

## **2013 Mazda President's Club Rules**

### **PROGRAM PERIOD**

January 3, 2013 – January 2, 2014

### **ELIGIBLE DEALERSHIPS**

All authorized Mazda dealerships of record as of January 3, 2013, are eligible to participate in the 2013 MAZDA PRESIDENT'S CLUB program. For ownership changes (i.e. buy/sell transactions), Mazda reserves the right, at its sole discretion, to allow a dealership to qualify by continuity of dealership operation through ownership, officers and/or management (as shown on Mazda's records on Form DF02). Eligible candidates must be active in the Mazda dealership to qualify.

### **ELIGIBLE VEHICLES**

All new and unused 2012, 2013, and 2014 Mazda vehicles sold at retail and delivered to an Ultimate Consumer as defined in the MNAO Sales Policies & Procedures Manual during the program period are eligible.

### **INELIGIBLE VEHICLES**

A unit wholesaled to another dealership or a unit sold for the purpose of resell (such as a broker) is not eligible. All traditional fleet units or units reported other than retail are also not eligible. Dealer demonstrator units do not qualify as eligible vehicles until they are sold at retail and delivered to an Ultimate Consumer during the program period. Any vehicle that has been in demonstrator or lease status at Mazda North American Operations is ineligible.

### **REPORTING**

Awards will be based on RDRs submitted through eMDCS and bearing retail sales dates of January 3, 2013 through January 2, 2014 and the dealer's cumulative Service Retention Score through December 2013.

The deadline for receipt of RDRs is the close of business on January 2, 2014.

### **COMPETITIVE GROUPS**

Each dealer has been assigned to one of four Competitive Groups: Group A, Group B, Group C, and Group D. Groups were determined using an equal weighting of the following metrics:

- Each dealer's average annual sales for the previous three years. If a dealership was not in operation for the full 36 month period, its average annual sales have been calculated using the actual number of months the dealership was in operation.
- Expected registrations within each dealer's SOA, calculated using Mazda's regional market penetration for the previous year and the Industry Direct Competitive Set registrations within each dealership's SOA for the same period. If a dealership was in operation less than 12 months, its Group was determined based solely on its expected registrations.

Dealerships compete for President's Club qualification within their assigned Group. The number of winners from each Group is listed below:

Group	Number of Winners*
A	20
B	15
C	10
D	5
<b>TOTAL</b>	<b>50</b>

\*This is the maximum number of possible winners in each category. There will be no roll down of awards to qualifying dealers beyond this number. In the event of a tie, the dealership with the highest retail sales volume will receive the award.

## THE SERVICE RETENTION FACTOR

Service Retention is paramount for long-term success and profitability. For that reason, entry into the President's Club demands renewed emphasis on retaining our customers. The dealer retention number is based on the percentage of vehicles registered in your Statistical Observation Area (SOA) who have visited your dealership for Customer Pay (CP) service in the last 12 months. The Service Retention ranking will be determined by the dealer's cumulative score through December 2013.

The following examples demonstrate how high sales volumes combined with low service retention scores can eliminate a dealership from membership in the 2013 Mazda President's Club. It also illustrates why high service retention scores can qualify a dealer for membership even when a dealer's sales volume is lower than average.

## SAMPLE SCENARIOS

Group C Dealer	Units Retailed	Service Retention	Sales Volume Ranking (70%)	Service Retention Ranking (30%)	Combined Sales & Retention	Combined Ranking
Bixby Mazda	388	46.3	11	4	8.9	1
Dixie Mazda	390	40	8	15	10.1	2
Carson Mazda	383	52.7	18	1	12.9	3
Robins Mazda	397	31.3	2	48	15.8	4
Elgin Mazda	376	48.2	22	2	16	5
Fryer Mazda	380	39.9	21	16	19.5	6
Gallup Mazda	351	44.5	32	8	24.8	7

## DEALERSHIP QUALIFICATION

Within each Competitive Group, dealership performance for retail sales and service retention will be individually ranked. The two rankings will be added together (ranking is weighted at 70% sales and 30% service retention) and the resulting number will be ranked in ascending order.

## DEALERSHIP AWARD QUALIFICATION

1. The award will be awarded to the dealer principal/active owner of record of a qualifying dealership during the program period and at the time of the award. The individual Mazda deems as eligible to represent a qualifying dealership and receive the award as specified in the current program rules must be one of the following:

- Dealer Principal
- Active Owner (not an investor only, or trust beneficiary, etc.), approved in advance by Mazda
- Active Officer, approved in advance by Mazda
- General Manager, approved in advance by Mazda

2. The DF02 Form listing the dealership organization and all officers, owners, and the general manager will be the document utilized to verify eligibility. Non-designated individuals will not be eligible. Mazda reserves the right, at its sole discretion, to refuse the eligibility of any individual.

3. If a dealership qualifies for an award and subsequently becomes ineligible for any reason (i.e., dealer termination or buy/sell without continuity of ownership, officers or key management, etc.) neither the dealer nor any representative of that dealership will be allowed to receive an award.

## INTERPRETATION AND AUDIT PROCEDURES

Mazda reserves the right to inspect all dealership records during normal business hours and to disqualify any sales not made or reported in accordance with these program rules. Mazda also

reserves the right to charge the dealer for any and all of Mazda's costs and employee expenses of auditing if Mazda's inspection reveals incorrect reporting or any failure by the dealers to follow these program rules.

Mazda may decide any question of eligibility or any other matter relating to the interpretation, scope, or application of this program or any rule hereof, at its sole discretion, and such decision shall be final and binding upon all dealers. Mazda also reserves the right to cancel, amend or revoke the program at any time upon written notice.

**TAX LIABILITY**

1099's will be issued for all dealership award winners. Any liability for federal, state or other taxes for the 2013 Mazda President's Club will be the sole responsibility of the winning individual.

Mazda Motor of America, Inc., d/b/a Mazda North American Operations, will not be responsible for the payment of any taxes. Participants are encouraged to seek professional tax advice with respect to the proper tax treatment of awards under this program.

There will be no exception to these tax liability rules.