



December 11, 2017

**To Our Retailers:**

Your continued enthusiasm and support regarding Precious Cat and our products are much appreciated.

This note is to introduce to you our new Value Protection Policies for Retailers (the "**Policies**"), which are effective December 15, 2017 (the "**Policy Effective Date**") and accompany this correspondence. They have been adopted in an effort to help safeguard the reputation of Precious Cat, insure the long-term viability of its brands and protect the investment of those Retailers that provide valuable services to end users.

The Policies (1) are applicable to each Retailer located in either or both the United States and Canada and (2) consist of (a) a policy regarding electronic minimum advertised price (the "**Electronic Minimum Advertised Price Policy**" or the "**EMAP Policy**") and (b) a policy dealing with advertising and marketing (the "**Advertising and Marketing Policy**" or the "**A&M Policy**").

The EMAP Policy applies to certain Precious Cat products offered in particular ways, while the A&M Policy, unless otherwise noted, applies to all Precious Cat products, regardless how they are offered or sold.

While the Policies are those of Precious Cat alone, we made every effort to develop a realistic approach that addresses practical issues. In addition, we are providing you with advance notice of the effective date of the Policies, so that you have sufficient time, if you wish, to notify your staff, incorporate the Policies into your planning and conform practices, as well as advertising, promotional and sales efforts. Since this note is only a summary, we encourage you to read the Policies carefully.

**The Electronic Minimum Advertised Price Policy:** The EMAP Policy: (1) establishes an electronic minimum advertised price ("**EMAP**") for various Precious Cat products (individually, an "**EMAP Product**" and collectively, the "**EMAP Products**") and (2) applies to the prices at which the EMAP Products are offered electronically. In other words, although each Retailer is free to make its own pricing decisions, when electronic means are used (such as the internet or texting), the EMAP Policy applies to the advertised or offer price. A violation of the EMAP Policy occurs when a Retailer offers an EMAP Product below its EMAP.

**The EMAP Policy does not apply to each offer made in or through conventional advertising (such as newspapers, magazines, rotos, direct mail, catalogs and signs) or in a brick-and-mortar store.**

**The EMAP Products:** On the Policy Effective Date, each EMAP Product and its corresponding EMAP is:

000338004404	Dr. Elsey's Precious Cat Ultra Litter 40 lb.	\$17.49
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**The Advertising and Marketing Policy:** Among other things, the A&M Policy: (1) requires that the use of Precious Cat intellectual property (such as trademarks and product images) and the depiction of Precious Cat products comply with Precious Cat policies and (2) prohibits selling (a) online on any site(s) not approved by Precious Cat for a Retailer and (b) to anyone for resale.

**Other Violations:** The Policies also may be violated through certain conduct, including such things as the use of particular terms, descriptions, conditions or offers.

**Consequences of Violations:** For the first violation of the Policies, the Retailer involved will be asked to take down or stop the violative activity (assuming it can be taken down or stopped) within the specified time, while subsequent violations result in the loss of access to some or all Precious Cat products, either temporarily or permanently.

**Questions and Additional Information:** To help address questions and concerns, a copy of the Explanation (including Frequently Asked Questions (FAQs)) accompanies this correspondence. All questions or requests for additional information regarding the Policies or information concerning potential violations of the Policies (which must be in writing) are to be addressed to the person at Precious Cat responsible for the Policies ("Policy Administrator"):

**Policy Administrator, Precious Cat, Inc., 1600 West Dartmouth Avenue, Englewood, CO 80110 USA**  
**email: PolicyAdmin@preciouscat.com**

Only the Policy Administrator or the Policy Administrator's designated representative(s) is or are authorized by Precious Cat to answer questions regarding the Policies, to comment on the Policies or to accept information regarding potential violations. Except for the Policy Administrator and such representative(s), no Precious Cat employee or independent sales representative has authority to comment upon or to take any action under the Policies.

Sincerely,

John McGhee  
National Sales Director