

Rule changes are effective immediately unless noted otherwise and are the result of ABC's usual two-step approval process unless designated as approved by "unanimous consent."

A

ALL PUBLICATIONS – Page 4

Bylaw 3.2 Dues by Classification

Bylaw 3.3 Report Service and Audit Costs

AMENDED BYLAWS

ABC's Board voted unanimously to modify Bylaws 3.2 Dues by Classification and 3.3 Report Service and Audit Costs, to reflect ABC's current dues and entitlement structure, and ABC's shift to electronic data dissemination.

3.2 Dues by Classification

(a) Dues for each class of members shall be set by the Board of Directors, subject to the following provisions:

(1) Advertisers

Separate annual dues may be set for National and Regional Advertiser members. ~~Dues for National Advertisers who place at least fifty percent (50%) of commissionable print media billings in-house shall be based either on the total print media billings during the preceding calendar year, or an estimate of the total print media billings in the year to which dues billings apply, at the option of the member.~~

(2) Advertising Agencies

Annual dues for Advertising Agency members, including media buying services, shall be based either on the total print media billings during the preceding calendar year, or an estimate of total print media billings in the year to which dues billings apply, at the option of the member.

(3) Publishers

Annual dues for publishers shall be payable quarterly in advance, with the exception of dues of newspapers audited every other year, in which case the dues shall be payable semi-annually in advance, based on total distribution as shown in the latest released regular Publisher's Statement.

(4) Newspapers Audited Every Other Year

The yearly dues of newspapers audited every other year shall be one-half of the yearly dues for newspapers audited every year.

(5) Weekly Newspaper Group Audit Plan

The yearly dues of urban weekly newspaper members of a group audit plan shall be one-half of the yearly dues for weekly newspapers audited every year. Yearly dues of nonurban newspaper members of a group audit plan shall be one-quarter of the yearly dues for weekly newspapers audited every year.

(6) Associate Members

The annual dues of Associate Members may be set at different amounts, depending upon the nature of the activities of such members.

(b) A schedule of dues shall be on file at the offices of the Audit Bureau.

3.3 Report Service and Audit Costs

(a) **Standard Report Service.** Members shall receive reports and services ~~at no additional charge~~, as follows:

(1) **Advertiser, Advertising Agency, and Associate Members** Advertiser members shall be entitled to receive service in accord with the schedule on file at the office of the Bureau.

(2) **Advertising Agency Members** Advertising agency members, including media buying services, shall be entitled to receive service in accord with the schedule on file at the office of the Bureau.

(2)(3) **Publisher Members** Publisher members shall receive report service provided for in B 4.10 of the rules.

(4) **Associate Members** Associate members who qualify shall receive reports and services as follows:

(3)(a) **Newspaper Supplements.** Publications qualifying for associate membership as newspaper supplements shall receive semi-annual Newspaper Supplement Statements which shall report only a summary of the average total paid circulation and the average unpaid distribution of member newspapers of the Bureau with which the supplement is distributed and as reported in the distributing newspapers' Publisher's Statements. The records of newspaper supplement associate members shall be subject to audit at any time and to the extent determined necessary by the Bureau's management or the Board of Directors.

(b) ~~**Publisher's Advertising Representatives.** Associate members who are publisher's advertising representatives shall receive Audit Reports and Publisher's Statements on any 50 publication members without additional charge. A list of such publications for which service is desired will be filed by the member when membership begins. The member may revise the list at any time.~~

(c) ~~**Regional Publisher Associations.** Non profit associations concerned with the welfare of their publisher members and the advancement of publisher standards, shall receive Publisher's Statements and Audit Reports as released on up to 50 publications which are either members of or eligible for membership in the association. Other services will be optional at cost. A list of publications for which service is desired is to be filed by the member with the Bureau at the time membership begins and the member may revise the list at any time.~~

(d) ~~**Academic.** Any recognized institution of higher learning shall receive special educational service without additional charge at the discretion of the managing director.~~

(4)(e) **Consolidated Newspaper Groups.** Consolidated Newspaper Groups for which consolidated newspaper statements are issued under C 6.2, shall receive the same service as that of publisher members under B 4.10.

(b) **Additional Report Services.** In addition to the annual dues paid, each member of the Bureau may purchase reports and services at rates that may be established by the Bureau from time to time.

A schedule of the cost of reports and services shall be on file at the office of the Bureau.

(c) **Audits.** In addition to annual dues, each publisher member shall pay the cost of the audit and such other costs as may be required by the rules and standards of the Bureau. The hourly rates to be used in computing the costs of audits to publishers shall be established by the Bureau from time to time.

An amount comparable to the cost of the last audit, based on the hourly field and house auditing rates in effect at the time of billing, shall be payable in advance, this amount to be applied against the cost of the next audit. For purposes of this payment, all

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publication members other than weekly newspapers audited every other year and weekly newspapers participating in a group audit plan shall be billed quarterly for advance audit cost deposits. Weekly newspapers audited every other year shall be billed semi-annually for advance audit cost deposits.

Individual newspaper members of weekly newspaper group audit plans shall be billed semi-annually for advance audit cost deposits until they have been billed four times subsequent to the date of the most recently released audit. Such billings will be discontinued until the release of their next audit. Any difference between the amount paid and the actual cost of the audit will be adjusted after the audit is released and whenever a final audit is made following a resignation under Bylaws Article 9. Any direct auditing cost paid by the resigning member but not actually incurred in such final audit will be refunded to such resigning member, provided all other charges and dues have been paid to the Bureau.



BUSINESS PUBLICATIONS – Page 48

Rule D 11.1 Additions and Removals

Rule D 12.2 Non-Paid Circulation Other Than Direct Request

AMENDED RULES

ABC's Board voted unanimously to modify Rules D 11.1 Additions and Removals and D 12.2 Non-Paid Circulation Other Than Direct Request, so that publications serving the medical industry, which obtain at least 90% of their qualified non-paid subscribers from the American Medical Association, American Osteopathic Association or the American Dental Association, be permitted to forego the reporting of addition and removal statistics.

D 11.1 Additions and Removals

Publishers who use the Paid and Qualified Non-Paid Circulation Form shall include in Paragraph 2 a count by months of the additions and removals from lists of recipients of non-paid circulation to field served. The reporting of additions and removals is optional for the Initial Audit period.

For publications serving the medical industry, which obtain 90% or more of their qualified non-paid subscribers from American Medical Association, American Osteopathic Association or the American Dental Association lists, the reporting of addition and removal statistics is optional.

(a) If a publication elects not to report addition and removal statistics, an explanation stating the reason for the omission must be made in the explanatory paragraph of ABC reports.

(b) If a publication uses the same list for more than one issue, an explanation stating the number of issues serviced from the single list must be made in the explanatory paragraph of ABC reports.

D 12.2 Non-Paid Circulation Other Than Direct Request

(a) Non-paid circulation other than direct request may be reported in Paragraph 1(b) in Publisher's Statements and Audit Reports provided the recipient is in the field served by the publication and the age of source documentation does not exceed 36 months.

(b) Communications from recipient and recipient's company which do not meet the direct request criteria in D 12.1 may be reported as communication other than request. Reader service reply cards, surveys, questionnaires, other written documents, electronic or telecommunications which do not satisfy direct request specifications may be included.

(c) Recognized business directories may be used as a source of non-paid circulation to the field served. Directories must be adequately identified and dated and be made available for auditor's examination.

(d) Lists of qualified recipients may be reported as non-paid to field served. Such lists must be dated and identified and are subject to auditor's examination.

(e) Non-paid circulation must be served as follows in order to be included in the average:

(1) Publications issued monthly or less often must serve recipient every issue for at least six consecutive months; or

(2) Publications issued more often than monthly must serve recipient at least six consecutive issues, but not less than three consecutive months of service.

(3) Provisions of Paragraphs (1) and (2) shown above are not applicable to members that obtain at least 90% of their non-paid circulation from American Medical Association, American Osteopathic Association or the American Dental Association lists.

Copies served for less than the above requirements due to conversion to paid circulation because of death, retirement or a job change may be replaced with other non-paid circulation.

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MAGAZINES – Pages 64 and 66

Rule F 2.1 Sponsored Sales

Rule F 2.6 Partnership Sales

Rule F 2.7 Club/Membership Subscriptions

AMENDED RULE

ABC's Board voted to modify Rules F 2.1 Sponsored Sales, F 2.6 Partnership Sales and F 2.7 Club/Membership Subscriptions, to require disclosure of average paid circulation for sponsored, partnership-deductible, club/membership-non-deductible and loyalty point circulation classes from "copy one" (using an average paid circulation metric) in Paragraph 4B of Publisher's Statements rather than a specific threshold for each category; and to allow for non-deductible partnership sales, all to become effective January 1, 2005 (with the June 2005 Publisher's Statements).

F 2.1 Sponsored Sales

(a) All copies or subscriptions purchased in quantities of 11 or more, which in the opinion of the managing director promote the professional or business interests of the purchaser, shall be considered "Sponsored" subscriptions or single copy sales and shall be reported in Publisher's Statements and Audit Reports per the provisions of paragraphs (e) and (f) below, except as otherwise permitted or prohibited by the following provisions:

(b) Quantity sales shall be set up as Sponsored Sales only if the purchaser pays the publisher or publisher's agent amounts required by F 1.1. Promotional and/or distribution credits given to the purchaser by the publisher's agent shall not be considered in the qualification as paid in accord with F 1.1.

Promotional and/or distribution credits are intended to cover services such as creation of targeted lists, actual cost incurred for distribution to hotel rooms, etc.

(c) Copies served in post expire status shall be excluded from paid circulation and included in non-paid distribution.

(d) All copies or subscriptions purchased in quantities of 10 or less shall be designated in Bureau reports as "Single Copy Sales" or "Subscriptions: Individual" except as otherwise permitted or prohibited by the provisions hereafter stated.

(e) For reporting purposes on Publisher's Statements and Audit Reports, all Sponsored Subscription Sales will be identified in one of four types as follows: The average number of copies served in the period from sponsored subscriptions shall be reported in Paragraph 4B, with an explanation in the explanatory paragraph.

~~Type (1) Sponsored subscriptions which on average exceed 10% of Total Average Paid Subscription circulation for the Publisher's Statement reporting period the average is to be reported in Paragraph 4B, with a footnote in the explanatory paragraph.~~

~~Type (2) Sponsored subscriptions derived from a sale to a single purchaser, the total volume of which exceeds 5% of the Total Average Paid Subscription circulation excluding Sponsored Subscription Sales, for the period in which the transaction takes place the average resulting from these subscriptions is to be reported in Paragraph 4B, with a footnote to the explanatory paragraph.~~

~~Type (3) Sponsored subscriptions, which on average exceed 5% but not greater than 10% of Total Average Paid Subscription circulation for the Publisher's Statement reporting period the average is to be reported in Paragraph 9, with a footnote to the explanatory paragraph.~~

~~Type (4) Sponsored subscriptions which do not exceed the thresholds noted above shall be included in Total Average Paid Subscription circulation in Paragraph 1 without further explanation.~~

In addition, publishers shall have the option of reporting these sales by distribution points (i.e. airlines, hotels, waiting rooms, individually addressed, etc.).

(f) For reporting purposes on Publisher's Statements and Audit Reports, ~~Sponsored Single Copy Sales will be identified in one of two types as follows: The average number of copies served in the period from sponsored single copy sales shall be reported in Paragraph 4B, with an~~

explanation in the explanatory paragraph of Publisher's Statements and Audit Reports.

~~Type (1) Sponsored single copy sales, which on average exceed 10% of the Average Total Single Copy Sales circulation for the Publisher's Statement period the average is to be reported in Paragraph 4B, with a footnote reference to the explanatory paragraph.~~

~~Type (2) Sponsored single copy sales, derived from a sale to a single purchaser, the total volume of which exceeds 1% of the Total Average Paid Circulation, excluding total Sponsored sales, for the period in which the transaction takes place the average resulting from these sales are to be reported in Paragraph 4B, with a footnote reference to the explanatory paragraph.~~

(g) On an optional basis, publishers may elect to further analyze Sponsored Sales (subscription and/or single copy) as either "Public Place/Sponsored" or "Individually Addressed/Sponsored" as per the following definitions:

"Public Place/Sponsored" sales are copies delivered to waiting rooms, reception areas or other public settings to be shared by multiple consumers, or to be picked up by unknown users of the venue.

"Individually Addressed/Sponsored" sales are copies delivered to private residences or business offices and intended for the personal consumption of the addressee.

Only those publications that have adequate records to verify classification as defined above should consider making this optional reporting analysis.

(h) ~~Sponsored sales, if included in paid and are either type (1), type (2) or type (3) as noted in paragraphs (e) and (f), shall be fully explained in the explanatory paragraph giving details of their nature, showing price received, how distributed including whether copies were individually addressed or purchased for redistribution and any other amplification necessary to make possible a clear analysis of their value including the range of sales as follows: "sold in quantities of _____ to _____."~~

(i) If a magazine is the official journal of an association and the majority of the subscriptions are Association, Sponsored Sales subscriptions may be included with Association Subscriptions in Paragraph 1 if the average for the period does not exceed 10 percent of the total average subscription circulation.

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(f) (i) The subscriptions involved in a quantity sale made to an individual, group of individuals or corporation, which have a financial interest in the publication, shall not be included in Sponsored Sales but shall be included in non-analyzed non-paid circulation, unless it can be proved to the satisfaction of the managing director that the sale was made for the benefit of the purchaser and not for the benefit of the publication.

(f) (j) Subscriptions purchased in quantities by corporations, institutions or individuals for their own employees, subsidiary companies or branches are not subject to the provisions of Paragraph (a) but shall instead be judged by the rule governing Group (Mail Subscriptions Special). (See F 2.5)

(f) (k) Copies of magazines that are distributed through redemption programs utilizing advertiser coupons are eligible to be included in paid circulation when the price paid by the purchaser (advertiser) is in accord with F 1.1. In addition, the total number to be included in paid circulation is limited to 1 percent of total circulation in the geographic area in which the coupons are distributed. Copies in excess of 1 percent of total circulation for the period in which the transaction takes place shall be included in total non-analyzed non-paid circulation. Any program involving advertiser coupons for the redemption of single copy sales must be reviewed and approved in advance by ABC and all copies so distributed must be fully explained in the appropriate paragraph of ABC Publisher's Statements and Audit Reports.

F 2.6 Partnership Sales

(Also see Policies and Practices, regarding Newspapers, Magazines, and Farm Publications sold with the sale of Other Services)

All copies served to individuals and tied to a partnership agreement (e.g. subscription to a magazine partnered with the purchase of season tickets to sporting or cultural events) shall be classified as "Partnership" subscriptions or single copy sales and shall be reported in Publisher's Statements and Audit Reports per the provisions of paragraph (g) and (h) below, except as otherwise permitted or prohibited by the following provisions:

(a) The purchaser is notified of the inclusion of the magazine subscription at the point of purchase.

(b) The amount to be allocated to the subscription is presented in a clear and reasonable manner in all written information.

(c) The amount to be allocated to the subscription is identified in a clear and reasonable manner as being deductible or non-deductible from the purchase price. If the amount is identified as deductible, paragraphs (d) through (h) are applicable. If the amount is non-deductible, paragraphs (g) and (h) are applicable.

(d) The value of other benefits may be calculated as the total cost of purchasing the partnership element without the magazine subscription, provided these benefits are identical to the benefits offered for the purchase which includes a magazine subscription.

(e) The total price paid must be at least one cent plus the cost of the purchase without the magazine subscription and shall be the same as the amount identified as deductible for the subscription value. This amount identified as deductible shall also be used in the calculation of average price data.

(f) In the case of single copy sales, the purchase price of the magazine (single copy price) must be deductible at the point of purchase.

(g) For reporting purposes on Publisher's Statements and Audit Reports, all Partnership Subscription Sales shall be identified in one of four types as follows: The average number of copies served in the period from partnership subscriptions shall be reported in Paragraph 4B, with an explanation in the explanatory paragraph of Publisher's Statements and Audit Reports.

Type (1) Partnership subscriptions which on average exceed 10% of Total Average Paid Subscriptions circulation for the Publisher's Statement reporting period—the average is to be reported in Paragraph 4B, with a footnote to the explanatory paragraph.

Type (2) Partnership subscriptions derived from a sales to a single purchaser, the total volume of which exceeds 5% of the Total Average Paid Subscription circulation, excluding Partnership Subscription Sales for the period in which the transaction takes place—the average resulting from these subscriptions is to be reported in Paragraph 4B, with a footnote to the explanatory paragraph.

Type (3) Partnership subscriptions, which on average exceed 5% but is not greater than 10% of Total Average Paid Subscription circulation for the Publisher's Statement reporting period—the average is to be reported in Paragraph 9, with a footnote to the explanatory paragraph.

Type (4) Partnership subscriptions which do not exceed the thresholds noted above shall be included in Total Average Paid Subscription circulation in Paragraph 1, without further explanation.

(h) For reporting purposes on Publisher's Statements and Audit Reports, all Partnership Single Copy Sales will be identified in one of two types as follows: The average number of copies served in the period from partnership single copy sales shall be reported in Paragraph 4B, with an explanation in the explanatory paragraphs of Publisher's Statements and Audit Reports.

Type (1) Partnership single copy sales which on average exceed 10% of Total Average Single Copy Sales for the Publisher's Statement period—the average is to be reported in Paragraph 4B, with a footnote reference to the explanatory paragraph.

Type (2) Partnership single copy sales derived from a sale to a single purchaser, the total volume of which exceeds 1% of the Total Average Paid Circulation, excluding Partnership sales, for the period in which the transaction takes place—the average resulting from these sales are to be reported in paragraph 4B, with a footnote reference to the explanatory paragraph.

(i) In order to qualify as a non-deductible partnership sale, the presentation to the consumer must be such that the partnered good or service is presented as the primary purchase item. If the magazine subscription is presented as the primary purchase item, Rules F 8.1 Premium Defined and F 8.2 Premiums with Subscriptions/Single Copy Sales shall be used to qualify the sale.

(j) If the magazine subscription is non-deductible from the purchase price, the amount allocated for the subscription, and the number of copies to be served on the subscription shall be excluded from the calculation of average price (see F 1.4). In addition, the paragraph devoted to the reporting of average subscription price shall be annotated to indicate that the non-

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~~deductible partnership sales transactions are excluded from the calculation.~~

~~(k) The explanatory paragraph of Publisher's Statements and Audit Reports shall include details regarding all partnership sales, to include information as to the partnered good or service and the selling price, or range of selling prices. In addition, the average number of copies included in Paragraph 1 generated from partnership sales shall be reported.~~

F 2.7 Club/Membership Subscriptions

All copies served to individuals as a result of membership in a club or similar organization shall be classified as "club/membership" subscriptions and shall be reported in Publisher's Statements and Audit Reports ~~per the provisions of paragraph (f) and (g) below, except as otherwise permitted or prohibited by the following provisions:~~

(a) The club member is notified of the inclusion of the magazine subscription at the point of joining the club.

(b) The amount to be allocated to the subscription is in accord with Rule F 1.1 and is presented in a clear and reasonable manner in all written membership information.

(c) The amount to be allocated to the subscription shall be identified in a clear and reasonable manner. If the amount is deductible from dues it may be presented to the club member either through notification on the invoice with an option for reduction of dues of the allocated amount at time membership dues are paid, or through a rebate/refund offered to the member in external communication subsequent to the membership dues being paid.

(d) If the magazine subscription is deductible from club/membership fees, the amount identified as deductible shall be the amount used in the calculation of average price data.

(e) If the magazine subscription is nondeductible from club/membership fees, the amount allocated for the subscription, and the number of copies to be served on the subscription, shall be excluded from the calculation of average price (see F 1.4). In addition, the paragraph devoted to reporting average subscription price shall be annotated to indicate that nondeductible club transactions are excluded from the calculation.

(f) Nondeductible club/membership subscriptions shall qualify for inclusion in paid circulation under the following conditions:

(1) The publication included in the Club/Membership program must be editorially homogeneous with the defining characteristics of the club or membership program.

(2) Annual club/membership dues must be collected from the club/membership members.

(3) Club/membership members shall have the option to "opt" out of the club/membership program, but may continue as subscribers at the same or greater price as allocated as part of the membership fee.

(4) The amount to be allocated to the subscription must be at not less than one cent, and the value of tangible products or services (premiums) plus the amount allocated for the subscription cannot exceed the amount charged as dues.

(5) The Explanatory Paragraph of ABC Publisher's Statements shall include a full description of the club, to include a listing of all club benefits and, where applicable, the value of club benefits.

Nondeductible club/membership subscriptions shall be reported separately in Publisher's Statements and Audit Reports in average paid circulation in Paragraph 1. This disclosure shall be accompanied by a parenthetical note indicating the amount of club/membership dues charged, or range thereof, and the amount of the club/membership dues allocated for the subscription.

~~(g) For reporting purposes on Publisher's Statements and Audit Reports, all deductible Club/Membership Subscription Sales shall be identified in one of four types as follows: The average number of copies served in the period from deductible club/membership subscriptions shall be reported in Paragraph 4B, with an explanation in the explanatory paragraph of Publisher's Statements and Audit Reports.~~

~~Type (1) Deductible Club/Membership subscriptions which on average exceed 10% of Total Average Paid Subscriptions circulation for the Publisher's Statement reporting period the average is to be reported in Paragraph 4B, with a footnote to the explanatory paragraph.~~

~~Type (2) Deductible Club/Membership subscriptions derived from a sales to a single purchaser, the total volume of which exceeds 5% of the Total Average Paid Subscription circulation, excluding Club/Membership Subscription Sales for the period in which the transaction takes place the average resulting from these subscriptions is to be reported in Paragraph 4B, with a footnote to the explanatory paragraph.~~

~~Type (3) Deductible Club/Membership subscriptions, which on average exceed 5% but is not greater than 10% of Total Average Paid Subscription circulation for the Publisher's Statement reporting period the average is to be reported in Paragraph 9, with a footnote to the explanatory paragraph.~~

~~Type (4) Deductible Club/Membership subscriptions which do not exceed the thresholds noted above shall be included in Total Average Paid Subscription circulation in Paragraph 1, without further explanation.~~



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NEWSPAPERS – Page 30

sales incentives, return policies and the condition of the records involved. The conditions above would be reviewed by Bureau auditors in order to determine the appropriate audit procedures to be applied.

Rule C 5.25
Hawker (Street) Sales

NEW RULE

ABC's Board voted unanimously to add new Rule C 5.25 Hawker (Street) Sales, to ensure that newspapers electing to claim as paid circulation copies of newspapers sold through hawkers maintain a reporting environment that will accurately determine sales from hawkers and support an ABC audit, to become effective January 1, 2005.

Note that this will replace the ABC Policy "ABC Practice of Auditing Copies of Newspapers Sold Through Street Salespersons (Hawkers)" – thus policy will be eliminated effective January 1, 2005.

C 5.25 Hawker (Street) Sales

(a) Newspapers electing to claim as paid circulation copies of newspapers sold through hawkers (street salespeople) are required to maintain a reporting environment and records that will accurately determine sales from hawkers and support an ABC audit.

(b) Recordkeeping requirements to support hawker sales include, but are not limited to, contemporaneous daily records by hawker, by location, identifying draw, returns, selling times, hawker compensation and cash collections. Records will also be available showing credit and compensation policies for independent distributors involved with hawker distribution.

Note, Audit Implications: The nature, timing and extent of audit procedures to be applied to claimed circulation for hawkers will be based on an assessment of the control environment, structure and reporting, historical results and other relevant conditions. From time-to-time, certain conditions may exist that could necessitate expansion of the audit program. This expansion may include extensive testing and/or direct hawker sales observations. These conditions include, but are not limited to, distributor and hawker pricing structure,

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POLICIES AND PRACTICES – Page 84

Loyalty Point Programs

ABC's Board voted unanimously to adopt the "Loyalty Point Program Policy" which has been under a test period. Members wishing to develop programs under these guidelines will be required to make periodic reporting to ABC as to the program's execution for future review of this source of business.

Definition/Purpose:

The general purpose of loyalty programs is to build brand loyalty and increase sales volume of discretionary goods and services. Loyalty programs are structured so that a specific volume of transactions is required in order for a customer or a program member to earn sufficient award credits to redeem an award. Each time a customer or program member purchases a product or service, or performs a specific action as a requirement of the loyalty program, he or she earns award credits that, subject to specified thresholds, may be redeemed in the future for awards such as free or deeply discounted products or services.

Qualification Standards:

1. Enrollment

All programs must include an enrollment process that makes a clear link to the "host" organization; e.g., the organization attempting to build brand loyalty and/or increase sales volumes.

2. Point Activity Requirements

The program participant should be knowledgeable of the specific activity required to earn points – and the volume of points that can be earned with each specific activity. Merely holding the credit card for any length of time ("tenure") does not count as activity and is insufficient for point accrual; rather, points are to be awarded as a result of incremental activity or the value of each transaction.

3. Point Accrual

Participants must be able to accrue points to be used toward future redemption opportunities. In addition, participants should have access to account status on a regular basis.

4. Initial Award of Points

If points are given for enrollment, participants may not initially receive more

than 35 percent of the points needed to obtain the least expensive product/service offered in the program.

5. Point Values

Per-point value must be established as follows:

(a) All items offered for redemption of points must include a stated value for all items being offered.

(b) All award point programs must include the option for redemption of points for items other than magazines. The mixture of magazines and non-magazine items should be one in which at least 20 percent of all products offered for redemption be non-magazine items. In addition, at least 50 percent of those non-magazine items must be commercially available (i.e., available in the public domain) for consumer purchase.

(c) The value of each commercially available product included in the program must be equal to or greater than the average value of all magazines included in the offer.

(d) The assigned point value for each program should be based upon the number of points required to redeem the lowest valued commercially available product (product value divided by assigned points equals per-point value).

(e) The number of points required for redemption of all products and services offered (magazine and non-magazine) should be an extension of the per-point value calculation, in section (d) above, times the stated value. This must be applied consistently across all award items (magazine and non-magazine).

6. Average Price Impact

The amount to be allocated to the average price calculation formula will be equal to the per-point value times the number of points required to purchase the subscription.

7. Point Expiration

If an expiration date is established, the date must allow for sufficient accumulation of points necessary to redeem the highest value item prior to points expiring.

8. Disclosure

Explanatory Paragraphs of all ABC Publisher's Statements and Audit Reports must include details of the loyalty point program, particularly the average number of copies included in paid circulation generated from such programs. Disclosure must be

made in Paragraph 4B of reports reflecting the average circulation served in the period from Loyalty Point programs with a full explanation in the Explanatory Paragraph providing program details.