearly their service policy on their website(s), including their policies for handling warranties and returns. Retailers must post on their websites at least one customer service telephone number that is staffed by personnel during normal local business hours. Retailers must provide Philips Respironics with a current street address of any/all customer service and shipping facilities.
- 18. New product/marketing initiative launch dates: New product launch dates/times, events, and other key product and marketing updates will be communicated by Philips Respironics on an ongoing basis. When applicable, launch dates and times will be clearly communicated by Philips Respironics as to when this information can be communicated online or in-store to consumers. Retailers may not communicate in any manner, including through any Advertisement, any information to consumers regarding new product launch dates/times, events, or other key product and marketing updates prior to a specific launch date and time provided by Philips Respironics.

A violation of this section 18 will result in an immediate suspension of sales of the relevant new product for a minimum of six (6) months.

It is the responsibility of the Retailer to confirm the dates and times on which information can be released to consumers.

Canadian sales only policy for Canadian homecare dealers

Definition of a Canadian homecare dealer:

Any Philips Respironics customer, whether brick and mortar, internet, or otherwise, who purchases Philips Respironics products and resells those Philips Respironics products to patients located in Canada or who offers Philips Respironics products for sale to patients located in Canada.

Rationale:

There are several reasons that Canadian homecare dealers are only authorized to resell or otherwise distribute Philips Respironics products within Canada. Several therapy products sold by Philips Respironics have different domestic and international versions. This is in-part due to differing electrical requirements and other requirements imposed by the applicable regulatory bodies in foreign countries. As an example, agency marks are required for all Brazilian models. Since these marks are not required in Canada, these models do not carry these marks, which limits them from being sold in Brazil.

In addition, Philips Respironics has direct distribution or distribution agreements with international distributors in most countries. Philips Respironics has appointed distributors in various countries not only because of their track record in selling Philips Respironics products, but also because they have a physical facility in those countries which patients can visit in person or contact by telephone, they are familiar with the applicable laws and regulations of the countries in which they are located and are licensed by those countries to distribute medical equipment, and they have a proven ability to provide support services to patients in the countries in which they are located (e.g., equipment repair and replacement, a telephone number for patients to call with questions, complaint reporting mechanisms, product tracking ability, etc.). A number of these distribution agreements give the international distributor exclusive rights to distribute certain Philips Respironics products in that distributor's territory. Sales by Canadian homecare dealers to parties outside Canada in countries in which another distributor has exclusive distribution rights violate that exclusive distributor's contractual rights.



Policy definition:

As a Canadian homecare dealer, you are only permitted and authorized to resell, rent, lease or otherwise distribute (collectively, "Resell") Philips Respironics products to end-users residing in Canada. You are specifically prohibited from Reselling products to end-users residing outside Canada or to end-users whom you know, or have reason to know, intend to Resell, directly or indirectly, Philips Respironics products to end-users residing outside Canada. If you Resell Philips Respironics products via the internet, catalog, print advertisement or elsewhere, you are responsible for ensuring that all products are shipped only to end-users residing in Canada.

Consequences of policy violation:

If you violate this policy, Philips Respironics will require you to stop the prohibited international sales activities. Should you fail to correct the situation immediately after receiving notice of the violation from Philips Respironics, Philips Respironics will discontinue the sale of one or more Philips Respironics products to you for a period of no less than three (3) months upon the first violation. If there are any subsequent violations by you, Philips Respironics will discontinue the sale of one or more Philips Respironics products to you for a period of no less than twelve (12) months.

Important note: As a Canadian homecare dealer, this policy applies to you regardless of whether you have signed an agreement with Philips Respironics.

End-user only sales policy for Canadian homecare dealers

Definition of a Canadian homecare dealer:

Any Philips Respironics customer, whether brick and mortar, internet or otherwise, who purchases Philips Respironics products and resells those Philips Respironics products to patients located in Canada or who offers Philips Respironics products for sale to patients located in Canada.

Policy definition:

A Philips Respironics Canadian homecare dealer is authorized to resell Philips Respironics products only to the person who is going to personally use those Philips Respironics products (the "end-user" or "patient").



Consequences of policy violation:

If you violate this Policy by directly or indirectly Reselling Philips Respironics products to other dealers or to other businesses who are clearly not the end-users, Philips Respironics will require you to stop the prohibited Reselling to non-end users. Should you fail to correct the situation, Philips Respironics will take action, up to or including, discontinuing the sale of one or more Philips Respironics products to you. Without limiting the foregoing, Philips Respironics has the right to change your status from "Canadian homecare dealer" to "distributor" and to make Philips Respironics products available to you at distributor pricing rather than dealer pricing (meaning that discounts extended to you as a Canadian homecare dealer providing appropriate prescription medical device support will no longer be made available to you).

Important note: As a Canadian homecare dealer, this policy applies to you regardless of whether you have signed an agreement with Philips Respironics.

Home respiratory equipment and PAP device full-support policy

Rationale

Respironics, Inc. ("Philips Respironics") appreciates and understands the value that homecare providers in Canada offer to their patients in the selection and fitting of the most appropriate equipment, patient education, support, and clinical follow up ("Appropriate Prescription Medical Device Support"). We recognize these are fundamental elements in achieving the best patient acceptance of and compliance of a prescribed medical therapy device.

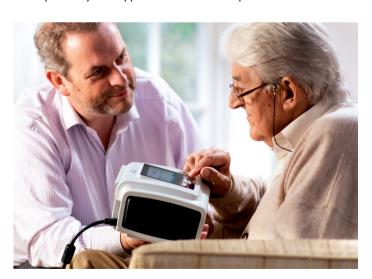
The following policy, known as the "Home respiratory equipment and PAP device full-support policy" ("Full Support Policy"), is a separate policy from both the Canadian Sales Only Policy mentioned above and our MAP Policy, which involves all forms of advertised pricing and does not indicate the level of support required.

For purposes of this policy, "Canadian homecare dealer" means any Philips Respironics customer, whether brick and mortar, internet or otherwise, who purchases Philips Respironics sleep and home respiratory products and offers for sale or resells those products to patients located in Canada.

Given the essential nature of Appropriate Prescription Medical Device Support, Philips Respironics is concerned that some Canadian homecare dealers do not offer Appropriate Prescription Medical Device Support. As a result, the burden of providing Appropriate Prescription Medical Device Support falls on other Canadian homecare dealers, or on Philips Respironics. Philips Respironics recognizes that supplying this level of full support requires additional cost for the Canadian homecare provider. For these reasons, the Philips Respironics policy within Canada is that full clinical support is required for the sale of any Philips Respironics PAP device or home respiratory equipment. This full support must include:

- an initial live visit that occurs in-person
- the visit occurs either at the patient's home or at the homecare provider's place of business
- ongoing clinical support available to the patient after the initial visit

Philips Respironics also has implemented a US Sales Only Policy for American homecare dealers. This separate policy also is intended to address the concern that Philips Respironics SHR Products sold or distributed into Canada from countries outside of Canada will not be accompanied by full support to the Canadian patient.



Elements of full support required for sale of Philips Respironics PAP devices and oxygen equipment

1. Elements of this Policy

Pricing of Philips Respironics PAP devices or home respiratory equipment may not be advertised on the Internet, nor supplied via email within Canada, as this indicates to patients that full support from a homecare provider is not required for the sale of a Philips Respironics PAP device and/or home respiratory equipment.

Full support must include:

- an initial live visit that occurs in-person
- the visit occurs either at the patient's home or at the homecare provider's place of business
- ongoing clinical support available to the patient after the initial visit

2. Consequences of violation

- a. First offense: If a Canadian homecare dealer chooses to sell Philips Respironics PAP/home respiratory equipment without supplying full clinical support to a patient, on the first offense Philips Respironics shall discontinue the sales of all Philips Respironics PAP devices or home respiratory equipment, whichever was involved in the violation ("Affected Products") to the Canadian homecare dealer until Philips Respironics has determined in its sole discretion that the Retailer is no longer in violation.
- b. Second offense: After the initial offense, if a Retailer chooses to sell Philips Respironics PAP or home respiratory equipment without supplying full clinical support to a patient, Philips Respironics reserves the right to discontinue sales to the Retailer of all SHR products in the same category immediately for a period of no less than six (6) consecutive months.
- c. Repeat offenders: Should more than two violations occur, Philips Respironics reserves the right to immediately discontinue sales to the Retailer of all products in the same category for a period of no less than twelve (12) consecutive months.



- 3. This Full Support Policy has been adopted unilaterally by Philips Respironics, and Philips Respironics reserves the right to modify or rescind this Full Support Policy at any time at Philips Respironics' sole discretion.
- 4. Philips Respironics' sales and customers service personnel have no authority to modify or grant exceptions to this Full Support Policy. They are not permitted to discuss with Retailers the enforcement of this Full Support Policy, including the discontinuance of sales of any Affected Product to any Retailer.

Important Note: As a Canadian Homecare Dealer, this Policy applies to you regardless of whether you have signed an agreement with Philips Respironics.

SHR MAP pricing and covered products

Sleep therapy products	Part number	Product MAP	Product category
Philips Respironics System One sleep therapy systems			
REMstar SE	CA 221S	\$1,000	CPAP
REMstar SE with humidifier	CA221HS	\$,1350	CPAP
REMstar SE with Heated Tube humidifier	CA221TS	\$1,410	CPAP
REMstar SE with Heated Tube humidifier (Heated Tube out of box)	CA221NTS	\$1,420	CPAP
REMstar Plus C-Flex with SD card	CA261S	\$1,200	CPAP
REMstar Plus C-Flex with SD card, with humidifier	CA261HS	\$1,550	CPAP
REMstar Plus C-Flex with SD card, with Heated Tube humidifier	CA261TS	\$1,610	CPAP
REMstar Plus C-Flex with SD card, with Heated Tube humidifier (Heated Tube out of box)	CA261NTS	\$1,620	CPAP
REMstar Pro C-Flex+ with SD card	CA461S	\$1,400	CPAP
REMStar Pro C-Flex+ with SD card, with humidifier	CA461HS	\$1,750	CPAP
REMstar Pro C-Flex+ with SD card, with Heated Tube humidifier	CA461TS	\$1,810	CPAP
REMstar Pro C-Flex+ with SD card, with Heated Tube humidifier (Heated Tube out of box)	CA461NTS	\$1,820	CPAP
REMstar Auto A-Flex with SD card	CA561S	\$1,800	CPAP
REMstar Auto A-Flex with SD card, with humidifier	CA561HS	\$2,150	CPAP
REMstar Auto A-Flex with SD card, with Heated Tube humidifier	CA561TS	\$2,210	CPAP
REMstar Auto A-Flex, with SD card, with Heated Tube humidifier (Heated Tube out of box)	CA561NTS	\$2,220	CPAP
BiPAP Pro Bi-Flex with SD card	CA661S	\$3,000	CPAP
BiPAP Pro Bi-Flex with SD card with humidifier	CA661HS	\$3,350	CPAP
BiPAP Pro Bi-Flex with SD card, with Heated Tube humidifier	CA661TS	\$3,410	CPAP
BiPAP Pro Bi-Flex with SD card, with Heated Tube humidifier (Heated Tube out of box)	CA661NTS	\$3,420	CPAP
BiPAP Auto Bi-Flex with SD card	CA761S	\$3,300	CPAP
BiPAP Auto Bi-Flex with SD card, with humidifer	CA761HS	\$3,650	CPAP
BiPAP Auto Bi-Flex with SD card, with Heated Tube humidifier	CA761TS	\$3,710	CPAP
BiPAP Auto Bi-Flex with SD card with Heated Tube humidifier (Heated Tube out of box)	CA761NTS	\$3,720	CPAP
System One heated humidifier	IN6H	\$350	CPAP
System One Heated Tube humidifier	IN6T	\$410	CPAP

NOTE: PAP and home respiratory equipment prices are not to be advertised on the internet.

See our "Home respiratory equipment and PAP device full-support policy." $\,$

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NOTE: PAP and home respiratory equipment prices are not to be advertised on the internet.

See our "Home respiratory equipment and PAP device full-support policy."

Mask products	Product MAP	Product category
Amara and Amara gel (all sizes and models)		
Mask and headgear	\$280	Patient interface
Mask only	\$260	Patient interface
ComfortClassic (all sizes and models)		
Mask and headgear	\$145	Patient interface
Mask only	\$125	Patient interface
ComfortGel Blue (all sizes and models)		
Mask and headgear	\$175	Patient interface
Mask only	\$155	Patient interface
ComfortGel Blue Full (all sizes and models)		
Mask and headgear	\$285	Patient interface
Mask only	\$265	Patient interface
EasyLife (all sizes and models)		
Mask and headgear	\$165	Patient interface
Mask only	\$145	Patient interface
FitLife (all sizes and models)		
Mask and headgear	\$325	Patient interface
Nuance and Nuance Pro (all sizes and models)		
Mask and headgear	\$235	Patient interface
Mask only	\$215	Patient interface
Profile Lite (all sizes and models)		
Mask and headgear	\$175	Patient interface
Mask only	\$155	Patient interface
Profile Lite youth mask		
Mask and headgear	\$175	Patient interface
TrueBlue (all sizes and models)		
Mask and headgear	\$210	Patient interface
Mask only	\$190	Patient interface
Wisp		
Mask and headgear	\$235	Patient interface
Mask only	\$215	Patient interface

NOTE: PAP and home respiratory equipment prices are not to be advertised on the internet.

See our "Home respiratory equipment and PAP device full-support policy."

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 $\label{eq:CAUTION:US} \textbf{CAUTION:} \textbf{US} \textbf{ federal law restricts these devices to sale by or on the order of a physician.}$

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