



2017 ELITE OF LEXUS PROGRAM RULES

PROGRAM DATES

January 1, 2017, through December 31, 2017*

PARTICIPANTS

All eligible Lexus Dealer Principals or Responsible Executives plus certified dealership team members may earn recognition.

STANDARDS OF EXCELLENCE CRITERIA

- | | |
|---|-------|
| • Sales Survey Elite Standard** | 94.0 |
| • L/Certified Survey Elite Standard** | 89.0 |
| • Service Survey Elite Standard** | 91.0 |
| • Delivery Quality Index (DQI)** | 94.0 |
| • Dealership Associate Certification | |
| - Dealership Associates in Certified Status | 90.0% |
| • New Vehicle 12-Month Sales Qualifier* | 95.0% |
| • L/Certified 12-Month Sales Qualifier* | 95.0% |
| • Participation in Area-assigned allotment of Lexus Customer Convenience System (LCCS) (Service Loaners) | |
| • Facility Evaluation | |
| - Area Managers will consult with each dealership at the beginning of the year to develop a specific, measurable plan the dealership must meet to qualify for Elite of Lexus. | |
| • Lexus Delivery Specialist (LDS) Qualifier | |
| • Lexus Technology Specialist (LTS) Qualifier | |

Dealerships are further evaluated by their Area Management and Lexus Headquarters to ensure that they meet specific standards in the following areas:

- Financial Statement Submission
- Profitability
- Capitalization Evaluation
- Marketing Covenant

MEASUREMENT

Overall Dealership Recognition: A dealership must achieve all Program Standards of Excellence and be approved by both its Area Manager and Lexus Headquarters to be recognized as a winning dealership. If a dealership also has a companion dealership, primary and companion dealerships may earn Elite of Lexus status separately (performance is not combined).

Department Team Recognition: Sales Department teams, Service Department teams (Parts & Service), and Business Management teams may be recognized independently in those instances when the dealership does not win the overall award but the department team meets or exceeds its Standards of Excellence as detailed below. The departmental performances of a primary dealership and its companion dealership are not combined.

SALES TEAM

- | | |
|---|-------|
| • Sales Survey Elite Standard | 94.0 |
| • L/Certified Survey Elite Standard | 89.0 |
| • New Vehicle 12-Month Sales Qualifier* | 95.0% |
| • L/Certified 12-Month Sales Qualifier* | 95.0% |
| • Approval of Area Manager | |

SERVICE TEAM (PARTS & SERVICE)

- | | |
|---------------------------------|------|
| • Service Survey Elite Standard | 91.0 |
| • Approval of Area Manager | |

BUSINESS MANAGEMENT TEAM

- Financial Statement Submission
 - 100% complete, accurate, and received by Lexus by the 10th of each month during the Program period, including the December 2017 sales month
- Financial Statement Complete and Accurate
 - Received monthly; adheres to Lexus accounting procedures
- Approval of Area Manager

AWARDS

- Each winning Lexus dealership receives the impressive custom-designed Elite of Lexus dealership trophy to display as a symbol of achievement.
- Dealer Principals or Responsible Executives, as listed on the Lexus Dealer Agreement, of winning dealerships receive an invitation to attend a prestigious recognition trip. For Dealer Principals or Responsible Executives of both primary and companion dealerships only one trip is awarded. If the DP or Responsible Executive of a winning dealership is unable to attend, then individual(s) designated as the AAO or GM as named in the Lexus Dealer Agreement may be considered for attendance at the discretion and approval of Lexus senior management.
- The Dealer Principal and General Manager, as well as each designated certified team member, of winning Lexus dealerships receive award points to be redeemed for a personal recognition award.
- Each designated certified team member of winning Sales, Service, and Business Management teams whose dealership does not win overall recognition receives award points to be redeemed for a personal recognition award. Primary and companion dealerships may win departmental Elite of Lexus awards separately.
- All certified associates at winning Lexus dealerships or winning departments, included in Staffmaster as of December 31, 2017, will receive award points. If a certified dealership employee is associated with more than one winning Lexus dealership, that employee will be awarded for the role and dealership where he/she is enrolled in the Lexus Commitment to Perfection certification program as of December 31, 2017. If a Dealer Principal or General Manager is associated with more than one winning Lexus dealership, the following rules will be applied in the order as shown below to determine for which dealership the role will be awarded:
 1. Dealership with the highest winning level
 2. Primary dealership over CCO dealership
 3. Dealer Code numeric order

Combining of awards is not permitted.

DEFINITIONS

Sales Survey Elite Standard: The Sales Survey Index score is the average of both parts to question #2, would **Return** to the dealership and **Recommend** the dealership, based on Lexus reported survey results. The Index is calculated by taking an average of the two scores of the actual rating received from a guest on these questions using a 0-10 scale. If an answer to a question is not provided, it will not be included in the calculation. For reporting purposes, the Index will be reported out of 100.**

L/Certified Survey Elite Standard: The L/Certified Survey Index score is the average of both parts to question #2, would **Return** to the dealership and **Recommend** the dealership, based on Lexus reported survey results. The Index is calculated by taking an average of the two scores of the actual rating received from a guest on these questions using a 0-10 scale. If an answer to a question is not provided, it will not be included in the calculation. For reporting purposes, the Index will be reported out of 100.**

Service Survey Elite Standard: The Service Survey Index score is the average of both parts to question #3, would **Return** to the dealership and **Recommend** the dealership, based on Lexus reported survey results. The Index is calculated by taking an average of the two scores of the actual rating received from a guest on these questions using a 0-10 scale. If an answer to a question is not provided, it will not be included in the calculation. For reporting purposes, the Index will be reported out of 100.**

Delivery Quality Index (DQI) Standard: The Dealer Quality Index score is the average score, as reported by Lexus, on the "Vehicle Delivery experience" on the Sales Survey (question #9a). For reporting purposes, the Index will be reported out of 100.**

Dealership Associate Certification: Each dealership must be actively participating in the Lexus Commitment to Perfection (LCTP) Certification Program. To maintain "Certified" status, each participant must complete job-specific training and assessment-testing activities as found in the LCTP Program Brochure. Refer to the LCTP Certification Program Brochure available online at <http://www.lccthome.com> for job categories utilized in the calculation of certification percentages.

New Vehicle 12-Month Sales Qualifier: Each dealership receives a monthly new car sales objective from Lexus. Dealerships are measured on the cumulative, year-to-date percentage of sales objective achieved. By the end of the Program period, a winning dealership must have achieved at least 95.0% of its cumulative, 12-month new car sales objectives.*

L/Certified 12-Month Sales Qualifier: To satisfy the L/Certified Standard of Excellence, each dealership must achieve at least 95.0% of the L/Certified Lexus cumulative, 12-month sales qualifier that was agreed upon with Area Management based on Dealer Daily L/Certified RDR submission.*

Lexus Customer Convenience System (LCCS): Dealers are required to participate in the LCCS program and adhere to all LCCS policies. In addition, participating dealers must maintain a monthly minimum fleet of LCCS-enrolled Lexus Service Loaner Vehicles to be determined based on dealer's annual Repair Order volume and communicated by dealer's Area Office. In addition, dealers will have a viable policy in place that provides a loaner vehicle to eligible Lexus service customers, regardless of where the vehicle was purchased.

Dealers not participating in the LCCS program will not be eligible to win Elite of Lexus status.

Facility Evaluation: The facility evaluation is based on the results of an annual review conducted by Area office representatives. It focuses on the subjects of building, acreage, signage, and general appearance in accordance with requirements outlined on the **Vision USA Lexus Dealer Facility Design Website** <http://www.lexusvisionusa.com/LexusVisionUSA/Splash.aspx> or in the Vision USA Lexus Dealer Facility Planner. Lexus facilities must, at the same time, exceed customer expectations and be perceived as leading in the marketplace and industry in every way. The Areas will periodically track each dealership's progress in meeting these guidelines.

Delivery Specialist Qualifier: Lexus Dealers will be required to maintain qualified Lexus Delivery Specialists (LDS) who provide personalized new vehicle deliveries to Lexus guests while meeting the following guidelines:

- **Employ qualified LDS associates defined as those who:**
 - Attend and Pass "From This Delivery Forward" Workshop (D610)
 - Complete and Pass all future LDS training and testing as designated by Lexus
 - If only 2 or 3 LDSs are required per the staffing guidelines below, then at least 1 LDS must be listed on Staffmaster as his/her Primary job code. For those dealerships where 4, 5, or 6 LDSs are required, then at least 2 LDSs must be listed on Staffmaster as their Primary job code. Once this condition is met, all additional Lexus Delivery Specialist(s) may have this title listed as their Primary or Secondary job code in Staffmaster.
- **Meet or exceed minimum LDS staffing guidelines as follows:**

Dealership's Annual New Vehicle Retail Sales Volume***	No. of LDS Associates
100-500	1
501-1,000	2
1,001-2,000	4
2,001-2,500	5
2,501+	6

If the dealership falls below the minimum staffing guide due to position turnover, the dealership must assign the duties to a new associate as soon as possible, and notify the Area Office, and the associate must complete and pass the designated training within 90 days of the change. If a training class is not offered within the 90-day period, enrollment in the next available class will be required to meet compliance.

These minimum staffing standards must be maintained for each of the twelve (12) months of the Program.

Technology Specialist Qualifier: Lexus Dealers will be required to maintain an active qualified Lexus Technology Specialist(s) (LTS) who provides post-delivery vehicle knowledge and support to Lexus guests while meeting the following guidelines:

- **Employ qualified LTS associates defined as those who:**
 - Attend and Pass "From This Delivery Forward" Workshop (D610)
 - Complete and Pass all future LTS Training and Testing as designated by Lexus
 - At least 1 LTS must have his/her position listed as LTS in Lexus Staffmaster as his/her Primary job code. Once this condition is met, all additional Lexus Technology Specialist(s) may have this title listed as their Primary or Secondary job code in Staffmaster.

Note: Dealership Managers, Diagnostic Specialists, Technicians, and Service Consultants are excluded from this designation unless prior approval (in writing) is given from their facing Area Office.

- **Meet or exceed minimum LTS staffing guidelines as follows:**

Dealership's Annual New Vehicle Retail Sales Volume**	No. of LTS Associates
100-500	1
501+	2

If the dealership falls below the minimum staffing guide due to position turnover, the dealership must assign the duties to a new associate as soon as possible, and notify the Area Office, and the associate must complete and pass the designated training within 90 days of the change. If a training class is not offered within the 90-day period, enrollment in the next available class will be required to meet compliance.

These minimum staffing standards must be maintained for each of the twelve (12) months of the Program.

Lexus Headquarters and Area Management Approval: Each Lexus dealership is evaluated at year-end and on an ongoing basis by Area Management. Each dealership is evaluated on:

Financial Statement Submission – Lexus must receive a complete and accurate statement by the 10th of each month during the year, including the December 2017 sales month. All statements must comply with Lexus accounting procedures.

Profitability – Using the December year-end financial statement, each dealership is reviewed for profitability. Only those dealerships that are profitable before taxes on a calendar year-to-date basis are eligible for Elite of Lexus. In the case of primary and companion dealerships, both dealerships must be profitable independently.

Capitalization Evaluation – The capitalization evaluation is based on the 2017 Working Capital Requirement. The dealership must meet or exceed the standard for a minimum of 6 months, one of which must be the December 2017 sales month.

Marketing Covenant – The dealership must uphold the qualities and standards set forth in the Lexus Dealer Marketing Covenant (LDMC).

STANDARDS OF EXCELLENCE CRITERIA - MEMO ITEMS

Lexus will periodically add memo items to the Elite of Lexus Program, as well as monthly reports, to track progress on specific identified areas to be considered for future addition to the Elite of Lexus Program Criteria. **These memo items will not be used as additional Elite of Lexus Program qualifiers for 2017, but progress will be reported monthly for Lexus Management review and discussion and for Area discussion with their dealers.**

TERMS AND CONDITIONS

- To be eligible, Lexus dealerships/companion stores must be open for business on or before January 1, 2017, and continue uninterrupted through December 31, 2017.
- If a "buy-sell" occurs, dealership associates will be eligible to win Elite of Lexus status if all qualifying criteria are met and 51% of the dealership associates remain employed under the new ownership.
- All dealerships and departments are subject to review, audit, and approval by Lexus.
- **Any dealership found misrepresenting information of customer survey results is subject to the assignment of a score of "0" to the survey(s) in question and/or immediate disqualification.**
- To be eligible for Program awards, dealership employees must be employed by the winning dealership or department at year-end and at the time of award issuance and must be certified.
- All Dealer Principals or Responsible Executives, as named in the Lexus Dealer Agreement, must own and/or operate the winning dealership at year-end and at the time of award issuance.
- Certain sales transactions do not count toward attainment of the Program sales objective. Fleet sales are excluded. Please refer to the Lexus Retail Sales Reporting Policy to determine eligible units.
- Awards are not transferable. No substitutions are allowed.
- Winners are responsible for all applicable taxes associated with any Program awards.
- All federal, state, and local laws apply. Void where prohibited or restricted by law.
- Only dealerships that have achieved Elite of Lexus status by meeting all Standards of Excellence and receiving Area Management and Lexus Headquarters approval may advertise themselves as Elite of Lexus Dealers. Any advertising may be conducted, however, only during the calendar year following the year for which Elite of Lexus status was obtained (i.e., 2017 Elite of Lexus Dealers may advertise their Elite of Lexus status during calendar year 2018 only). Current Elite of Lexus Dealers may also advertise past years' achievements of Elite of Lexus status only in the years that are consecutive with the present year's recognition (e.g., "2013, 2014, 2015, 2016, and 2017"; or "2016 and 2017"). Dealers may not advertise departmental Elite of Lexus awards.
- **Lexus reserves the right to cancel, amend, or revoke this Program or any portion of this Program at any time without prior notice.**

* Unit sales will be based on Lexus year-end sales close date.

** Scores will be tabulated monthly for the 2017 calendar year (January-December)

*** Dealership's annual new vehicle retail sales volume will be determined based on the last full year's volume.