

Christian Retail Market Policies & Procedures

EMI CMG Distribution's goal is to provide you the best service in the industry. We continually seek to address the needs of our retailers and thus make it easier for you to do business with us. One tool that helps accomplish these objectives is this policies and procedures document. It details in one place the policies you need to know as you work with us to grow your sales. We believe you will find it to be comprehensive, and it will serve as a good reference tool for your store. As always if you have any questions or concerns, feel free to call or e-mail us.

Our Vision Statement

- **CREATE** A Challenging And Rewarding Environment For Each Other And Those We Serve
- **IMPACT** Popular Culture And Resource The Church With Music and Related Content And Services Consistent With A Biblical World View
- **LEAD** With Excellence And Be Profitable

Sales & Payment Information

PAYMENT TERMS

- Standard Terms: 1% 10, NET 60 Invoice
- Initial Order (IO) Terms: 1.5% 10, NET 75 Invoice*
*Products ordered prior to street date

PAYMENT

"Open Account" credit payment terms are available to qualifying customers. The terms are based on ship date to offer consistent dating on each shipment, regardless of when it is received by the customer during a month. Payment should be mailed to be received by EMI CMG by the due date. If the customer desires to pay once a month, payment for all invoices due in a month should be mailed to be received by the 15th of that month. Invoices paid within 10 days of the invoice date qualify for the early payment discount that should be deducted by the customer at the time of payment (see terms above). A service charge of 1.5% per month, or the maximum allowed under applicable law, whichever is less, is assessed on balances not paid within these terms. Payment terms of EZFastPay, COD or Cash in Advance are available to non-credit-qualifying customers or as a matter of customer choice.

INVOICING

The invoice for each shipment will be included with the shipment. With few exceptions, all purchases are based on a discount off the Manufacturers Suggested Retail Price (MSRP).

SHIPPING

F.O.B. EMI CMG Distribution Center.

CREDIT CARD PAYMENTS

Visa and MasterCard payment is accepted for **EZFastPay** and Cash In Advance orders. With **EZFastPay**, a weekly billing summary is sent to you by email early the week after shipment and your payment is automatically processed at the end of the week. All **EZFastPay** orders earn an early pay discount with **EZFastPay** ACH offering the highest possible discount. Card payments are limited to \$20,000 annually. Contact Credit Services for more information and to enroll.

INTERNATIONAL DISTRIBUTION

In an effort to efficiently service CBA accounts located outside of the United States, EMI Christian Music Group Distribution has established an international department to handle all international needs. This department contracts with international distributors in various countries worldwide that service retail as well as media in their respective countries. The International Department **does not** directly service retail and media outlets outside of the United States.

It should also be noted that our sales to customers in the United States are not for resale outside of the United States. Such sales shall constitute a violation of our policies and EMI CMG may, in the exercise of its sole discretion, stop selling some or all products to you or impose such other penalties as it deems appropriate. We will not sign NAFTA forms that are sent to us.

Contact our International Department for international distribution inquiries at 615-371-6800 or fax to 615-371-6555.

DEMOS

Demos come stickered with a "Legal Notice License," which contains the terms under which EMI CMG licenses the Demos to its customers. The License states "This product is licensed for promotional use only, and is not for sale. This CD cannot be transferred without the consent of the record company. Use or retention of this CD signifies acceptance of this license." Demonstration copies are available for the majority of EMI CMG titles upon initial release only, however some titles do not have demonstration copies available. Demonstration copies are not available for distributor and e-tailer accounts. Demo fees, when available are as follows:

- All single disk audio (CD) and cassette product: \$2.50
- All single disk DVD and Video product: \$3.00
- All 2 disk CD sets, 2 disk DVD sets, and CD-DVD combo packs: . . \$3.00

ORDERS

- **Catalog Orders:** Accounts receive their standard daily discount on all online catalog orders and confirmation of stock availability at the time of the order. Orders entered by 3:00pm CST ship the next business day. Guaranteed Best List Price available with all online orders. Sale priced titles subject to a 40% discount. Initial Orders (IOs) may not be place online at this time, only catalog orders.

NEW RELEASES

- **Monthly New Release Pages:** Access all new release information on new products up to 1 month after Street Date.

CUSTOMER SERVICE

- **Stock Check:** Check inventory status of any title.
- **Product Search:** Search for any product in our catalog by title, artist, song title or UPC code.
- **Order Tracking:** Review and sort orders and credits by purchase order number, invoice number, product code or UPC code with instant access to UPS tracking information.
- **Returns:** Enter overstock return requests for faster processing. Receive RA number and credit amount in 2 business days.

SPEEDY FORM

Expedite the return of damaged, defective or mis-shipped product orders by downloading and utilizing our Speedy Form at www.emicmgdistribution.com.






CREDIT SERVICES

- **Account Status:** Review your account balance summary to confirm your last payment, current account balance and available credit.
- **Open Transaction Detail:** Easily review the transactions currently open on your account including order detail.

EMICMG.COM MEMBERSHIP IS FREE!

EMI CMG Distribution offers 3 levels of membership for extended access to the Retail area of www.emicmgdistribution.com.

- **Partner Membership:** Partner Membership allows access to order tracking linked to UPS tracking, product search, new release information and the Media Vault which features tour dates and cover images. 
- **Partner Plus Membership:** Partner Plus provides all the benefits of Partner Membership PLUS 24/7 access to *Place an Order*, enter *Return Requests* online and check the inventory status of items. 
- **Partner Plus Advance Membership:** Partner Plus Advance membership provides all the benefits of Partner Plus Membership and access to your *Account Status*. 

All levels of membership offer free access to our bi-weekly *Connection* e-mail newsletter which provides timely product updates, press releases and special offers via e-mail.

For security purposes your account number is required for membership. An account may have multiple memberships at various levels for frontliners, music buyers, accountants and owners.

Strategic Partnership Programs

- **No Restock Fees:** No restock fees are charged on any product returns.
- **Initial Orders (IO):** New release product orders placed prior to STREET DATE receive your account's daily discount, 75 Day Billing from release date and no restock fee. Customized projections are generated for each account based on 60 Day scans on that artist/brand's previous release. This provides each account with the customized order quantities recommended for their store(s). Each projection is based on historical sales of that artist/brand (or closest artist/brand), and factors in history of net purchases of these product(s) by that store(s).
- **Just In Time/EDI:** Just In Time/EDI: EMI CMG offers same day shipping throughout the continental U.S. on orders received electronically by 10:00 am CST. We also offer guaranteed 3-Day Delivery to accounts outside the 2-Day delivery zone of our distribution center in Jacksonville, IL. In areas where 3-Day Delivery is not available, specifically Alaska and Hawaii, EDI orders receive 2-Day Delivery. Orders may be transmitted via Pub-Net or sent via direct dial (IRT, IBID or Bookstore Manager).

Cooperative Advertising

Cooperative advertising is a partnership between vendor and retailer in which the cost of a veritable promotional program is shared between parties. Co-op advertising is available to any customer in good standing and

all advertising must be pre-approved to receive credit. Contact your Sales and Marketing representative to discuss opportunities.

In-Store Events

EMI CMG encourages retailers to hold in-store events with artists, for holiday promotions and street date events by supporting these events with product specials, cooperative advertising, merchandising and more. Contact your

Sales and Marketing Representative for more details on how EMI CMG can support your in-store events.

Returns

You may return overstock product 75 days after Release Date (which is normally 12 days before Street Date) and as long as the title remains active in the EMI CMG system. Please note:

- All overstock returns are on an exchange basis only and must be used to offset future purchases.
- All return authorization numbers are valid for 75 Days after the date issued. A new return request must be submitted once an RA number has expired.

REQUESTING RETURN AUTHORIZATION

Procedures for requesting return authorization for cassettes, compact discs, videos, DVD's, interactive games, books, specialty items and printed music are as follows:

- **2-Day Online Process:** Enter your overstock return request at www.emicmg.com and receive a Return Authorization number within 2 business days via e-mail. Entering the return online gives you instant notification of non-returnable products (i.e. Out of Print or deleted titles, merchandising items, etc.)

NOTE: All on-line return correspondence comes from distribution@emicmg.com. Please add this address to your e-mail acceptance list to avoid blocked e-mail confirmations or having them go into your spam folder.

- **Standard Process:** Fax or e-mail the list of titles, stock numbers and quantities you wish to return. Include account number and return fax number on all requests. Subject to the return complying with EMI CMG's policies, you will receive a Return Authorization number within approximately 4 business days (or longer during peak seasonal selling periods.)

RETURN POLICIES

- The Return Authorization number must be written on all packages to be returned and send product prepaid to:
EMI CMG Distribution Group, 400 Capitol Way, Jacksonville, IL 62650

Coupon Program

- Coupons for EMI CMG distributed product are circulated into the market via multiple channels including catalogs, postcards, flyers at concerts, web coupons and application directly to the product. The coupon value for the retailer is indicated on the back of each "dollars off" coupon (i.e. redeem as ONE EMI CMG frequent buyer coupon).
- Retailers must retain coupons and redeem them with a sales representative upon a visit to the store, or they may be mailed to EMI CMG with a replacement order. EMI CMG is not responsible for packages lost in transit from the store (deletion). It is recommended that the coupon package be insured.
- There is a \$0.75 exchange fee for each cassette and \$1.25 exchange fee for each CD which is redeemed.
- Coupon Orders will be shipped free freight.
- An invoice showing all products shipped and the exchange fees involved will be included with the shipment. NOTE: All coupon orders will backorder products if an item ordered is not in stock, even if account is normally set up to cancel backorders.
- PLEASE staple coupons in sets of 5 or 6 to correspond with each order.

- If returning more than one box, please mark accordingly, (i.e 1 of 3, 2 of 3, etc).
- Product will not be accepted without a Return Authorization Number clearly noted on ALL packages.
- *All returns must be shipped to the Distribution Center in Illinois.* Any product shipped freight collect cannot be accepted and will be returned to the shipper (freight charges will not be reimbursed). EMI CMG cannot be responsible for packages lost in transit from the store to the Distribution Center. It is recommended that packages be insured.
- All inquiries regarding returns must be directed to the EMI CMG Telesales and Services Department. Please have the account Return Authorization available and refer to the authorization number for any questions.
- Any credit balance resulting from exchange of product may ONLY be used to offset FUTURE PURCHASES. Returns may only be deducted after the customer receives a credit memo for the return; deductions prior to the customer's receipt of a credit memo will be considered a past due item and may be subject to additional processing charges.
- EMI CMG distributes advance notification of all titles to be deleted. Merchandise deleted will not be authorized for return beyond the date set forth in the advance notification. Any deleted product received after the stated date will be discarded and no credit will be issued. To ensure you do not return any deleted titles, utilize our on-line return request option which confirms the return status of each product.
- Only products purchased from EMI CMG bearing EMI CMG catalog numbers are returnable. No other products will be accepted.
- The following products are non-returnable: demos, special video, cassette or compact disc samplers, merchandising aids and sample sets. Also non-returnable are cassettes, compact discs, video and all other products in which the seal is broken or is returned without original shrink wrap. This EXCLUDES defective products.

- The following products may NOT be redeemed with coupons:
 - Products not yet 75 days past street date
 - Gaither Box Sets
 - Songbooks, Music Video, Theatrical Video, Interactive Games and Computer Software
 - Troubadour For The Lord, Walt Disney Home Entertainment, Walt Disney Records, Safekeeper, Third Day Games and Cloud 9 Games.*

Redemption quantities are as follows:

- \$6.98 to \$11.97 list 1 free with 5 coupons
- \$11.98 to \$17.97 list 1 free with 6 coupons
- \$17.98 to \$24.97 list 1 free with 7 coupons
- 24.98 and up list 1 free with 8 coupons

- Coupons have a cash value of 1/20 of a cent and CANNOT be redeemed for CREDIT. Coupons can be used for REPLACEMENT ORDERS ONLY.
- RETAILER: Redemption of all EMI CMG Distribution Group coupons must be in conjunction with standard EMI CMG redemption policies, provided all coupons are presented to the retailer by a consumer purchasing product with the coupon.

**Some DVD and video product may be redeemable for coupons as part of a pre-approved, targeted promotion initiated by the studio/label. These are handled on a case by case basis with specific redemption instructions.*

Errors In Shipment

- If for any reason there is a problem with a shipment (i.e. shipping errors), you may request action immediately by filling out an EMI CMG SPEEDY form. The SPEEDY FORM is available on the distribution website at www.emicmg.com on the RETURNS page. If you do not have internet access contact your Telesales and Services Representative to acquire a SPEEDY form. The SPEEDY form is NOT intended for overstock product. Any overstock product returned with this form will be charged a 25% fee.
- Affix the return label provided on the SPEEDY Form to the outside of the return package. If the label is missing, you can send your return to the following address: EMI CMG Distribution Center, Attn: Returns, 400 Capitol Way, Jacksonville, IL 62650.
- Return the SPEEDY Form along with the mis-shipped or damaged goods to EMI CMG Distribution Center. All product returns must be shipped to the EMI CMG Distribution Center in Jacksonville, IL. If there is an error in shipment or damaged goods, EMI CMG will credit the customer's account in full for merchandise and freight. Errors in shipment, damaged or defective merchandise returns may not be mixed with overstock returns and must be shipped in separate containers.



Defective Returns

- For defective product requests or product damaged in shipping under \$100 retail value, call Customer Service at 800.877.4443 to request a credit and re-order of the defective product. Defective product or products damaged in shipping, which value \$100 or more must be sent to the Jacksonville facility in a container labeled with a EMI CMG SPEEDY Form label. All defective/damaged product will be credited.

Contact Information

- **Payment Address**
EMI CMG Distribution
P.O. Box 88980
Chicago, IL 60695-1980
- **Mail coupon redemptions, RA requests and other correspondence to:**
EMI CMG Distribution
P.O. Box 5084
Brentwood, TN 37024-5084
Attn: Customer Service
- **Ship Product Returns to:**
EMI CMG Distribution
400 Capitol Way
Jacksonville, IL 62650-3702
- **Sales and Services:**
Phone: 1.800.877.4443
Sales Fax: 1.615.371.6980
Credit Services Fax: 1.615.371.4313
- **E-mail EMI CMG Distribution:**
distributionservices@emicmg.com
- **Internet:** www.emicmg.com

All policies are effective 1/1/08 and supersede all previous policies. By making purchases, customers signify their agreement to abide by these policies and procedures and acknowledge that they may be amended from time to time. All policies, procedures and prices subject to change without notice.