

# **YAMAHA CORPORATION OF AMERICA AV DIVISION MINIMUM ADVERTISED PRICE (MAP) POLICY -- REVISED STATEMENT AND GUIDELINES**

Effective September 1, 2013 Yamaha Corporation of America AV Division (“Yamaha”) is revising and re-issuing its Minimum Advertised Price (“MAP”) Policy. The revisions are summarized in the letter transmitting this revised MAP Policy. For convenience of all Yamaha dealers, Yamaha has incorporated the revisions into this Policy Statement.

## **Statement of Policy**

Any “advertisement” of any “Yamaha Covered Product” at a “price below MAP” will result in Yamaha ceasing to do business with the dealer for the product, the category, or the group in question, or ceasing to do business with respect to all Yamaha AV Division products. Such action will be at the sole discretion of Yamaha. The effect of such action will be that any existing orders for the affected products will not be filled, and future orders for the affected products will not be accepted. As a consequence, the dealer will lose its authorized dealer status with respect to the product, category, group or entirely, as the case may be.

Yamaha will unilaterally administer the MAP Policy. Dealers are expressly requested not to forward to Yamaha directly or indirectly, any information concerning alleged MAP violations by other dealers. Yamaha will disregard any such information that is forwarded to Yamaha.

The following definitions will be used by Yamaha in implementing the MAP Policy:

## **Definition of “Advertisement”**

“Advertisement” means any communication to prospective customers that identifies one or more Yamaha products, which can be viewed or heard by the prospective customer without the customer entering the dealer’s retail storefront. “Advertisement” also includes, without limitation, all forms of print and electronic media, direct mail, and audio and video communications. Any coupons or coupon codes placed in general circulation that can be coupled with an “advertisement” of a specific Yamaha product are also considered to be “advertisements” within the scope of this Policy. A face-to-face or live, direct telephonic communication between the dealer and the prospective customer in response to a specific inquiry from the specific prospective customer is not an “advertisement” within the scope of the MAP Policy. Further, any form of communication from the dealer to the prospective customer that has been preceded by a face-to-face or live, direct telephonic communication between them is not an “advertisement” within the scope of the MAP Policy. Thus, all of the following communications are covered by the MAP Policy, unless there has been a prior face-to-face or live, direct telephonic communication between the prospective customer and the dealer: All website-based communications, whether in the form of posted prices, coupons, shopping cart prices, or any price that can be printed by the prospective customer; faxes of prices; emails of prices; auto-generated faxes or emails; instant messaging; and any other form of electronic communication.

### Definition of “Yamaha Covered Product”

“Yamaha Covered Product” means any Yamaha product that is “New”, “Dealer Demonstrator (or Dealer Demo)”, “Refurbished”, “Yamaha Sample”, or “Other” as defined below and in the applicable Price Lists, and any other Yamaha product that is covered by the Yamaha Corporation of America factory warranty.

“New” – A “New” product is a Yamaha Product in an authorized dealer’s inventory that has been purchased directly from Yamaha, or, with prior written approval from Yamaha, from a Yamaha dealer authorized for the product in question. Yamaha’s MAP prices apply to “New” products as shown on the then-current Price Lists. Product that has been purchased by Dealer as “New” product remains “New” product for purposes of the MAP Policy if the Dealer has elected to open the original packaging, but has otherwise not sold the product, or utilized it in a manner that would qualify it as “Yamaha Sample” or “Other” product, as described below. Thus, “Open Box” product will generally be subject to MAP at the MAP Price for “New” product.

All products that do not meet the definition above of “New” must be advertised in one of the following categories, per the specific conditions below:

- “Dealer Demonstrator (Dealer Demo)” – A Yamaha Product that has been removed from its original factory packing and has been placed on display in the Dealer’s retail store. Dealers are free to sell “Dealer Demonstrator” product to a retail end user, but the Dealer must clearly and conspicuously disclose that the product is a “Dealer Demonstrator.”
- “Refurbished” – A Yamaha Product that has been re-boxed by Yamaha, and then purchased by the Dealer from Yamaha as “Refurbished.” Product that has been opened and re-boxed by the Dealer is not “Refurbished” but may qualify as “Other”, as that term is defined below.
- “Yamaha Sample” – Yamaha Product that has been provided to the Dealer by Yamaha, that has previously been used for sales demonstrations, training, displays, clinics, or any sales and marketing event, which has never previously been sold by the Dealer, and is now being offered for sale to a retail end user.
- “Other” – All Yamaha products that have been purchased by Dealer from Yamaha, and fit into the following categories:
  - “*Consumer Returns:*” Products that are functionally and cosmetically equivalent to “New”, or have incurred minor cosmetic damage as a result of customer handling, and have been returned by customers within the terms of the Dealer’s New Product return policy, and contain all original packaging and paperwork;
  - “*Freight Damaged:*” Products that are *functionally* equivalent to “New”, but have incurred minor cosmetic damage in transit to the Dealer;

- “*Scratch and Dent:*” Products that are *functionally* equivalent to “New”, but have incurred minor cosmetic damage while in Dealer’s inventory.
- “Dealer Demonstrator” Product may not be advertised in any of the “Other” categories unless such product satisfies one of the “Other” criterion, in which case it may then be advertised in the appropriate “Other” category, but not as a Dealer Demonstrator. To comply with this MAP Policy, any product that meets one of the “other” categories must be identified specifically to the Consumer Return, Freight Damaged, or Scratch and Dent category. It is not acceptable to advertise a product as “other.”
- “Used” – All products that are not “New”, “Dealer Demonstrator”, “Refurbished”, “Yamaha Sample” or “Other” products. This category includes, without limitation, products acquired from non-dealer sources, from non-authorized dealers, or from authorized dealers but without Yamaha’s prior written approval, regardless of the condition of the product or the product’s packaging.

### **MAP Prices**

The MAP Price as shown on the then-current Price Sheet applies to the sale of “New” Products. The MAP Price for Refurbished, Yamaha Sample, or Dealer Demonstrator, or any product covered under a Yamaha factory warranty, shall be no lower than 80 % of the “New” MAP Price for the same product. All advertisements in all media, including without limitation on all websites, of Yamaha Covered Products are deemed to be of “New” products unless there appears, in conjunction with the product image and the advertised price, a clear and conspicuous statement identifying the specific product as “Refurbished”, “Yamaha Sample”, “Dealer Demonstrator”, or clearly stating that the product is cosmetically damaged as defined under the definition of one of the specific “Other” categories defined above; the advertisement must also state the number of such units available. To satisfy the “clear and conspicuous” requirement, the relevant category of the product being advertised must appear, in the same size font as the Product name, in conjunction with the product image and the advertised price every place either of these appears in any website advertisement, whether on Dealer’s authorized website, or on an Approved Third Party Auction Site or Approved Marketplace Site, and on search engine results pages.

Usage by Dealer of any alternate or website-specific designations (i.e. eBay’s “New,” “New Other,” “Manufacturer Refurbished,” etc.) does not convert an Advertisement not otherwise compliant with MAP into a MAP-compliant Advertisement.

MAP does not apply to any advertised price where the Dealer clearly, conspicuously and proximately identifies the Yamaha Product to be sold as “Used.” MAP also does not apply to Products that are discontinued by Yamaha, as shown by the absence of a MAP Price on the then-current Price Sheet, or as otherwise removed from MAP by written communication from Yamaha to authorized Dealers.

“MAP” means the Minimum Advertised Price for the specific Yamaha product, as set forth on Yamaha’s then-current Price Lists, and as established by this Policy, as the same may be amended from time to time. From time to time, Yamaha may temporarily lower the MAP on specific products. Dealers will be notified with a ‘Temporary MAP’ announcement in the event Yamaha issues a temporarily reduced MAP.

To comply with the MAP Policy, advertisements must be equal to, or higher than, the MAP Price. For example, if the MAP is \$499.95 for a product, an advertisement at \$499.99 would comply with MAP; an advertisement at \$499.29 would not. If the product is not “New” or “Dealer Demonstrator”, but is covered by this MAP Policy at the 80 percent rate, then MAP would be \$399.96. An advertised price at, or above \$399.96 would comply with MAP.

For Yamaha Products covered by this MAP Policy that are advertised in conjunction with other products, services, or any other additional items, including gift cards, whether from Yamaha or third-party vendors, please refer to the following MAP Guidelines/FAQs for guidance on how Yamaha will apply the MAP Policy to such “bundled” advertisements.

Yamaha’s Price Sheets may include products in “MAP Bands.” Unless the Yamaha Covered Product is specially identified (per the following paragraph) on the Price List, the normal MAP price will apply.

A MAP Band will be identified by the symbol “⊕⊕” next to the product SKU or MAP Price. For products that are marked as “⊕⊕”, advertised prices that are within ten percent (10%) of the indicated MAP Price would comply with MAP. Thus, for example, if the MAP is \$279.95, then an advertisement at or above \$251.96 would comply, while an advertisement below \$251.96 would not.

### **MAP Guidelines/FAQs**

Yamaha has prepared the following Frequently Asked Questions, the answers to which explain the MAP Policy in greater detail and provide guidelines to Yamaha’s authorized dealers:

Q: Is Yamaha requiring dealers to agree to advertise at or above MAP?

A: No. Yamaha has determined on its own to implement the MAP Policy. Dealers remain free to advertise, and to sell, Yamaha products at whatever prices they believe are appropriate. Yamaha is advising dealers that there are certain consequences that will follow from advertising that violates the MAP Policy.

Q: How will MAP apply to advertisements that feature more than one Yamaha product subject to MAP?

A: Where two or more Yamaha products covered by MAP are advertised for a single price, to comply with MAP the advertised price must be no lower than the sum of the permitted MAPs for the individual products. For example, if Product A has a MAP of \$499.95, and Product B a MAP of \$549.95, and neither product is “specially identified” on the Price List, then the lowest price that would comply with MAP is \$1049.90 (\$499.95+ \$549.95).

Q: What if the advertisement features a Yamaha MAP’d product and other products not subject to Yamaha’s MAP Policy?

A: If the advertisement features a Yamaha product subject to MAP, and another brand of product or a Yamaha product that is not subject to MAP, the advertisement will comply with MAP so long as the price associated in the advertisement with the Yamaha MAP’d product complies with MAP. The test will be whether a consumer can, within the four corners of the advertisement, calculate a price for the Yamaha MAP’d product, and whether such calculated price is at or above, or below, MAP.

For example, if the dealer advertises a Yamaha CD Player at MAP, and provides free CDs, the advertisement complies with MAP. If, however, the advertisement shows the Yamaha CD Player at MAP, and the CDs at the store’s normal retail prices, and then shows “10% off” of the package, the advertisement violates MAP. As another example, assume the dealer advertises a Yamaha receiver (that is not in a special MAP Band) and a pair of another manufacturer’s speakers as “Originally, \$999.99, now reduced to \$549.95.” If the Yamaha receiver has a MAP of \$549.96 or higher, then this ad violates MAP as even if the speakers are priced at zero, the netted down price of the Yamaha receiver is below MAP. In other words, in a package with a Yamaha MAP’d product and a non-Yamaha (or Yamaha, non-MAP’d) product, the package price cannot be lower than the MAP price for the Yamaha MAP’d product.

Q: How does MAP interact with (a) Yamaha-provided coupons, and (b) Dealer or third-party coupons that provide product discounts or rebates?

A: If Yamaha provides a coupon, then the MAP Price for the product(s) covered by the coupon will be reduced by the dollar value of the coupon, but only for the duration of the coupon. Thus, the Dealer may (a) apply the coupon discount to all forms of advertising for the affected product, but (b) must affirmatively state in the advertisement the life of the reduced price. For example, if Yamaha offers a coupon worth \$25.00 off on in-ceiling speakers, good on product purchased through June 30, then an advertisement may read: “Limited Time Only – Yamaha Model XXX in-ceiling Speakers Reduced to \$75.00 – Until June 30 or while supplies last”. This advertisement would comply with MAP so long as the MAP price shown in the Yamaha price sheet for the Yamaha computer speakers is not more than \$100.00 (i.e., \$100.00 MAP price, as reduced by the \$25.00 Yamaha coupon, allows for a \$75.00 advertised price to be compliant with MAP).

Coupons or coupon codes provided by any party other than Yamaha (any coupons or codes that the Dealer honors in response to consumer requests, regardless of whether they

are advertised or promoted directly by the Dealer) are considered to be “advertisements” if they can be combined with any “advertised price for a Yamaha Covered Product.” Thus, in the above scenario, if the \$25.00 coupon was a dealer coupon, and the dealer advertised the Yamaha computer speakers at the reduced price of \$75.00, that advertisement would violate MAP. The MAP Policy and the associated Q’s & A’s apply to coupons and coupon codes – that is, auto-generated email coupons are covered, while coupons sent during, or after, a one-on-one telephone conversation are not.

Q: How will MAP affect a dealer’s ability to advertise “store wide” sales?

A: If an advertisement lists several manufacturers’ brands by name, including Yamaha, and then claims “XX%” off of everything in the store”, the advertisement complies with Yamaha’s MAP Policy so long as no specific Yamaha product in the ad is shown with a specific price.

Q: What if the advertisement clearly shows a Yamaha product, but the specific SKU/Model Number is not identifiable?

A: It is potentially a deceptive advertisement – and therefore a dealer agreement violation – to portray a product, and then advertise the price of a different product. Thus, advertising a Yamaha product at a stated price, but without referring to a specific model number, is potentially misleading, deceptive and a dealer agreement violation. If the model number is evident from the photograph of the product (on the faceplate, or because of the design or features described), then the MAP for that product applies to the advertisement.

Q: How does MAP apply to advertisements that do not show prices?

A: Advertisements that do not show prices do not violate MAP. As examples, advertisements that show a specific Yamaha product that is covered by MAP, and then says “Call for Price”, or “Lowest Price Guaranteed” complies with MAP.

Q: Does MAP apply to auction sites like eBay?

A: The Yamaha AV Division Product Schedule does not allow the auctioning of Yamaha products (other than “Used” products) on third party auction sites. The only exception, is for officially discontinued products, as described above. With a fully executed Exhibit B, the sale and advertising of Yamaha Product is allowed through Approved Third Party Auction Site listings and through Approved Marketplace Sites, and any such listing on these sites is an Advertisement within the scope of this MAP policy.

Q: What about a dealer’s use of “gift cards” that provide discounts on future purchases?

A: Gift cards provided to consumers when they purchase Yamaha products from the dealer, and which provide for discounts on subsequent purchases from the dealer, are subject to Yamaha’s policies on bundled products, but will be judged under a 10 percent standard.

Thus, the use of a gift card does not violate MAP so long as the face value of the gift card or cards provided to the consumer is equal to or less than 10% of the MAP price or MAP prices for the Yamaha product or products the consumer must purchase to receive the gift card or cards.

Q: Can “Call for Price” also be used on authorized dealer websites?

A: Yes. A price quoted in a live, telephone conversation (not automated), or in a face-to-face discussion with a prospective customer, continues to be outside the definition of “advertisement” for purposes of this policy.

Q: A prospective customer has spoken with me by telephone, and we have discussed her requirements. She then asks for a faxed or emailed quotation. Can the quoted prices be below MAP?

A: Yes. In the facts presented, the dealer and the prospective customer have first had the required live telephone conversation.

Q: On my website, I currently use an automated response when shoppers click on “Email for Price” – can I continue to use this technique?

A. All automated responses are within the scope of the MAP Policy. Therefore, while you may continue to use the technique, any price contained in an automated reply is subject to MAP.

Q. For e-commerce, I use an “add to cart” feature, which then shows the price. Can I continue to show pricing in this manner?

A. As with the previous Q&A, the price shown in the “add to cart” feature is within the scope of the MAP policy. Therefore, while you may continue to use the “add to cart” technique, the resulting price is subject to MAP.

Q: Will all Yamaha products be subject to MAP?

A: All Yamaha “New”, “Refurbished” Products, Dealer Demonstrators, Yamaha Samples or any product covered under a Yamaha factory warranty as defined in this policy, are subject to MAP. If a Product is identified on any Yamaha Price List with the MAP as “open” then that product is not subject to MAP. Yamaha may change MAP’s from time to time, or remove a product from MAP. In each case, the change will be notified in writing to all dealers.

Q: How will Yamaha handle close-outs and discontinued merchandise?

A: Yamaha will determine whether closeouts or discontinued merchandise will be subject to MAP on a case-by-case basis. All dealers will be notified when a product is removed from MAP.

Q: What about “used”, “demo” and “sample” products?

A: 1. “Used” products, as defined in this Policy, are not subject to MAP. Any advertisement of “used” products, however, must clearly identify the product in the ad as “used.” This is not a MAP issue, but an issue of deceptive advertising covered by other laws and regulations. Deceptive advertisements may result in termination of dealers for violation of Section 3.G. of Yamaha’s Authorized Dealer Agreement. Please review the definition of “used”, above.

2. “Dealer Demonstrator” (or “Dealer demo”) and “Yamaha Sample” products (see definitions, above) are “Yamaha Covered Products” within the scope of this MAP Policy, and any “advertisement” of such products is therefore subject to MAP. In addition, dealers are required to clearly and conspicuously identify Dealer Demonstrator and Yamaha Sample product as such, in order to comply with laws and regulations concerning deceptive advertising.

Q: What about products that have been returned to Dealers, and reboxed for resale?

A: Such products are “Consumer Returns,” within the scope of the “Others” category defined in the MAP Policy. MAP applies to Consumer Returns at a price not lower than 80% of the MAP for the “New” product. In addition, under the MAP policy, the Dealer is required to clearly and conspicuously disclose that the specific price advertised is for “Consumer Return,” and must identify the number of products available at that price. Note that “Open Box” product that has not been returned to the Dealer from a customer is generally considered to be “New” product under this MAP Policy.

Q: On my website, I have an “explanation of MAP” prices, so that consumers visiting the site realize that the prices posted reflect the manufacturer’s policies. Can I keep this “explanation of MAP” if it appears consistently on each page of my website and is not linked to specific Yamaha covered products?

A: No. The MAP Policy is a confidential policy provided by Yamaha to its authorized dealers. Even if the “explanation of MAP” is not linked to specific Yamaha covered products, if it appears on any page (or facing a page) that includes Yamaha products – within a website, or a catalog or flyer – it is still covered by Yamaha’s policy. Yamaha regards the discussion of MAP pricing as a violation of the confidentiality of the Policy information.

Q: I have posted on my website two price columns – an “MSRP” price (or list price), and a “MAP” price. As the advertised prices are all at or above MAP, haven’t I complied with Yamaha’s MAP Policy?

A: No. As explained above, the MAP Policy is a unilateral Yamaha policy directed towards Yamaha's authorized dealers, and Yamaha considers the terms of that policy to be confidential. The posting of a price under the label of "MAP Price" therefore violates the policy.

Q: Why can't a dealer discuss MAP issues with its Sales Representative or regional manager?

A: It is important that Yamaha's enforcement of MAP be consistent across all dealers. Yamaha had therefore centralized MAP enforcement at the corporate level, which will make it easier to provide consistent responses to MAP questions, and to enforce MAP on a consistent basis. Yamaha has also engaged the services of an outside service to monitor MAP compliance, and to initially inform dealers of advertisements that appear to violate Yamaha's MAP Policy.

Q: What recourse does a dealer have when it receives a notice of violation?

A: The initial notice will inform the dealer that it has a set time (usually 10 calendar days) to provide Yamaha with any written information that it believes Yamaha should consider before sanctions are imposed. Such information should be limited to (a) an explanation of why, in the dealer's view, the advertisement does not violate the MAP Policy, or (b) why the violation that did occur was beyond the control of the dealer, in which case supporting documentation (in the form of a statement from the party at fault) should also be provided. Yamaha will inform the dealer, in writing, whether, on the basis of information provided, there is any basis for not imposing a sanction. Absent convincing evidence, dealers should assume that a sanction for a MAP violation will be imposed automatically.

| MAP QUICK REFERENCE TABLE |                    |
|---------------------------|--------------------|
| Product Type              | MAP Policy Price   |
| New                       | 100% of MAP        |
| Refurbished               | 80% of MAP         |
| Yamaha Sample             | 80% of MAP         |
| Dealer Demonstrator       | 80% of MAP         |
| Freight Damaged           | 80% of MAP         |
| Consumer Return           | 80% of MAP         |
| Scratch and Dent          | 80% of MAP         |
| Used                      | Not covered by MAP |
| Open Box                  | 100% of MAP        |



**DEALER ACKNOWLEDGEMENT FORM  
FOR HOME AUDIO PRODUCTS POLICIES  
OF YAMAHA CORPORATION OF AMERICA**

Date: \_\_\_\_\_

Dealer Name (and dba if different): \_\_\_\_\_

Contact Name/ Title: \_\_\_\_\_

Ship to Address: \_\_\_\_\_

Bill to Address: \_\_\_\_\_

Email Address : \_\_\_\_\_

Phone \_\_\_\_\_ Web Site Address: \_\_\_\_\_

Type of Business:      Retail \_\_\_\_\_      Custom \_\_\_\_\_      Security \_\_\_\_\_  
                                    Satellite \_\_\_\_\_      Internet (Y/N) \_\_\_\_\_

Other (Please Describe) \_\_\_\_\_

Years in Business: \_\_\_\_      # of Employees: \_\_\_\_\_

Primary Market Served: \_\_\_\_\_

Other Audio/Video Lines Carried: \_\_\_\_\_

## **YAMAHA CORPORATION OF AMERICA**

### **Internet Sales Policy Statement**

Due to the sophisticated nature of Yamaha Home Audio Products, the solicitation of business for YAMAHA products using YAMAHA's registered or common law trademarks, logos or trade name, on commercial computer on-line services, the internet (including the World Wide Web) and all other present and future forms of computer-based communications and media is specifically prohibited. YAMAHA reserves the absolute right, in its sole discretion, to refuse to do business with any dealer or account that violates this Internet Sales Policy.

### **Transshipping Restrictions**

The Dealer shall not sell or offer the Products for sale to anyone except to end-user consumers through a custom installation provided by the Dealer. The Dealer shall not sell or offer the Products for sale to any wholesaler of products or retailer (brick and mortar or internet). Yamaha may elect to authorize or refrain from authorizing any Dealer, may withdraw the authorization of any Dealer, or may authorize a Dealer for some, but not all of the Product Lines it offers, at its sole discretion.

**I agree that I have read and understand the above outlined YAMAHA Internet Policy & Transshipping Restrictions:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name/Title)

\_\_\_\_\_  
(Date)

**I have received a copy of YAMAHA CORPORATION OF AMERICA, AV DIVISION Minimum Advertised Price (MAP) Policy:**

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Print Name/Title)

\_\_\_\_\_  
(Date)