

AppleFund Apple-authorized VAR Program Guidelines (Direct)

AppleFund is the umbrella program that supports all Apple Resellers with funds to promote the value of Apple brand and the sale and support of Apple products.

The AppleFund-Direct VAR Program is the part of AppleFund designed specifically to support a variety of solution-oriented activities by an Apple Direct Value Added Reseller (VAR). ***VAR will only advertise, promote, and sell Apple Products to a customer as components of its Solution System or Value Added enhancements.*** To be eligible to receive funds from the Program, a Direct VAR (signer of: Direct Value Added Reseller US Sales Agreement) must sign a Compliance Form which must be on file with AppleFund Headquarters.

Disclaimer : Apple may, at its sole discretion and without notice, modify the terms and conditions of the AppleFund-Direct VAR Program.

Fund Calculation

AppleFund-Direct VAR Program dollars are calculated after the end of each month, based on a percentage of the net billing of eligible Apple products purchased during the month from Apple. Current accrual rates vary by product line. For a table of accrual rates, see the chart at the end of this section.

Eligible Activities

AppleFund-Direct VAR Program dollars can be used for specific eligible activities. The chart that follows lists all eligible activities and the required content for each specific category.

Note : Specific guidelines on the use of the Apple logo, name, and trademarks as well as Minimum Advertised Price (MAP) guidelines follow this section .

Eligible Activities	Required Content
Print Advertising (*See page 3 for details.) <ul style="list-style-type: none">· Newspaper or magazine· Preprinted inserts· Billboards/Mass Transit	VAR Solution System including: <ul style="list-style-type: none">· Product illustration or photo of an Apple product· Apple-authorized VAR logo· Apple logo, trademarks or credit lines
Broadcast Advertising <ul style="list-style-type: none">· Advertising on FCC-licensed radio and TV stations· Remote-location broadcasts· On-hold messages· Public or cable television sponsorships· 10- or 15-second spots sponsoring newscasts or other programs	VAR Solution System including: <ul style="list-style-type: none">· If TV, product illustration or photo of an Apple product· Prominent audible identification as an Apple-authorized VAR location· If TV, prominent visual use of Apple-authorized VAR logo, trademarks or credit lines

<p>Direct/Electronic Mail Advertising</p> <ul style="list-style-type: none"> · Catalogs · Newsletters · Training, seminar, or event schedules · Seminar or event invitations · Internet/on-line services <p>(The Direct VAR US Sales Agreement prohibits the sale of Apple products via mail order or the Internet/on-line services.)</p>	<p>VAR Solution System including:</p> <ul style="list-style-type: none"> · Product illustration or photo of an Apple product · If price is included, pricing must be according to MAP guidelines · Apple-authorized VAR logo · Apple logo, trademarks or credit lines · All direct/electronic mail advertising must include the following disclaimer: <p><i>"Purchase Apple products at Apple-authorized VAR location only."</i></p> <p>This disclaimer must appear in at least 10-point type and be visible on each page displaying an Apple product.</p>
<p>Yellow Pages Display & Trade-Name Ads</p> <ul style="list-style-type: none"> · Yellow Pages display or tradename ads for VAR's primary market area · Neighborhood or special-interest directories · Chamber of Commerce directories 	<ul style="list-style-type: none"> · Apple-authorized VAR logo · Apple trademarks or credit lines · Must use TMP for in column ad · Use TMP for display ads for extra savings (TMP is Apple's authorized Yellow Pages agency.)
<p>Merchandising & Collateral Materials</p> <ul style="list-style-type: none"> · Seminar materials · Interior or exterior removable signage · Apple VAR program literature · Merchandising and display racks · Business cards, stationery, and envelopes · Exterior permanent vehicle customization · Apple collateral, brochures, and pamphlets 	<p>VAR Solution System including:</p> <ul style="list-style-type: none"> · Apple-authorized VAR logo · Apple logo, trademarks or credit lines <p>Exterior signage and permanent vehicle customization must display the Apple-authorized VAR logo at least one-third the height of the VAR's name</p>
<p>Seed/Demo/Training Equipment</p> <ul style="list-style-type: none"> · Apple products placed at potential customer sites for evaluation · Apple products used in Apple VAR training rooms · Apple products required for Apple self-paced training courses or reference and support materials · Apple products used for customer demonstrations · Short-term rental for product evaluation 	<ul style="list-style-type: none"> · The equipment must be used for market development, training, or sales-generation activities · Equipment must be used for this purpose for a minimum of four months · If taken from inventory, reimbursement will be on a cost basis.
<p>Seminars & Events (Hosted or attended by VAR)</p> <ul style="list-style-type: none"> · Apple-sponsored symposiums, seminars, events, or programs, including travel expenses · Apple dedicated or Vertical Market trade shows · VAR sponsored events (authorized by Apple Sales Representative) 	<ul style="list-style-type: none"> · Must be an Apple-sponsored or Apple-focused sales, service, or support seminar or event · Trade shows, industry events, or conferences <p>(VAR presentation must have Apple focus.)</p>

Training (Hosted or attended by VAR) · Apple-sponsored sales, service, or technical training, including travel expenses · Apple Training Alliance (ATA) courses · Third-party certification or technical training dedicated to Apple · Apple Developer classes	· Apple product · If solution oriented, must include the use of Apple product
Service and Support · Apple Support Professional subscriptions · Apple Developer Program Subscriptions · AppleLink fees	· Apple product or solution oriented

** A VAR must advertise Apple Products only as components of its Solution System. If price is included, pricing must be for the complete VAR Solution System , not for the Apple products only.*

If the ad has multiple vendor products featured, the total amount will be:

- prorated for the Apple portion including VAR's Solution System if the other products are **hardware**.
- prorated for the Apple portion including VAR's Solution System if the other products are **software**, and Apple is **less than 50%**.
- 100% if the other products are Mac OS compatible **software**, and Apple is **more than 50%**.

***StartingLine* Catalog**

The *StartingLine* catalog lists product art and ad slicks, as well as sales and marketing materials, literature, videos, and much more. (Call 1-800-825-2145 to order the *StartingLine* catalog.)

Minimum Advertised Price (MAP)

Apple believes that advertising is the means by which customers ascertain the value of a product. To encourage VARs to use the AppleFund-Direct VAR Program to help establish the base value of Apple products, Apple maintains a Minimum Advertised Price (MAP).

By setting MAPs for use in advertising Apple products, and providing advertising funding to VARs who comply with the MAP guidelines, Apple hopes to establish the value of Apple products in the mind of the customer.

Important: The following MAP guidelines relate only to advertising. VAR's set their own resale prices and are free to resell at any price.

MAP Guidelines and General Information

- VARs who wish to receive AppleFund-Direct VAR Program payments in full from Apple must not advertise Apple products at prices lower than MAP.
- Selected Apple products and their MAPs, as well as the effective date of each MAP price will be included on the Apple MAP list. This list will be updated when changes to the MAP prices are announced by Apple - available on AppleLink: Apple Sales and Marketing -> Apple Programs -> AppleFund -> Minimum Advertised Price (MAP) or from your Apple Sales Representative.

Keeping Within the MAP Guidelines

- Pricing information is not required and may be omitted altogether.
- Advertised prices for Apple products as components of an Apple-authorized VAR Solution System must be at or above the current MAP. (Deviations of up to \$5 below MAP are permitted to meet pricing conventions).
- The advertisement of reduced prices on solutions, services or on products from other manufacturers-in conjunction with the purchase of Apple products listed at MAP-is not a violation of MAP.
- A below-MAP price that results from a promotion or rebate offered by Apple is not a violation of MAP.
- A VAR bundle of Apple-only products (as components of an Apple-authorized VAR Solution System) that all have MAP prices may be priced \$25 below the combined MAP without violating MAP guidelines.

Important: MAP guidelines on advertised prices are in addition to the AppleFund-Direct VAR Program guidelines that refer to eligible activities and their required content.

Using MAP in Advertising

Do:

- Advertise Apple products at or above the current MAP (or within \$5 below), or omit pricing information altogether.
- Consult the current Apple price list for MAP information.

All-Apple bundle: Advertise Apple products only as components of VAR Solution Systems or Value Added Enhancements

Apple CPU.....	\$999
Apple monitor.....	\$300
Solution System.....	0
<hr/>	
Bundled MAP.....	\$1,299

Advertised price: \$1,299

Competitive bundle: Advertise Apple products only as components of VAR Solution Systems or Value Added Enhancements.

Apple CPU.....	\$999
Apple monitor.....	\$300
Solution System.....	0
XYZ Printer.....	0
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Bundled MAP.....	\$1,299

Advertised price: \$1,599

(Advertised price greater than or equal to MAP price.)

Free offer in conjunction with Apple offer: Advertise Apple products only as components of VAR Solution Systems or Value Added Enhancements.

Apple CPU.....	\$999
Apple monitor.....	\$300
Solution System.....	0
XYZ Printer.....	FREE

Bundled MAP.....	\$1,299
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Advertised price: \$1,299
(Advertised price greater than or equal to MAP price.)

These are examples of ads that meet all of the Minimum Advertised Price (MAP) guidelines, based on current MAP information at time of publication.

Do not:

- Do not advertise prices that result from Apple-authorized VAR promotions (such as rebates) that are below MAP.
- Do not place graphic elements on the advertised price that suggests below MAP price. An example would be a price which has strike marks through it.
- Do not advertise a bundle price that is less than the combined MAP for the individual products.

All-Apple bundle: Advertise Apple products only as components of VAR Solution Systems or Value Added Enhancements.

Apple CPU.....	\$999
Apple monitor.....	\$300
Solution System.....	0

Bundled MAP.....	\$1,299
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Advertised below MAP at \$1,000

This is an example of an ad that **violates** the Minimum Advertised Price (MAP) guidelines, based on current MAP information at time of publication.

Prior-Approval Service

Apple offers a free service for reviewing advertising prior to placement and is recommended for print, TV, radio, and direct-mail. This service, available to all Apple VARs, checks proposed advertising (layouts and broadcast scripts) for compliance with MAP as well as with activity guidelines, required content, and the use of the Apple logo, name, and trademarks.

To use the prior-approval service, fax your materials and prior-approval request to AppleFund Headquarters three to five business days before your deadline. Staff members will review them and respond by fax (or AppleLink, if requested) within six business hours of receipt. Prior-approval business hours are Monday through Friday, 9 a.m. to 5 p.m. (PST).

When submitting materials to AppleFund Headquarters, use the Prior Approval Fax Cover Sheet which can be found as at the end of this document. Fax to (602) 438-0720.

For mail:

AppleFund Headquarters
P.O. Box 52118
Phoenix, AZ 85072

For overnight delivery only:

AppleFund Headquarters
1919 West Fairmont Drive, Suite 7
Tempe, AZ 85282

Prior-Approval Compliance Guarantee

VARs that use the prior-approval service will not be liable for violations if their materials were approved by AppleFund Headquarters and were published as approved.

National Advertising Monitoring

Apple monitors product advertising via a number of methods, including a national clipping service. Apple will notify VARs whose ads are in violation of the guidelines.

No Complaints

Apple does not wish to receive any complaints about any other VAR's promotional or pricing practices and will disregard any such complaints, whether oral or written. Any comments to the contrary by an Apple Sales Representative are expressly unauthorized and disclaimed by Apple.

AppleFund-Direct VAR Program Payments

- *Payment Method and Dates* . Apple's goal is to mail AppleFund-Direct VAR Program checks to VARs during the fiscal month immediately following the quarter in which the funds were accrued.
- *AppleFund Direct Deduct* . This option automatically deducts payments for specific activities from accrued dollars. Activities that qualify for Direct Deduct are: Yellow Pages/trade-name and display ads, and attendance at Direct Deduct–p;authorized Apple-sponsored events (such as product briefings).

Terms and Conditions

- *Acceptance of Program, Terms and Conditions* . By participating in the Program or accepting payments it is acknowledged that the VAR has received, reviewed and accepted all of the terms and conditions specified in Apple Computer Inc.'s (Apple) Program.
- VAR will only advertise, promote, and sell Apple Products to a customer as components of its Solution System or Value Added Enhancements.
- *Eligible Activities* . All money provided by Apple under the Program must be spent on "eligible activities" as specified in the guidelines.
- *High Quality* . All sales and marketing materials and events must exhibit the high standard of quality that is identified with Apple and its products.
- *Timing of Expenses* . The VAR is expected to spend the funds within twelve (12) months of the accrual date. For example, Q2 '96 funds must be spent no later than Q1 '97. If during an audit, a shortage (unspent funds) is identified, Apple reserves the right to obtain a refund, accrual offset or work out plan (at Apple's sole

discretion).

- *"Shortage"* . Unspent Program dollars which have been advanced to the VAR will continue to belong to Apple Computer, Inc. and shall be refunded by the VAR on demand. Failure to refund said monies to Apple Computer, Inc. will result in (but not limited to) a collection effort at Apple's sole discretion and/or termination from the Program.
- *Withheld/Suspended Payments* . Advanced dollars will continue to belong to Apple (even though already paid), until successful completion and verification of the authorized activity. Apple reserves the right to deduct overpayments, demand repayment, suspend the quarterly advance payment, change the process to "claim and reimbursement," or take other action for any VAR that fails to meet all Program requirements. ***Payments will be suspended when VARs are placed on credit hold.***
- *Financial Records and Audit* . Apple, or its representatives, shall have the right to examine the VAR's books and records or request documentation be sent to Apple as it relates to verification and compliance with this Program. VAR will maintain complete records, including (but not limited to) invoices, tearsheets, rate cards, prior approval forms, signed contracts, expense reports, proof of direct deduct charges, payroll records, and cancelled checks. These documents must be accessible to Apple within thirty (30) days from date of request. The records will be maintained in accordance with recognized accounting practices. Apple's rights to inspect such books and records and to receive immediate reimbursement for overpayment, shall survive the expiration or other termination of this Program.
- *"Subsidy"* . Apple will not reimburse for direct margin subsidy, such as subsidizing fees, interest rates, lowering the cost of bundled products, or providing markdown allowances.
- *"Profits"* . Under no circumstances will Apple pay more than its prorated share of actual costs for items such as (but not limited to) catalogs, conferences, print and broadcast advertising. Travel expenses are considered a one time charge and should never be allocated by more than 100% to all participating companies. A VAR must disclose the number of companies participating and the method of allocating expenses to Apple.
- *Apple Logo/Name/Trademark Guidelines/Map* . In addition to verifying the accuracy of payments made, Apple will audit all matters that Apple deems appropriate, including (but not limited to), [Apple Logo, Name, and Trademark Guidelines](#). If ads and materials fail to comply with the program guidelines, the amounts listed in the table of infractions and deductions will be deducted from future payments. Other infractions/violations will result in appropriate action by Apple, which may include termination of participation in the Program.
- *Third Party Payments* . Apple will not reimburse third party suppliers directly on behalf of the VAR.
- *Reporting Responsibility* . It is the VAR's sole responsibility to report correctly to government agencies, including the IRS, any payments made or awards given under this Program.
- *Termination* . The Program may be amended or terminated by Apple at any time, for any reason, without prior notice. Commitments made up to the time of amendment or termination will be honored. Apple may modify, suspend, or terminate the VAR's participation in the Program at any time if the VAR, in Apple's sole discretion, fails to abide by the terms and conditions of this Program, the Direct VAR US Sales Agreement, or with applicable law.
- *Change in Ownership* . If change in ownership occurs, and if Apple approves in writing to the change, the accruals may be transferred as part of the transaction. A Transfer of Balances Form must be completed and signed by both parties involved in the transaction. The form is available on AppleLink. Use the Assignment Agreement form to notify Apple of changes of business status. Use the General Update Form (GUF) to notify Apple of address changes or fax the information signed by an

- authorized signer * to 408-974-4908 . The latter is the preferred method.
- * The authorized signer must be contained in the organization chart supplied to Apple with the Direct VAR application.

Accrual Rate Schedule

The table that follows shows accrual rates for eligible Apple products. Accrual rates are subject to change without notice. Contact your Apple Sales Representative for the current accrual rate schedule for the products you carry.

Product Description	Accrual Rate (%)
· MacintoshPerforma	2.0
· Apple Printers	2.0
· Apple Displays	2.0
· Power Macintosh	1.5
· Macintosh PowerBook	1.0
· Apple Workgroup Servers	0.0
· Newton/Newton Software	0.0

AppleFund Deductions

If ads or materials fail to comply with the AppleFund guidelines, the amounts listed in the following table will be deducted from future payments.

An infraction is any violation of the AppleFund guidelines. Multiple tearsheets featuring different sets of Apple products will be considered as distinct and separate ads, even if these tearsheets are for the same advertising campaign. Multiple infractions falling under the same category in the same ad will be counted as one infraction.

Note : Initial infractions will result in a warning and Apple will provide a 60 day correction period except for MAP violations.

Table of Infractions and Deduction

Area of Violation	First Infraction	Second Infraction	Subsequent Infractions
Logo	Warning	\$1,000	\$2,000
Apple signature	Warning	\$500	\$1,000
Apple name	Warning	\$500	\$1,000
Brand positioning	Warning	\$500	\$1,000
Trademark or credit lines	Warning	\$500	\$1,000
MAP guidelines	Deduction of 30-day average accrued dollars-averaged over a 12-month period	Deduction of 30-day average accrued dollars-averaged over a 12-month period	Deduction of 30-day average accrued dollars-averaged over a 12-month period

Forms

The AppleFund Compliance Form, Transfer of Balances Form, and AppleFund Prior Approval Cover Sheet can be found in the Other Apple Information section of this binder. Consult your Apple Sales Representative or AppleLink: Apple Sales and Marketing -> Apple Programs -> AppleFund Program -> VAR folder.

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