

**PIONEER ELECTRONICS (USA) INC.
PROFESSIONAL SOUND & VISUAL DIVISION**

**DEALER
MINIMUM ADVERTISED PRICE
(MAP) POLICY**

July 2008

- 0** MAP Policy
- 0** MAP Questions and Answers
- 0** MAP Advertising Guidelines

Pioneer Electronics (USA) Inc.
Professional Sound & Visual Division
July 2008

Minimum Advertised Price (MAP) Policy

Pursuant to this MAP policy (the “Policy”), any advertisement from which one or more specific products of Pioneer Electronics (USA) Inc.’s Professional Sound & Visual Division (“Pioneer Pro_SV”) can be identified must contain a price associated with the product(s), and such advertised price must be at no less than the minimum advertised price listed on the published Dealer Price Schedule (as applicable). Advertising selected Pioneer Pro_SV product without pricing at all, or at pricing or netted-down pricing below MAP, or failing to comply with other MAP guidelines, may render orders on all Pioneer Pro_SV products, whether or not all affected products have a Minimum Advertised Price assigned to them, ineligible for Merchandise Allowance for 60 days from the date of the Dealer’s first order (placed for shipment) after notice of violation, or may result in the loss of other advertising funds or termination as a Professional Sound & Visual Dealer.

MAP Advertising Guidelines for Pioneer Pro_SV products will be provided. Please refer to those Guidelines if you are in doubt as to whether a planned advertisement will comply with MAP guidelines.

All MAP pricing is provided in Pioneer’s published Dealer Price Schedule.

**Pioneer Electronics (USA) Inc.
Professional Sound & Visual Division**

**Minimum Advertised Price (MAP) Program
Questions and Answers for Dealers
July 2008**

Q: What is “MAP”?

A: MAP stands for Minimum Advertised Price. Pioneer’s Professional Sound & Visual Division (Pro_SV) has established a MAP Program for certain products beginning July 2008.

Q: How does MAP work?

A: ProSV has determined, for selected products, a minimum price at which Pioneer ProSV Dealers are required to advertise those products. Failure to advertise at or above the MAP price may result in Pioneer’s withholding of Merchandise Allowance on ALL Professional Sound & Visual Division products, for 60 days, or the loss of other advertising funds, or termination as a Pioneer Pro_SV Dealer.

Q: What Pro_SV products will have Merchandise Allowance withheld within that 60-day period?

A: This withholding applies to all Pro_SV categories, whether or not they have a minimum advertised price assigned to them.

Q: What happens if a Dealer advertises Pioneer Pro_SV products at prices under MAP?

A: Pioneer may withhold Merchandise Allowance and additionally has the right to terminate any Dealers for “good cause” under the terms of the Pioneer Pro_SV Dealer Agreement.

Q: Why is Pioneer implementing MAP?

A: Pioneer had concerns that, because it was virtually the only major electronics company that did not have a MAP policy, written or unwritten, some Dealers were advertising Pioneer products priced at low prices to build store traffic. These advertised prices not only undercut Dealer profit margins on Pioneer, but they also created negative quality images for customers, who naturally assumed that another brand advertised at higher prices than the comparable Pioneer product must be of higher quality.

Pioneer wants to encourage Dealers to provide strong support for Pioneer's products. Pioneer's objective is to have its products compete with other brands in the marketplace on the basis of quality, features and price, and for Pioneer's brand to be on a level playing field with other brands.

Q: Does this mean that a Dealer has to agree to advertise at the MAP prices or above?

A: Pioneer does not require Dealers to agree to any aspect of MAP. Pioneer implements MAP as its own policy, and advises all Dealers that there will be consequences if they advertise at less than MAP prices. Dealers remain free to determine whether or not they wish to follow Pioneer's MAP policy.

Q: So a Dealer doesn't have to agree to MAP prices, but must follow Pioneer's policy or face possible sanctions?

A: Correct. Pioneer is simply advising Dealers who violate the policy of the sanctions that they can expect. It remains the Dealers' independent decision whether to follow the MAP policy.

Q: Who will notify a Dealer if he has violated MAP?

A: The Pioneer Pro_SV, Vice President, will notify the Dealer in writing.

Q: If Pioneer withholds a Dealer's Merchandise Allowance due to a MAP violation, will his current Merchandise Allowance, if any, be affected?

A: No. Merchandise Allowance withholding applies to new orders received from the day the Dealer places its first new order (placed for shipment) after receiving notice of violation, and for 59 days thereafter.

Q: What about future orders?

A: If the future date falls within 60 days of the MAP violation letter date, then the future date will be equivalent to a "first new order" unless a new order is entered to start the violation period earlier. If a future order is placed after the established violation time period, Merchandise Allowance will not be withheld regardless of when the future order was entered.

Q: How will MAP affect a Dealer's selling prices?

A: MAP affects only advertised prices. The prices at which Dealers actually sell Pioneer products are strictly between the Dealers and their customers.

Q: What if one of Dealer's competitors breaks MAP. What is Pioneer going to do about it?

- A: Pioneer alone is responsible for enforcing its MAP policy. The details of Pioneer's enforcement decisions will be strictly between the Dealer that has violated the MAP policy and Pioneer. Pioneer's salespeople will not be allowed to discuss these details with other Dealers.
- Q: Do Dealers need to have all of their ads pre-approved?
- A: No. They should refer to the MAP Advertising Guidelines for Pioneer Pro_SV for guidance.
- Q: Will all MAP violators be treated the same?
- A: Pioneer expects all authorized Pro_SV Dealers to abide by its MAP Policy. Each violation will be considered by Pioneer based on its own facts.
- Q: Can Pioneer change the MAP price on a product during the product year?
- A: Yes. Pioneer reserves the right to change MAP prices on a product at any time, and also to take any product off MAP. Any such changes will be notified to all Dealers.
- Q: Other Pioneer divisions have implemented their own MAP policies. Will a Pioneer Pro_SV MAP penalty affect purchases of non-Pro_SV products, and vice versa?
- A: No, Pioneer Pro_SV MAP penalties will not affect purchases, if any, from other Pioneer divisions, nor will violations of other divisions' MAP policies affect Pro_SV purchases.
- Q: What Dealer communications are subject to this Policy?
- A: All advertising messages that are Dealer-initiated and use the media and/or are aimed at more than one person are subject to MAP. Besides print, radio, internet and TV, this would include direct mail advertising, outdoor advertising, phone solicitation by a Dealer, advertising stuffers in monthly statements, and other media.
- Q: What kinds of communications are not subject to Pioneer's MAP program?
- A: In-store signs and answers to price questions initiated by consumers who have directly called or emailed a Dealer's storefront are considered "offers for sale" and not advertising. A Dealer may say "Call for more information," but any reference to "Call for lower price" or the like is a violation of this Policy.

Pioneer Electronics (USA) Inc.
Professional Sound & Visual Division
July 2008

**Advertising Guidelines for Minimum Advertised Price
(MAP) Program**

The following are examples of ads that do and do not comply with the MAP policy established by Pioneer's Professional Sound & Visual Division (Pro_SV) effective as of July 1, 2008. Instances of compliance and non-compliance are not limited to these examples, and Pioneer reserves the right to determine compliance of ads that are not shown as examples here.

All references to prices in these guidelines are to advertised prices only, not selling prices.

ADS THAT DO NOT COMPLY WITH PIONEER'S MAP POLICY:

Overall guideline: Ads that include specific Pioneer Pro_SV models and either (a) do not contain any price at all, or (b) enable the consumer to "net down" the advertised price to a price below Pioneer's established Minimum Advertised prices do not comply with the MAP policy.

Examples of ads that do not comply:

- "X% off regular price of \$Y for this Pioneer model" if a specific model with netted down prices below MAP are used as examples.
- Free MAP'd Pioneer product with the purchase of another Pioneer product.
- Pricing below the range specified in our MAP price list – for example, if the MAP range is \$797.00-\$799.00, then \$796.95 is not acceptable.
- Two or more MAP'd Pioneer products advertised for one price, if that one price totals less than the sum of the individual MAP prices.
Example: Products A and B are MAP'd at \$399.00 and \$299.00; if they are advertised for one price, the price must be \$698.00 or higher. (The allowable \$2 per product range could lower this total to \$694.00).
- \$\$ rebate on MAP'd Pioneer product with trade-in of another product, if the ad nets down the price of the MAP'd product below MAP, and lists that netted down price.
- Specific Pioneer demo models priced below MAP.

- Grand Opening “sale-priced items” if specific Pioneer models are priced in the ad below MAP.
- “Four hours only sale” if specific models are prices in the ad below MAP.
- “Priced too low to print / quote /” etc violates MAP, since MAP requires that if a specific product is identifiable, it must have a price associated with it.
- “On Sale Now – See Price in Cart”, “Add to cart or click to buy in order to see real price” and / or any reference to a lower price being available just by clicking on the shopping cart.

ADS THAT DO COMPLY WITH PIONEER’S MAP POLICY

- “Prices too low to print/quote/etc.” – as long as being used in “general” terms about all the products being offered by Website.
- Coupons that offer a specific amount of money off of store purchases [“\$XX or more”] not particular to Pioneer. Pioneer models may not be netted down in the ad.
- Free product from other manufacturers with purchase of Pioneer product, if price on the Pioneer product is at MAP or above, and if the ad doesn’t net down the price of a specific Pioneer product to below MAP.
- Free installation with purchase, unless the ad nets down the price of a specific Pioneer product to below MAP.
- Free service for one year with purchase, unless the ad nets down the price of a specific Pioneer product to below MAP.
- Free CD’s with purchase of product priced at MAP or above, unless the ad nets down the price of a specific Pioneer product to below MAP.
- Free passes to movies or other entertainment events with purchase of Pioneer product priced at MAP or above, unless the ad nets down the price of a specific Pioneer product to below MAP.
- Consumer financing ads, unless the ad nets down the price of a specific Pioneer product to below MAP.
- A bulletin or wrap-around piece that announces a discount on ALL products within a Dealer’s direct mail catalog, that results in prices lower than MAP on Pioneer Pro_SV products, will be allowed if the following guidelines are complied with:

- The catalog must be at least twelve pages in length, and the attached bulletin or wrap-around piece that announces the discount must accompany the catalog in the mail.
- The catalog must contain a representative sample of the Dealer's full retail product offering.
- The discount, which may be expressed in dollars or as a percent, must apply equally to all products in the catalog.
- The discount may also be printed directly onto the front cover of the catalog, rather than onto a wrap-around piece.
- The guidelines apply only to catalogs that are mailed, not to those used within the Dealer's retail store. Pricing within the mailed catalog itself will be subject to standard MAP guidelines.

**PIONEER ELECTRONICS (USA) INC.
HOME ENTERTAINMENT AND BUSINESS SOLUTIONS GROUP
PROFESSIONAL SOUND & VISUAL DIVISION
2008**

RECEIPT OF MAP POLICY/INFORMATION FORM

I received Pioneer Electronics (USA) Inc. Professional Sound & Visual Division MAP policy, MAP advertising guidelines and other MAP information.

Store/Retailer/Dealer Name: _____

Please Print Name: _____

Title: _____

Signature: _____ **Date:** _____

Pioneer Sales Representative: _____

Please Print Name: _____

Copies to: Pioneer Sales Administration, Pioneer Regional Sales Office, Retailer