

POLICIES / PROCEDURESDEALER CO-OP ADVERTISING
=====(1) PURPOSE

The purpose of co-operative advertising is to help the authorized RCA Dealer further develop increased consumer demand and thus directly aid him in increasing his turnover and profits on RCA Consumer Electronics Instruments and Appliances.

(2) OBJECTIVES

The co-operative Advertising Provision is to be used solely for the advertising of RCA products by dealers, to achieve the following main objectives:

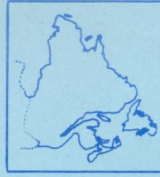
1. To bring the maximum number of prospective RCA purchasers into the dealer's store.
2. To help the dealer increase immediate sales of RCA products.
3. To contribute to the corporate leadership image and reinforce the National Advertising themes

(3) STRATEGIES

The strategies used to achieve these objectives are:

1. To assist the dealer in creating the retail advertising messages that will most effectively build store traffic and reinforce consumer desire to buy RCA.
2. To ensure that retail advertising for RCA is placed in the manner prescribed in the "Co-op Advertising Policy" section* of the Dealer Franchise Agreement

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3. To establish in as systematic a manner as possible, the weight of expenditure (expressed as a percentage of gross sales) necessary to achieve these objectives. Consideration will be given to similar factors as in direct advertising and to the marketing strategy and distribution pattern of each product line by: **
 3. a) The planning of co-op events at least two months in advance.
 - b) Identifying and tying-in strongly with the national campaigns for that period.
 - c) Identifying in advance the specific models that will get the major emphasis and resources in the market in that period.
 - d) Making the sales team members aware of all the specific events and product involved in all markets.
 - e) Keeping a constant running total of firm commitments and anticipated agreements.

(4) PARTICIPATION

Dealer advertising must be expressly authorized in advance through the RCA Cooperative Advertising Approval Request form, submitted to, and signed by the Dealer's RCA District Office in order to be entitled to co-operative advertising credits.

RCA will share equally with its Dealer, each month, the cost of advertising RCA Merchandise up to a maximum sum of money which shall be specified by RCA to the dealer.

It is to be understood that the Merchandise to qualify must be in the current RCA line unless specific approval has been received from the RCA District Office to advertise non-current models



RCA also reserves the right to offer for any stated period special co-operative terms. It is understood that these same terms will be offered on a proportionate basis to all authorized RCA dealers.

(5) APPROVED MEDIA

1. Standard newspapers and such neighborhood newspapers as are approved by the RCA District Office supplying the dealer.
2. Outdoor advertising, including 24 sheet posters and signs as approved in advance by the Dealer's RCA District Office.
3. Radio and television advertising consisting of spot announcements and/or programs the script for which must be approved in advance by the RCA District Office.
4. Motion picture theatre advertising on trailers and slides.
5. RCA promotional material authorized by the Head Office of RCA in Montreal.
6. Media not included in the above must be approved in advance by the Dealer's RCA District Office.

(6) COPY AND LAYOUT

Dealers may prepare their own advertisements provided that these conform in general details with those supplied by the Advertising Department of RCA in Montreal. However, RCA will not participate in any costs for art work or cuts of Dealers' own preparation. EVERY ADVERTISEMENT MUST ILLUSTRATE THE RCA TRADE MARK IN THE APPROVED FORM. No credits will be issued for any advertisement which does not comply with these requirements.

RCA advertising in general advertisements in which competitive products are featured will NOT be approved for credit under the RCA co-operative advertising plan.



RCA advertising, in general advertisements must be given the appearance of an individual advertisement. Only that portion of the advertisement devoted exclusively to RCA Merchandise will be eligible for co-operative advertising credit. Advertisements in which other products overlap RCA Merchandise or which are generally confusing or misleading will not be eligible for credit. Dealers should block off an RCA advertisement if it forms part of a composite merchandise advertisement.

Any advertising which, in the opinion of the RCA District Office, is misleading or contrary to RCA's established policy will not be eligible for credit.

(7) HOW TO COLLECT CREDITS

Claims for credit for advertising monies expended on RCA Merchandise must be sent to the Dealer's RCA District Office.

No deductions for advertising are to be made from the Dealer's statement until a credit memorandum has been received by him. A credit request should be substantiated by full page tear sheets in the case of newspaper advertising, copy of radio or television continuity and in all cases by receipted invoices from publishers, radio or television stations and all suppliers involved.

In order to be eligible for credit, claims must reach the Dealer's RCA District Office on or before the 21st of the month following the appearance of the advertising.

The above provisions may be changed, modified, or withdrawn by RCA at any time upon written notice, and shall automatically terminate upon the expiration or cancellation of the franchise agreement between RCA and the Dealer.



QUEBEC/EASTERN ONTARIO CO-OP PROCEDURE

1. Co-op budgets are to be allocated by territory and by quarter for each territory.
2. Co-op budgets may not be exceeded without the appropriate Sales District Manager's authorization.
3. The proper authorization forms must be drawn up by the Sales Rep. but the informations written on it are not to be taken as a commitment on the part of RCA as to rates, lineage, date of insertion, model number.
4. Authorization forms are to be sent to the attention of the Operations Manager.
5. The proper card (see attached) as per product group must be filled in with all the required information and inserted in the proper slot on the Advertising Planning Board.

<u>PRODUCT</u>	<u>COLOR</u>
TV	Red
B/W	Green
Appliances	Blue
Stereo	Orange
Audio	Beige

6. If an ad includes more than one product group, a card for each product group must be made up.
7. After the advertising event has taken place, (normally within two weeks of placing the ad) it is the salesman's responsibility to complete the cards as to the number of units that was sold because of it.
8. The board will be updated every second week by the Operations activity to constantly show a running three months.