

SUMMARY OF MATERIAL MODIFICATION TO THE DERMALOGICA, LLC 401(K) PROFIT SHARING PLAN

The Summary Plan Description as modified for amendments effective January 1, 2016 and July 1, 2017 is being further modified effective January 1, 2017. The modification changes the effective date of the increase in the Matching Contribution from 25¢ per \$1 deferred to 50¢ per \$1 from July 1, 2017 to January 1, 2017 changing the section describing the **Matching Contribution** on page 6 of the Summary Plan Description to read as follows:

MATCHING CONTRIBUTIONS

If you elect to have money withheld from your paycheck and contributed to the Plan on your behalf, the Company may make Matching Contributions.

Effective **January** 1, 2017, if made, the Company shall contribute fifty cents (\$0.50) for each dollar you elect to defer; provided however, that the Matching Contribution does not exceed 3% of your Compensation.

Catch-Up Contributions are eligible to be matched.

401(k) Contributions that are designated as Roth Contributions are eligible to be matched.

PLEASE KEEP THIS WITH YOUR COPY OF THE SUMMARY PLAN DESCRIPTION

**DERMALOGICA, LLC
401(k) PROFIT SHARING PLAN
SUMMARY PLAN DESCRIPTION**

**January 1, 2016
As modified for amendment of January 1, 2017
And July 1, 2017**

**DERMALOGICA, LLC
401(k) PROFIT SHARING PLAN**

SUMMARY PLAN DESCRIPTION

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. BECOMING A PARTICIPANT	2
III. CONTRIBUTIONS AND ACCOUNTS.....	4
IV. VESTING AND FORFEITURE.....	9
V. THE TRUST.....	12
VI. HARDSHIP WITHDRAWALS, IN-SERVICE DISTRIBUTIONS AND LOANS.....	14
VII. DISTRIBUTION AND METHODS OF PAYMENT OF BENEFITS.	16
VIII. OTHER THINGS YOU SHOULD KNOW	21

SUMMARY PLAN DESCRIPTION

DERMALOGICA, LLC 401(k) PROFIT SHARING PLAN

DERMALOGICA, LLC
1535 Beachy Place
Carson, CA 90746-4005

(310) 900-4000

Employer Plan No. 003

Employer Federal I.D. No. 95-3874566

Trustee:

Delaware Charter Guarantee & Trust Company
P.O. Box 8963
Wilmington, DE 19899-8963
(866) 518-8969

Plan Administrator

The Company is the Plan Administrator.
c/o Human Resources Department
Dermalogica, LLC
1535 Beachey Place
Carson, CA 90746-4005

The agent for service of legal process is the Company. Service of legal process may be made upon the Company at the above address.

I. INTRODUCTION

The DERMALOGICA, LLC 401(k) PROFIT SHARING PLAN (the “Plan”) is a 401(k) Plan designed to provide Eligible Employees of DERMALOGICA, LLC (the “Company”) with benefits upon retirement, disability, death or termination of employment.

This Summary Plan Description (the “Summary”) describes the basic elements of the Plan as of July 1, 2017, including when you can participate in the Plan and when you may expect to receive benefits. If you have questions after reading this Summary, please feel free to contact a member of the Committee during regular business hours.

IN THE CASE OF ANY CONFLICT BETWEEN THIS SUMMARY AND THE PLAN DOCUMENTS, THE TERMS OF THE PLAN DOCUMENTS WILL CONTROL.

DERMALOGICA, LLC
401(k) PROFIT SHARING PLAN - PPA

Please note that legally married same-gender spouses of Plan Participants now have the same spousal rights as opposite-gender spouses under all ERISA-governed qualified retirement plans. This is without regard to the state in which the affected individuals reside. Therefore, wherever the term “spouse” is used in this booklet, any applicable rights provided under this Plan to a spouse of a Plan Participant shall also apply to a legally married same-gender spouse.

II. BECOMING A PARTICIPANT

If you are not already a Participant, you will become a Participant in the Plan on your Entry Date coinciding with or next following having become an “Eligible Employee.”

You become an “Eligible Employee” when you have attained the age of 21 and you have met the following service requirements:

For purposes of sharing in 401(k) Contributions, including Roth Contributions, and Matching Contributions, Qualified Matching Contributions and Qualified Nonelective Employer Contributions, you will become an Eligible Employee when you have one Hour of Service.

For purposes of sharing in Profit Sharing Contributions, you will become an Eligible Employee when you have completed one (1) Year of Service.

However, you will not become an Eligible Employee if you are a member of one of the following classes of employees:

- Your Compensation and conditions of employment are established under a collective bargaining (union) agreement.
- You are a non-resident alien who receives no earned income from services rendered within the United States.
- You are a leased employee.
- If you do not receive medical, health, and/or sick and vacation benefits.
- If you are not reported on the Company payroll records because you are considered an independent contractor by the Company.

For purposes of sharing in Profit Sharing Contributions, “Entry Date” means the first day of the Plan Year (January 1st) and the first day of the seventh month of the Plan

Year (July 1st) that coincides with or next follows the day you become an Eligible Employee.

For purposes of 401(k) Contributions, including Roth Contributions, Matching Contributions, Qualified Matching Contributions and Qualified Nonelective Employer Contributions, Entry Date means the first day of the month that falls on or after the day you become an Eligible Employee.

A "Plan Year" is the 12 consecutive month period ending on December 31st.

Waiver of Participation shall not be permitted.

For purposes of Eligibility, a "Year of Service" is a consecutive 12-month period in which you work at least 1,000 Hours of Service. For purposes of becoming a Participant in the Plan, your first consecutive 12-month period begins on your date of hire, and all later consecutive 12-month periods begin on the first day of the Plan Year.

An "Hour of Service" is:

- A. Each hour for which you are paid for the performance of duties and are entitled to receive Compensation;
- B. Each hour (but not more than 501 hours) in any Plan Year in which you are paid by the Company for non-performance of duties, including vacations, temporary layoff, approved leave of absence, sickness, disability, jury duty or military duty; and
- C. Each hour for which back pay has been awarded or agreed to by the Company.

If the Company does not keep records of your actual hours of employment, (for example because you are a salaried employee) the Company will determine your Hours of Service for eligibility and vesting by crediting you with 10 Hours of Service for each day in which you are credited with at least one Hour of Service.

You incur a "Break-in-Service" when you do not work more than 500 Hours of Service during a Plan Year.

If you leave the Company and return before you incur five (5) consecutive one-year Breaks-in-Service and you were a Participant, you will be a Participant on the first day of your re-employment.

If you leave the Company and return after you incur five (5) or more consecutive one-year Breaks-in-Service and you were a Participant with a vested Account, you will be a Participant on the first day of your re-employment.

If you return after you have five (5) or more consecutive one-year Breaks-in-Service and you were a Participant without a vested Account, you will be treated as a new employee.

If you leave the Company after you become an Eligible Employee but before your Entry Date, and you return before you have five (5) consecutive one-year breaks in service, you will become a Participant on the later of (1) your reemployment date, or (2) the first Entry Date following the date you became an Eligible Employee.

If you leave the Company before your Entry Date, and you return after you have five or more consecutive one-year Breaks-in Service, you will be treated as new Employee.

If you are granted a "maternity or paternity" leave of absence, you will be given service credit during the leave but this is only for purposes of avoiding a Break-in-Service. Maternity or paternity leave of absence means absence from work (1) because you are expecting the birth of a child; (2) because of the birth of a child; (3) because of the adoption of a child; or (4) to care for your child after birth or adoption. The crediting of service during a maternity or paternity leave of absence can prevent you from having a Break-in-Service during the Plan Year in which you begin a leave of absence or the following Plan Year while you are on a leave of absence. No service will be credited unless you give the Committee information before you begin your leave that your absence is "a maternity or paternity leave of absence" and the number of days you plan to be absent.

If you are on qualified military service leave you will not incur a Break-in-Service when you return.

III. CONTRIBUTIONS AND ACCOUNTS

The amount of contribution you are entitled to is based on a formula in the Plan and the amount of Compensation you receive. Contributions made by and for you under the Plan and their earnings will be held in one or more bookkeeping "Accounts" as described below.

Your Compensation for Plan purposes includes your income or salary as reflected on your pay stub. In addition, your compensation may also reflect the cash value of fringe benefits provided to you by your Employer. Compensation includes your salary deferrals made to the Company's 401(k) plan or cafeteria plan, if applicable.

Compensation is limited to \$270,000 for the Plan Year beginning in the year 2017 which limit is subject to cost of living increases by the Internal Revenue Service.

For the Plan Year beginning in 2017, a Highly Compensated Participant is any Participant who (i) earns more than \$120,000 during the Plan Year 2016 or (ii) is a 5% Owner for either the current or prior Plan Year. A Non-Highly Compensated Participant is any Participant who is not a Highly Compensated Participant. After 2017, the dollar limit may increase each year so you should check with the Committee at the beginning of each Plan Year to find out the new dollar limit.

401(k) CONTRIBUTIONS

Once you are a Participant in the Plan, you may elect to save up to 75% of your Compensation (see restrictions for Highly Compensated Participant). The amount you elect to save will be contributed to the Plan on your behalf. These are your "401(k) Contributions".

Beginning January 1, 2017, the amount you may choose to save is limited to \$18,000 or 75% of your Compensation, whichever is smaller. After 2017, the limit may change each year so you should check with the Committee each January to find out the new limit. You are not required to save.

In addition to the 401(k) Contributions you choose to save each year, beginning in 2017 if you are or will be age 50 before the end of the calendar year (December 31), you can save additional amounts called "Catch-Up Contributions". These contributions are not subject to the 75% of your Compensation limitation stated above. Your Catch-Up Contribution limit for 2017 is \$6,000. After 2017, the limit may change each year so you should check with the Committee each January to find out the new limit.

Effective January 1, 2017, if you are a Highly Compensated Participant, your 401(k) Contributions, excluding Catch-Up Contributions is no longer limited to 8.5% of your Compensation.

The Committee will give you an election form to fill out. The form will allow you to elect the amount you want to save. Your 401(k) Contributions will be made by withholding from your paycheck. You can change the amount you save by giving 5 days advance written notice prior to the pay period ending date to the Committee. You may suspend your 401(k) Contributions at any time by giving 5 days advance written notice to the Committee prior to the pay period ending date. If you suspend your 401(k) Contributions, you may defer again at any time.

If you do not complete and file an election form with the Committee regarding your election to make or not make 401(k) Contributions, you shall have 401(k) Contributions automatically withheld from your Compensation in the amount of 6% of your Compensation.

You may change or suspend automatic 401(k) Contributions at any time by filing a new election form with the Committee.

If automatic 401(k) Contributions are withheld from your paycheck, the contributions shall be deemed pre-tax 401(k) Contributions. Once they have been withheld from your paycheck you may ask for withholding to stop but you cannot request a refund.

Your 401(k) Contributions and Catch-Up Contributions withheld from your paycheck and contributed to the Plan are not subject to current Federal income tax. Generally they are taxed when you actually receive your retirement benefits. Your 401(k) Contributions and your Catch-Up Contributions are set aside into a bookkeeping account for you. This account is called a "401(k) Contribution Account."

ROTH CONTRIBUTIONS

You may designate all or part of your 401(k) Contributions as Roth Contributions at the time you make your election to save (see above). Roth Contributions are like 401(k) Contributions because they are withheld from your paycheck but are treated as after-tax contributions for income tax purposes. However, qualified distributions of Roth Contributions and earnings on Roth Contributions are generally tax free when you withdraw them from the Plan.

The overall percentage of compensation limitation and dollar limit of \$18,000 and the catch-up limit of \$6,000 for 2017 include any designated Roth Contributions. You may change your designated Roth Contributions at the same time that you can change your 401(k) Contributions. Your 401(k) Contributions that are designated as Roth Contributions are accounted for separately and are referred to as your "Roth Contribution Account."

MATCHING CONTRIBUTIONS

If you elect to have money withheld from your paycheck and contributed to the Plan on your behalf, the Company may make Matching Contributions.

Effective July 1, 2017, if made, the Company shall contribute fifty cents (\$0.50) for each dollar you elect to defer; provided however, that the Matching Contribution does not exceed 3% of your Compensation.

Catch-Up Contributions are eligible to be matched.

401(k) Contributions that are designated as Roth Contributions are eligible to be matched.

These contributions are called Matching Contributions. Your Matching Contributions are set aside into a bookkeeping account for you. This account is called a "Matching Contribution Account."

PROFIT SHARING CONTRIBUTIONS

Discretionary

The amount of the Profit Sharing Contribution is determined by the Company. The Company has sole discretion in determining whether or not a Profit Sharing Contribution is given in any Plan Year.

Contributions Using Permitted Disparity

The Company contribution will be shared by you and by all other eligible Participants in the Plan. Your share of the Company contribution is calculated, in part, by a formula of your Compensation for the Plan Year divided by the total Compensation paid to all Participants for such Plan Year. However, your share of the Company contribution also considers payments made by the Company to the Social Security Fund to finance your expected Social Security benefits.

These contributions are called "Profit Sharing Contributions." Your Profit Sharing Contributions are set aside into a bookkeeping account for you. This account is called a "Profit Sharing Contribution Account."

Allocation Requirements

You will be eligible to receive an allocation of Profit Sharing Contributions in any Plan Year that the Company makes such contributions, if you worked at least 1,000 Hours of Service during the Plan Year and you are working for the Company on the last day of the Plan Year.

You will also be eligible to receive an allocation of Matching Contributions if you made 401(k) Contributions during the Plan Year regardless of whether or not you still work for the Company on the last day of the Plan Year or how many Hours of Service you worked during the Plan Year.

You will be eligible to receive an allocation of Qualified Matching Contributions and Qualified Nonelective Employer Contributions without any allocation requirements in any Plan Year that the Company makes such contributions.

If you are on qualified military service leave you may be entitled to additional Company contributions upon your return to work and also be allowed to make up 401(k) Contributions you missed while you were on qualified military service leave.

If you are a Participant and you are working for the Company on the last day of the Plan Year, you may receive a minimum allocation, regardless of your Hours of Service in the Plan Year. This only occurs if the Plan is or becomes "top-heavy". A Plan is top-heavy for a Plan Year if, at the end of the prior Plan Year, more than sixty percent of the value of all accounts are allocated to certain key personnel. Generally this minimum allocation will be three percent (3%) of wages paid to you, but under some situations it could be less. If your regular allocation is greater than this minimum allocation, you will receive the larger amount.

Rollover Contributions

During any Plan Year, you may, in certain cases, make "Rollover Contributions" to the Plan. This means that, in certain cases, if you were a participant under another pension or profit-sharing plan, a tax-sheltered annuity (Section 403(b) plan) or governmental (Section 457) plan and you receive a distribution from that plan, then you may transfer the distribution to the Plan and not be currently taxed on the distribution. You may also rollover contributions from your Individual Retirement Account (IRA), but only an IRA which would be taxable to you if paid to you. In other words, any IRA other than a Roth IRA or an IRA to which you made non-deductible contributions may be rolled over into this Plan. The Plan does not accept employee after tax contributions. The Account that holds your rollover contributions and its earnings is your "Rollover Contribution Account".

Transferred Benefits Accounts

If the Plan becomes the direct or indirect transferee of your benefits from another tax qualified retirement plan maintained by the Company, then the Plan is required to provide you with the same alternate forms of payment (i.e. annuity) for these "Transferred Benefits." A Rollover Contribution, discussed above, is not a Transferred Benefit. The Account that holds this distribution and its earnings is your "Transferred Benefits Account".

Overall Limits on Contributions

The Internal Revenue Code has overall limits on benefits and contributions. The current limit on "Annual Additions" to your accounts is the LESSER of a) one hundred percent (100%) of your Compensation, or b) \$53,000. The dollar limit of \$53,000 is subject to periodic cost-of-living adjustments.

For any year “Annual Additions” means the total of employer contributions, employee contributions including elective salary deferrals and forfeitures.

Example: If the Plan had a formula for employer contributions that gives each Participant 25% of that Participant’s Compensation and if a Participant had Compensation equal to \$250,000, then the contribution formula says that Participant should receive an employer contribution of \$62,500. However, because of the overall limitations in the Internal Revenue Code, this Participant could only receive an employer contribution equal to \$53,000. If in the same Plan Year the Participant also received an allocation of forfeitures, then EITHER the employer contribution OR the forfeiture allocation would be reduced so that, combined, they totaled \$53,000. If a Participant made 401(k) Contributions of \$20,000, and received a Matching Contribution, the Participant’s allocation of Profit Sharing Contribution, Matching Contribution, forfeiture and 401(k) Contribution combined, could not exceed \$53,000. Catch-Up Contributions do not impact this limit.

IV. VESTING AND FORFEITURE

You can only forfeit that part of an Account that is not vested. You are always fully (100%) vested in any balance in your 401(k) Contribution, Rollover Contribution and Roth Contribution Account(s).

You will vest in your Profit Sharing Contribution, Matching Contribution and Transferred Benefits Accounts as follows:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
less than 2	0%
2	20%
3	40%
4	60%
5	80%
6 or more	100%

Effective July 1, 2017, if you have at least one Hour of Service on or after July 1, 2017, you will vest in your Profit Sharing Contribution, Matching Contribution and Transferred Benefit Account as follows:

<u>Years of Vesting Service</u>	<u>Vested Percentage</u>
less than 1	0%
1	25%
2	50%
3	75%
4 or more	100%

All the Years of Service that you complete while working for the Company will be counted for purposes of computing your vested percentage of the value of your Account.

For vesting purposes, a "Year of Service" is working 1,000 or more Hours of Service during a Plan Year regardless of whether you are a Participant.

You may also be given credit for Years of Service while you were on qualified military leave if you return to work after a period of qualified military service.

Forfeitures of Profit Sharing Contributions will be aggregated with and allocated in the same manner as Profit Sharing Contributions. Forfeitures of Matching Contributions will be used to reduce Matching Contributions.

When you reach Normal Retirement Age, you become Totally Disabled, or you die while employed by the Company, you will become fully vested in your Accounts.

Your "Normal Retirement Age" is the later of (1) the 1st day of the month coinciding with or immediately following your 65th birthday, or (2) the 5th anniversary of your commencement of participation under the Plan.

You are "Totally Disabled" if you are unable to work at any substantial gainful activity because of a physical or mental condition, illness or disease which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months, as determined by a licensed physician selected or approved by the Committee.

If you leave the Company before you are fully vested and receive payment of the vested portion of your Profit Sharing Contribution Account and Matching Contribution Account, and you return before you incur five (5) consecutive one-year Breaks-in-Service, then you can repay the distributed portion within five (5) years of the date of your re-employment. If you timely repay the amount you previously received, your previously forfeited benefit will be restored to your Profit Sharing Contribution Account and Matching Contribution Account subject to future vesting.

If you leave the Company before you are fully vested and do not receive payment of the vested portion of your Profit Sharing Contribution Account and Matching Contribution Account, and you return before you incur five (5) consecutive one-year Breaks-in-Service, then you will be credited with Years of Service earned after you return to the Company when determining the vested interest in your Profit Sharing Contribution Account and Matching Contribution Account earned prior to that period. Once you have five (5) consecutive one-year Breaks-in-Service, you will forfeit the non-vested portion of your Profit Sharing Contribution Account and Matching Contribution Account.

If you leave the Company prior to any vesting in your Profit Sharing Contribution Account and Matching Contribution Account and you return before you incur five (5) consecutive one-year Breaks-in-Service, then your previously forfeited benefit will be restored to your Profit Sharing Contribution Account and Matching Contribution Account subject to future vesting. Years of Service that you completed prior to your Break-in-Service will be counted in determining the vested percentage of your Profit Sharing Contribution Account and Matching Contribution Account earned prior to the Break-in-Service only if you do not incur five (5) consecutive one-year Breaks-in-Service.

If you leave the Company and have five (5) consecutive one-year Breaks-in-Service, Years of Service that you complete after the Break-in-Service are not counted for purposes of determining the vested percentage of your Profit Sharing Contribution Account and Matching Contribution Account as it existed before your Break-in-Service. However, if you are partially vested when you leave the Company, Years of Service that you complete both before and after the Breaks-in-Service are counted to determine the vested percentage of your Profit Sharing Contribution Account and Matching Contribution Account that you earn in Plan Years after the five-year Break-in-Service.

For purposes of Vesting, a Break-in-Service is when you do not work more than 500 Hours of Service during a Plan Year.

If you are granted a "maternity or paternity" leave of absence, you will be given service credit during the leave but this is only for purposes of avoiding a Break-in-Service. Maternity or paternity leave of absence means absence from work (1) because you are expecting the birth of a child; (2) because of the birth of a child; (3) because of the adoption of a child; or (4) to care for your child after birth or adoption. The crediting of service during a maternity or paternity leave of absence can prevent you from having a Break-in-Service during the Plan Year in which you begin a leave of absence or the following Plan Year while you are on a leave of absence. No service will be credited unless you give the Committee information before you begin your leave that your absence is "a maternity or paternity leave of absence" and the number of days you plan to be absent.

If you are on qualified military service leave you will not incur a Break-in-Service.

The above Break-in-Service rules also apply to your Transferred Benefits Account.

V. THE TRUST

All contributions are placed into a Trust to be held by the Trustee. The contributions and your Accounts are invested by you and the Trustee.

As of the end of each Plan Year and any other date that the Committee designates, the Trustee will value the assets of the Trust, and your share of Trust earnings will be added to your Accounts. If the Trust had a loss your Accounts will be reduced. In addition, after any adjustments to earnings and losses your Accounts will be increased with your share of the Company contributions and the forfeitures of the Accounts of other Participants, if any made in the Plan Year. If you self-direct your Accounts you may obtain the value of your Accounts on a daily basis if your investment choices are valued daily.

Your Rollover Contribution will be increased by the amount of your contributions adjusted for earnings or losses.

You may direct the investment of Your Accounts. If an investment in an available mutual fund is subject to transaction fees (e.g. a check charge deducted from your Accounts, a market value adjustment, or a commission, deferred sales charge, redemption, transfer or exchange fee) associated with the purchase, sale or transfer of your interest in the available plan investments, you will receive that information before you invest.

In general, on or before the date you become eligible to direct investments under the Plan, and annually thereafter, you will be provided with information about investments available to you under the Plan, including historical performance data and information about fees and expenses.

At your request, you will be provided:

- i. Copies of prospectuses
- ii. Copies of financial statements or reports for the investment alternative, to the extent available to the Plan
- iii. A statement concerning the value of a share or unit in the investment alternative, and the date of valuation
- iv. A list of assets comprising the portfolio of each investment alternative which constitute Plan assets under ERISA, together with information about the value of the asset or the proportion of the investment the asset represents.

To receive any of the above information, please contact:

Kelly McIntosh, Vice President of Human Resources
Dermalogica, LLC
1535 Beachy Place
Carson, CA 90746
Or by telephone at (310) 900-0757

You may choose to make your own investment choices from the various investment options or mutual funds made available to you by the Committee. The Committee has selected Principal Financial Group. Information about the mutual funds available to you is provided by Principal Group and is also available on their website www.principal.com or by phone –(800) 986-3343. The Plan’s contract number is 4-48818.

If you fail to make an investment choice, your contributions and any Employer Contributions made on your behalf will be invested in a Qualified Default Investment Alternative (QDIA) through Principal Financial Group. As of January 1, 2016 the investment default option is the Principal LifeTime Portfolio based upon the time period during which you will attain Normal Retirement Age. Each year you will receive an annual notice disclosing the QDIA.

How frequently you can change the investment choice for new amounts contributed to your Accounts and how amounts previously credited to your Accounts are invested is available in informational materials provided by Principal Financial Group and through Dermalogica’s Human Resource Department.

The Committee may charge a reasonable administrative fee to your Account for the following:

- i The processing and preparation of loan documents.
- ii The review and processing of a Qualified Domestic Relations Order.
- iii The calculation of the different distribution options available under the Plan
- iv The determination and processing of a hardship withdrawal.
- v Each distribution made to you if you elect to receive your retirement benefits on a periodic basis.
- vi To the extent not paid by the Employer, your Accounts may be charged reasonable administrative expenses on either a pro rata basis or a per capita basis, as determined by the Committee.

The Plan intends to comply with Section 404(c) of the Employee Retirement Income Security Act of 1974 (ERISA). This means that Plan fiduciaries may be relieved of liability for any losses that are the direct and necessary result of investment instructions given by you, your investment manager or your beneficiary.

The Plan offers a broad range of diversified investment options with different risk and return characteristics. These investment options permit you to invest your Accounts in a way that meets your own individual objectives. You choose the investment option that best meets your retirement goals. If Company securities are offered as an investment option, any voting rights will be passed through for you to exercise them.

You are responsible for your own individual investment decisions. Gains and losses to your Accounts come from your investment decisions. Neither the Company, nor the Trustee, nor members of the Administrative Committee are liable if your Accounts suffer a loss as a result of your investment decisions.

VI. HARDSHIP WITHDRAWALS, IN-SERVICE DISTRIBUTIONS AND LOANS.

Hardship Withdrawals

You will be entitled to hardship withdrawals of 401(k) Contributions including Roth Contributions. The investment gains on these funds is not available for a hardship withdrawal. An “event of hardship” means:

- Payment of medical expenses described in Section 213(d) of the Internal Revenue Code of 1986, as amended, which are incurred by you, your Spouse, or any of your dependents as defined in Section 152(d) of the Code or necessary for these persons to obtain medical care as described in Section 213(d) of the Code.
- Purchase of a principal residence, but not including mortgage payments, by the Employee.
- Payment of tuition, room and board, and related educational fees for the next 12 months of post-secondary education for you, your Spouse, your children, or your dependents.
- The need to prevent eviction of the Employee from his or her principal residence or foreclosure on the mortgage of the Employee’s principal residence.
- Payment for burial or funeral expenses for your parent, your Spouse, your children, or your dependents.

- Payment of expenses for the repair of damage to your principal residence that would qualify for casualty deduction under Section 165 of the Code without regard whether the casualty exceeds 10% of your adjusted gross income.

An immediate financial need for one of the reasons stated above includes, in addition, any amount necessary to pay federal, state or local income tax or penalties reasonably anticipated to result from the hardship withdrawal.

If you receive a hardship withdrawal of your 401(k) Contributions, you will not be allowed to make 401(k) Contributions for at least 6 months under this Plan, and if applicable, the Company's Cafeteria Plan other than deferrals used to provide for health benefits.

In order to receive a hardship withdrawal, you must first borrow all amounts available to you under all nontaxable loans under all Company plans.

In-Service Distributions other than Hardship

In-service distributions of a Participant's Profit Sharing Contribution Account, Matching Contribution Account and Transferred Benefits Account shall be allowed upon attainment of Normal Retirement Age, or later.

You may request payment of your 401(k) Contribution Account at or after Normal Retirement Age.

You may request payment of your Roth Contribution Account at or after Normal Retirement Age but not earlier than age 59½.

You may request payment of your Rollover Contribution Account at any time.

Loans to Participants

You may borrow from the Plan. The Committee will administer the loan program under the Plan using the following guidelines:

1. Any Participant who wishes to apply for a loan should apply in writing to the Committee. The repayment period cannot be longer than 5 years unless the loan proceeds will be used to purchase a principal residence.
2. The maximum loan amount cannot be more than one-half of your vested benefit or \$50,000, whichever is less. If the total amount of your loan exceeds fifty

percent (50%) of your vested benefit when made or \$50,000, the excess will be taxable to you.

3. In deciding whether to approve or deny any loan application, the Committee will review the amount requested, your creditworthiness, and your vested benefit in the Plan.

4. The interest rate on the loan will be determined by the prevailing interest rate charged by persons in the business of lending money for loans made under similar circumstances. The Committee has determined Prime plus 1 ½% to be a reasonable default rate of interest.

5. If you fail to repay the loan timely and your vested interest is distributable, the Committee shall treat the amount in arrears plus accrued interest as a distribution. The Committee will report the deemed distribution to the Internal Revenue Service. This does not relieve your obligation to repay the loan.

6. If you are on qualified military leave, loan repayments shall be suspended during the times you are on military leave.

7. Loans will only be made to those Participants who are still employed in the Company.

8. The minimum loan amount should be \$1,000.

9. Loans are a direct investment of a Participant's account.

Effective for Plan loans made after December 31, 2001, loans may be made to any Owner-Employee or Shareholder.

Note: Other rules regarding loans are covered in the loan documentation, which is available from the Plan Administrator.

YOU HAVE A DUTY TO KEEP THE COMMITTEE AND THE PERSONNEL OFFICE INFORMED OF YOUR CURRENT HOME ADDRESS (OR THAT OF A CLOSE RELATIVE) SO THAT BENEFITS CAN BE PAID TO YOU WHEN DUE.

VII. DISTRIBUTION AND METHODS OF PAYMENT OF BENEFITS.

You will be entitled to the vested value of your Accounts when you leave the Company for any reason including Total Disability or death. If you leave the Company before becoming fully (100%) vested in the value of your Profit Sharing Contribution

Account, Matching Contribution Account and Transferred Benefits Account, you will be entitled to the vested part of your Account(s) determined by your Years of Service.

If you leave the Company before Normal Retirement Age (defined in Article IV), the payment of your benefits at the time you leave will be made as soon as administratively feasible after your employment termination date. If you are on qualified military leave for at least thirty (30) days, you will be eligible to withdraw your 401(k) Contributions as if you had terminated employment. If you elect a distribution of your 401(k) Contributions on account of qualified military leave, you may not make 401(k) Contributions for six (6) months following the date of distribution.

If your vested benefits are between \$0 including any Rollover Contributions, and \$5,000, you may elect to either directly transfer your benefits to an IRA or another plan or receive your vested benefits. If you do not make this election, the Committee will directly transfer your vested benefits to an IRA established for your benefit.

For information concerning the Plan's automatic rollover process, the IRA Provider and the fees and expenses that may be charged to the IRA, please contact:

Kelly McIntosh, Vice President of Human Resources
Dermalogica, LLC
1535 Beachey Place
Carson, CA 90746
Or by telephone at (310) 900-0757

If your vested benefit is greater than \$5,000 when you leave the Company, you may request, in writing, an immediate distribution as permitted by the Plan in any of the alternative methods outlined below. If you do not request an immediate distribution, your benefits will be deferred to the earlier of your Normal Retirement Age or age 62 if later or until you request an immediate distribution. Unless you elect to transfer your benefit directly to an IRA or another plan, your distribution, generally, will be reduced by mandatory federal income tax withholding as described above.

The Plan will not exclude your Rollover Contribution Accounts when calculating the \$5,000 amount.

The Committee will provide you with a notice of your right to defer benefits to Normal Retirement Age or age 62 if later no less than thirty (30) days and no more than one hundred and eighty (180) days prior to the proposed payment date. You also have the right to delay receipt of your benefit past Normal Retirement Age or age 62 if later. After you receive the notice, you can make a written request for a distribution. Distribution of your benefits can be made no sooner than thirty (30) days following your receipt of the

notice unless you waive the thirty (30) day waiting period and no later than one hundred and eighty (180) days following your receipt of the notice.

If funds that are subject to Joint and Survivor Annuity rules were transferred into this Plan, those funds remain subject to the Joint and Survivor Annuity Rules as described in the prior Plan's SPD.

Alternate Forms of Payment

Your choices of alternate forms of payment are as follows:

Single Sum. The payment of all or a portion of your vested Accounts in a single sum in cash.

Direct Transfer. You may also choose a direct or partial direct transfer to an individual retirement account (IRA), an individual retirement annuity, an annuity plan, a tax-sheltered annuity (section 403(b) plan) or governmental (section 457) plan or another qualified plan that accepts transfers. If you choose a partial direct transfer your vested Accounts must total more than \$500.

Installments. The payment of your vested Accounts in a series of installments payable annually. A Participant shall not be entitled to change the amount of installment payments.

Minimum Required Distributions

In general you must begin to receive distributions of your Plan benefits once you reach age 70½. These minimum required distributions must start by the "required beginning date". In our Plan the required beginning date for minimum required distributions for a 5%-Owner is the April 1 of the calendar year following the calendar year in which the 5%-Owner attains age 70½. The required beginning date for minimum required distributions for a non-5%-Owner is the April 1 of the calendar year following the later of the calendar year in which the non-5%-Owner attains age 70½ or the calendar year in which the non-5%-Owner retires.

The amount of the minimum required distribution is determined according to IRS regulations based primarily on your account balance and the applicable life expectancy factor.

Death Benefits and Spousal Rights

If you have been married when you die, your death benefits will automatically be paid to your Spouse in any one of the alternative methods listed above, unless you and your Spouse specifically give up the right to have survivor benefits paid to your Spouse.

The Committee will give you forms on which you may specify or designate the Beneficiary you want to receive your death benefits. You may change your Beneficiary designation at any time before your death. If for some reason you have not properly designated your Beneficiary, then your benefits will be paid in the following order of preference: to your Spouse; to your living trust; to your children; to your estate.

You can designate a Beneficiary other than your Spouse by signing a Waiver Election as discussed below.

However, if you designate a Beneficiary other than your Spouse, your Spouse must consent to the Waiver Election and state that your selection of another Beneficiary will cause him or her to lose survivor benefits in your Account which the pension laws of the United States give to him or her.

The Waiver Election must be in writing on forms approved by the Committee, signed by you and consented to by your spouse. Your Spouse's consent must state the effect of the waiver on his or her right to your death benefits under the Plan. Your Spouse's consent must be witnessed by the Plan's representative or a notary public.

At the appropriate time, the Committee will give you a written explanation of: (i) your right to sign, and the effect of, a Waiver Election; (ii) the rights of your Spouse to consent to any Waiver Election; and (iii) the right to sign, and the effect of, a cancellation of a previously signed Waiver.

Any Waiver Election, once signed, may be canceled or changed by you during your lifetime. Any new Waiver Election made by you must also be consented to by your Spouse unless your Spouse signed a general waiver allowing you to change your beneficiary designation at any time without further consent.

If you die while performing Qualified Military Service, your beneficiary shall be entitled to death benefits that would otherwise have been provided under the Plan as if you had resumed employment in accordance with your reemployment rights under the

Uniformed Services Employment and Reemployment Rights Act of 1994, on the day preceding your death and terminated employment on the actual date of your death.

“Qualified Military Service” means any service in the “uniformed services” of the United States, including service in the reserves. The uniformed services include the Army, Navy, Marine Corps, Air Force, Coast Guard, and Public Health commissioned corps.

Generally, payment of the full amount in your Account must be made within five (5) years after your death. However, if you die after payment of your Account in installments has begun, the remaining portion of your Account will continue to be paid over the remaining installment period selected prior to your death.

If you die before payment of your Account has begun, the five-year period can be lengthened if you designated a Beneficiary to receive payment of your Account in installments over a longer period and such payments begin at the appropriate time.

Qualified Domestic Relations Order

The Committee will establish procedures to assure both you and your Spouse that your rights to your Account (and your Spouse's interest in your Account) are preserved if your marriage is dissolved. To comply with these procedures, a "Qualified Domestic Relations Order" must be obtained from a court of law. Participants and Beneficiaries can obtain, without charge, a copy of these procedures from the Committee.

If you remarry, the pension laws of the United States give to your new Spouse automatic survivor benefits in your Account. Because of this, the Committee may not be able to follow the Beneficiary designation on file if it does not provide for your new Spouse. To designate a Beneficiary other than your new Spouse, you will have to make a Waiver Election with his or her consent.

Qualified Distribution of Roth Elective Deferrals

A distribution from a designated Roth Elective Deferral account is considered a “qualified distribution” if such distribution is made on or after the date on which you attain age 59½, is made to your Beneficiary (or to your estate) on or after your death, or is attributable to you becoming disabled. In addition, any amounts distributed or paid from a designated Roth Elective Deferral account must have been held in your Roth Elective Deferral account for five (5) taxable years for the distribution to be qualified. When counting the five (5) taxable years, year one (1) starts with the first taxable year in which you make a Roth Elective Deferral to the Plan, or if earlier, the first taxable year in which you made a Roth Elective Deferral under another employer's plan where you were a participant which you then rolled over to your Roth Elective Deferral account under this Plan. If a distribution

is qualified, neither your contributions nor their earnings will be includible in your gross income

VIII. OTHER THINGS YOU SHOULD KNOW

A. Amendment and Termination.

The Company intends to continue the Plan; however, it has the right at any time to amend (change) the Plan or even terminate (cancel) the Plan, if it wants to do so.

If the Company changes the Plan, the change will not take away any benefit you accrued (earned) before the Company actually adopts the change. Trust assets will remain available only for Participants and Beneficiaries, or to pay Plan administration expenses. Trust assets still will not be used to pay insurance premiums or Company contributions under any other Company plan. Any right you have under the Plan to select a particular form of distribution of your Plan benefits will not be taken away, if the benefit is protected under Section 411(d)(6) of the Internal Revenue Code.

If, while you are a Participant, the Plan is canceled or contributions are permanently stopped, you will become fully vested in the value of your Accounts regardless of your Years of Service. In other words, any vesting schedule described above will be disregarded. In addition, the Trust will continue until all Accounts have been distributed.

If you are affected by a partial termination of the Plan, you will also become fully vested in the value of your Accounts regardless of your Years of Service.

B. Benefits Not Guaranteed.

If the Plan terminates, benefits provided under this Plan are neither insured nor guaranteed by the Company, by the Pension Benefit Guaranty Corporation, a federal governmental agency, nor under any state or federal law.

C. The Committee.

The Committee is appointed by the Company. The Committee members serve without pay. The Committee as agent for the Company makes the rules under which the Plan is administered, and sees to it that the Plan is run in a way which is fair to all Participants. The Committee's address and phone number are the same as the Company's.

D. Making Elections.

Any elections, choices or waivers you make under the Plan (for example, choosing your Beneficiary) must be made in writing on forms acceptable to the Committee.

E. Claims Procedures.

If you (or after your death, your Beneficiary) feel you are not receiving benefits which are due you, you must file a written claim for your benefits with a member of the Committee or officer of the Company. The Committee will decide whether to grant or deny your claim. The Committee may notify you in writing prior to the termination of the initial 90-day period that it requires up to an additional ninety (90) days to consider your claim. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Plan expects to render the benefit determination.

Within ninety (90) days after filing your claim, the Committee shall provide you with written or electronic notification of any adverse benefit determination setting forth the specific reason or reasons of why your claim was denied, referring to the Plan provisions on which the decision was based. The notice will also tell you what, if anything, you can do in order to have your claim approved, and the Plan's review procedures and the time limits applicable to such procedures.

You have the right to request, in writing, within sixty (60) days after you receive notice that your claim has been denied, a review of your denied claim, and you and your representative can review and copy Plan documents free of cost, which relate to your claim, and submit written comments to the Committee. The claim will be reviewed by the Committee and you will receive written notice of the final decision of the Committee within sixty (60) days of the Committee's receipt of your request for review. The Committee may notify you in writing that it requires up to an additional sixty (60) days to review your request for review.

Special rules apply in the case of a claim for disability benefits. The Committee will respond to your initial claim for a disability benefit within 45 days instead of the 90-day period described above. You will have 180 days to submit a written request for review of a denied claim for disability benefits, instead of the 60 days described above. The Committee will respond to your request for review within 45 days instead of the 60 days described above.

F. Statement of ERISA Rights.

As a Participant in the Plan you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all Plan Participants will be entitled to:

Receive Information About Your Plan and Benefits

(1) Examine, without charge, at the Committee's office and at other specified locations, such as worksites and union halls, all documents governing the Plan, including insurance contracts and collective bargaining agreements, and a copy of all documents filed by the Plan with the U.S. Department of Labor including annual reports (Form 5500 Series), which are available at the Public Disclosure Room of the Employee Benefits Security Administration.

(2) Obtain, upon written request to the Committee's, copies of documents governing the operation of the Plan, including insurance contracts and collective bargaining agreements, and copies of the latest annual report (Form 5500 Series) and updated summary plan description. The Committee may make a reasonable charge for the copies.

(3) Receive a summary of the Plan's annual financial report. The Committee is required by law to furnish each Participant with a copy of this summary annual report.

(4) Obtain a statement telling you whether you have a right to receive a benefit at Normal Retirement Age (as defined in Article IV) and if so, what your benefits would be at Normal Retirement Age if you stop working under the Plan now. If you do not have a right to a benefit, the statement will tell you how many more years you have to work to get a right to a benefit. This statement must be provided automatically at least on a quarterly basis. Since your account balance and vesting information is available on the Principal website, this information is available to you more frequently than quarterly. In addition, a benefit statement must be provided if you request one in writing. You may not request more than one benefit statement in any twelve-month period. The Plan must provide the statement free of charge.

Prudent Actions by Plan Fiduciaries

In addition to creating rights for Plan Participants ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your Plan, called "fiduciaries" of the Plan, have a duty to do so prudently and in the interest of you and other Plan Participants and beneficiaries. No one, including your Company, your union, or any other person, may fire you or otherwise

discriminate against you in any way to prevent you from obtaining a pension benefit or exercising your rights under ERISA.

Enforce Your Rights

If your claim for a pension benefit is denied or ignored, in whole or in part, you have a right to know why this was done, to obtain copies of documents relating to the decision without charge, and to appeal any denial, all within certain time schedules.

Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request a copy of Plan documents or annual reports from the Plan and do not receive them within thirty (30) days, you may file suit in a federal court. In such a case, the court may require the Committee to provide the materials and pay you up to \$110 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the Committee. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or federal court. In addition, if you disagree with the Plan's decision or lack thereof concerning the qualified status of a domestic relations order you may file suit in federal court. If it should happen that Plan fiduciaries misuse the Plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous.

Assistance with Your Questions

If you have any questions about your Plan, you should contact the Committee. If you have any questions about this statement or about your rights under ERISA, or if you need assistance in obtaining documents from the Committee, you should contact the nearest office of the Employee Benefits Security Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Employee Benefits Security Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210. You may also obtain certain publications about your rights and responsibilities under ERISA by calling the publications hotline of the Employee Benefits Security Administration.