



# CUSTOMER POLICY MANUAL

LAST UPDATED 3/22/2019

To Our Customers:

*This Policy Manual is meant to simplify the detail of our customer policies, bringing them up to date for the present as well as prepare the business for the future. We reserve the exclusive right to terminate, amend, add, modify or delete any of the policies contained in this manual at any time, with or without notice.*

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## **I. TERMS OF SALE**

### **A. ANNUAL REVENUE REQUIREMENT (ARR)**

Any direct Terms or Credit Card account with WEA/ADA will be required to maintain an ARR of \$25,000. We may, in our sole discretion, close any account, at any time, that does not maintain a rolling 12-month ARR of \$25,000.

### **B. BILLING TERMS**

WEA/ADA terms are based on an EOM (End of Month) billing cycle with the month ending on the 25th. Billing from the 26th of the previous month through the 25th of the current month is considered the current month's billing for due date purposes.

#### **1. CREDIT LINE TERMS:**

1% 10 EOM + 30 for all Music and Music Video formats.

Payment is due the 10th of the second month following billing.

Cash discount (1.0%) is offered on net billing of product shipped under Normal Terms, provided payment is received in WEA/ADA's lockbox no later than the 10th of the due month. Balances are considered past due if not paid by the 25th of the due month. Return credit memos for Music and Music Video originally purchased with the early pay 1% cash discount are subject to the reversal of that discount based on our LPFR (Last Purchase First Return) formula. Product sales shipped with extended dating are not eligible for the 1% early pay cash discount.

As has been our policy, Non-Music Video product sales are not subject to this cash discount.

#### **2. CREDIT CARD TERMS:**

All credit card sales are one-way and are not eligible for return privileges. All credit card sales are charged prior to shipping.

- a) Credit Card accounts must make payments using an active credit card at checkout. We accept the following credit cards: American Express, Discover, MasterCard and Visa. No other method of payment is currently accepted.
- b) Credit Card accounts must purchase a minimum of \$25,000 annually.
- c) All products purchased are sold on a one-way basis. We do not accept returns from Credit Card accounts.
- d) Only US shipments are allowed; no international accounts.

- e) Credit Card transactions are not eligible for the 1% early pay cash discount. All orders are considered one-way sale and any address overrides where tax exemption off invoice is required must first be communicated and set up in WEA/ADA's system prior to placing an order. If not, any sales tax charged will be non-refundable.

Any statement in a purchase order that conflicts with WEA/ADA's terms of sale will not be applicable unless expressly approved or acknowledged in writing by WEA/ADA.

### **C. REFUNDS**

It is not WEA/ADA policy to issue cash refunds for active accounts in a credit balance position. A cash refund will only be made in the event service is discontinued, and upon the written request of the customer.

### **D. RETURNED CHECKS**

If a check is returned unpaid by a bank, any cash discount earned must be refunded. WEA/ADA reserves the right to require cash or certified funds to replace a returned check.

## **II. PRICING**

### **A. POLICY**

We offer a single base price for each selection, whether ordered in box lot or less than box lot quantities. These prices apply on shipments to all WEA/ADA customer locations. All returns are credited under this policy at the base price. The most current price listing is located on **theshop.wmg.com**.

### **B. MINIMUM ORDER POLICY/SURCHARGE FOR MINIMUM ORDERS**

For all defined formats, WEA/ADA will accept orders and ship new releases (including new release extensions) in any quantity without additional shipment charges. For any other order requested totaling fewer than 30 units per ship-to location, an order surcharge of \$20.00 will be applied.

## **III. SALES**

### **A. ONGOING SALES PROGRAMS**

We offer a number of ongoing sales programs for our catalog product. A customer's account must be current in order to qualify for any WEA/ADA sales program.

#### **ACTIVE FORMAT DEFINITIONS**

- A - Vinyl Album
- BD - Blu-Ray Disc
- BK - Book
- BX - Blu-Ray Disc w/Bonus CD
- C3 - CD Single
- CD - Compact Disc
- CM - CD-Maxi Single

- CX - CD/DVD Combo
- CZ - CD/Digital Audio Combo
- DA - DVD Audio
- DV - DVD (Music Video or Non-Music Video)
- DX - DVD w/Bonus CD
- HD - HD-DVD
- MH - Merchandise (T-Shirts, totes, audio equipment, accessories, etc.)
- MS - 12-inch Maxi-Single
- MX - CD w/Bonus Blu-Ray Disc
- S - 7-inch Single
- SA - Super Audio Compact Disc
- SD - Storage Device (USB)
- TC - Tape Cassette

## **B. IMPORT AND EXPORT POLICY**

### **1. IMPORTS**

From time to time, we find that our customers are involved in the sale in the United States of product made illegally and imported into the United States without the consent of the owner of the United States copyright. These sales are illegal and are damaging to our companies. The importation or sale of such formats is a violation of United States Copyright Law. Accordingly, all such formats are infringing copies. It is a copyright infringement not only to import product, but also to sell or otherwise distribute such imported product.

We will enforce our rights under the copyright law against importers of and dealers in unauthorized imports. The remedies provided by the copyright law include monetary damages, attorneys' fees and destruction of infringing material.

### **2. EXPORTS**

WEA/ADA distributes pre-recorded music to our customers for resale in the United States. The sound recordings embodied in that pre-recorded music are protected by United States copyright. The producers and copyright owners, in conjunction with WEA/ADA, go to great effort and expense to produce, promote and market these recordings in the United States. In order to derive the greatest benefit from these commitments, we expect our customers to concentrate their efforts on selling in the United States. The formats we supply are not intended to be sold abroad or exported. Moreover, in many cases the sound recordings sold by WEA/ADA in the United States are distributed in numerous foreign countries by our sister companies. Export to such countries by our United States customers is likely to interfere with marketing plans and strategies of said sister companies.

Accordingly, we ask that you not export any of the formats that you obtain from WEA/ADA. In addition, we request that you not make any such product available to anyone you have reason to believe will export it.

### **C. STREET DATE POLICY**

WEA/ADA endeavors to ship new releases to our customers in such a manner that all retailers can adequately merchandise the product for sale beginning on the published street date. Our understanding on such shipments is that none of that product will be sold to consumers before street date. WEA/ADA reserves the right to take strong actions against any retailer who breaks street date on WEA/ADA product, as well as against any wholesaler who supplies WEA/ADA product that ultimately is sold to a consumer before street date. Such actions can include, among other sanctions, suspension or loss of early shipment privileges, suspension of business for a period of time, or complete termination of our business relationship with the retailer/wholesaler involved in the street date violation. WEA/ADA reserves the right to change the published street date of any release at any time.

### **D. BACK ORDERS**

With the exception of New Releases and Future Delivery orders, open backorders are automatically cancelled 60 days after order placement.

## **IV. FREIGHT**

### **A. ORDERS**

All shipments made to WEA/ADA customers are shipped either UPS or common carrier, freight prepaid (except Hawaii and Puerto Rico, where special terms apply).

### **B. RETURNS**

All authorized returns must be shipped freight prepaid to the location designated. Returns shipped freight collect will be refused. All returns received on pallets must adhere to the following guidelines:

- Shrink-wrap must be clear (opaque wrap will not be accepted)
- Contain cartons of equal dimensions only
- Uniform carton layers
- No more than 60" tall
- Bill Of Lading must show the total number of cartons
- All carton labels must face out on all sides

If the above guidelines are not met, WEA/ADA reserves the right to refuse any returned shipment at the expense of the Customer.

(See section V for detailed Return Authorization instructions including the Returns Department address).

### **C. CLAIMS**

All freight claims resulting from outbound shipments are the responsibility of WEA/ADA. WEA/ADA must be notified within fifteen (15) business days of invoice for any claims resulting from a shipment (shortages, damages, etc.).

All freight claims resulting from return shipments are the responsibility of the customer.

WEA/ADA will not accept any Post Audit claims after 2 years from invoice date.

The risk of loss and title for shipments pass to you upon our delivery to the carrier.

Shipments are carefully packed and thoroughly inspected before leaving our warehouse. However, in the event that you receive a short shipment or mis-shipment, you must report a claim with the WEA/ADA Customer Service Department within fifteen (15) business days of the receipt of goods.

If you receive a shipment that has been visibly damaged, you must note such damage on the carrier's freight bill and file a claim with the WEA/ADA Customer Service Department within fifteen (15) business days of the receipt of goods. We will remedy valid claims for lost, damaged or mis-directed shipments with the carrier at our expense.

We will accept P.O.D. requests only up to fifteen (15) business days past the invoice date. When a written proof of delivery is needed for credit reasons, WEA/ADA reserves the right to charge the customer a \$10.00 service/handling fee for each accepted P.O.D. request.

## **V. RETURNS**

### **A. UNOPENED FORMAT RETURN POLICY**

Any unopened, factory sealed formats (see section B, page 6), with the exception of Merchandise (MH), Vinyl Albums (A), 12-inch Maxi-Single (MS) and 7-inch Single (S) purchased from WEA/ADA are returnable in exchange for credit against future purchases. All returns must be authorized by WEA/ADA in accordance with the procedures described below. WEA/ADA reserves the right to not authorize specific customer return requests. WEA/ADA will not allow customer pre-deduction of returns.

We do not accept returns from Credit Card accounts.

All product must be shipped to the WEA/ADA designated facility (listed below) within 90 days of the RA issuance.

Product returned to WEA/ADA must have the proper Return Authorization number clearly visible on the outside of the cartons/pallets. Return freight is at the Customer's expense and must be shipped prepaid to the following address:

WEA Corp c/o Cinram  
437 New Sanford Road

Attn: Returns Door #1  
LaVergne TN 37086

Any return authorizations open for more than 90 days may be canceled at the discretion of WEA/ADA.

In an effort to speed up the process of issuing RA's and Credit Memos, we offer the following options for Return Authorization procedures for music product.

1. The account may submit a return request summarized by format and WEA/ADA will issue an RA number for that request. The customer must in turn agree to accept WEA/ADA's count on receipt, and not pre-deduct the return. The Credit Memo will be issued in full selection detail.

2. WEA/ADA strongly encourages accounts to submit RA requests by EDI. Under this second option, for those accounts who do so, no return authorization will be necessary. The account simply transmits the RA request and ships the product to WEA/ADA Returns Processing. The Credit will be issued using a WEA/ADA Credit Memo number and will reference the account's Debit Memo (or chargeback) number. EDI requests must continue to be submitted in full selection detail.

## **B. RETURNS HANDLING FEE**

We will assess a .35 cent per unit returns handling fee for the following configurations:

- CD – Compact Disc
- BD – Blu-Ray Disc
- BK – Book
- BX – Blu-Ray Disc w/Bonus CD
- DA – DVD Audio
- DV – DVD
- CX – CD/DVD Combo
- DX – DVD w/Bonus CD
- CZ – CD/Digital Audio Combo
- HD – HD-DVD
- MX – CD w/Bonus Blu-Ray Disc
- SA – Super Audio Compact Disc
- SD – Storage Device (USB)
- TC – Cassette
- C3 – CD Single
- CM - CD-Maxi Extended Play Single

Returns handling fees are reflected on each customer return memo.

## **C. RECOUPMENT OF PROGRAM DISCOUNTS**

All credits are issued at original purchase price. Program discounts are applied on a last purchase first return (LPFR) basis. In the event of any price change, WEA/ADA reserves the right to determine the price at which the credit will be issued.



#### **D. NOT AVAILABLE LISTS: CUTOUTS/DELETIONS**

WEA/ADA issues notifications to our customers that certain products will no longer be available for purchase ("Not Available Lists"); WEA/ADA will continue to accept returns of the products on the Not Available Lists unless and until a cutout notification is issued and the return period expires. WEA/ADA also occasionally issues cutout (product deletion) notifications to our customers. For cutouts, our customers are given a specific amount of time to request authorization and return this product for credit (industry standard is 6 months). Once this return deadline has passed, no further RA's or credits will be issued for the cutout selections.

#### **E. RETURNS OF UNAUTHORIZED PRODUCT**

Product returned to WEA/ADA must have the proper return authorization. Any product sent back to WEA/ADA without a valid authorization will be refused by the Distribution Center and returned to the account at the account's expense. No credit will be issued for:

- Cutouts past the last return date
- Non-WEA/ADA product
- Open or breached product; defective cds
- Quantities in excess of quantity purchased

In the event a return is not made in accordance with policy, WEA/ADA will return the product. A charge of .40 cents per unit for shipping and handling non-creditable product will be applied to the return memo.

#### **F. RETURNS OF PRODUCT NOT ORIGINALLY PURCHASED THROUGH WEA/ADA**

Products that are not directly purchased from WEA/ADA are considered non-returnable. Units returned in excess of purchases will be subject to a full reversal of credited price plus a per unit penalty of 10%. In addition, stock in excess of purchases submitted for return credit will not be returned to the customer. For example, title X is credited at \$7.50. We would reverse the \$7.50 credit plus a penalty of \$0.75, for a total debit to your account of \$8.25. Stock returned in excess of purchases, as a result of a Change of Distribution, shall be accepted up to six months after the date of the original purchase.

Customers that do not adhere to our policy may have their return privileges revoked or their account closed.

#### **G. EARLY RETURNS OF NEW RELEASE PRODUCT**

Based on various market support and WEA/ADA advertising programs, New Release product should not be returned within 90 days of the initial street date.

## **VI. ADVERTISING**

The following statement of policy supersedes all previous policies:

WEA/ADA offers to cooperate from time to time with its customers on local advertising activities on a proportionately equal basis under the following terms and conditions:

### **A. DEALER ADVERTISING POLICY TERMS AND CONDITIONS**

#### **1. ALLOCATIONS**

From time to time, WEA/ADA will allocate advertising and promotion allowances for its customers in good credit standing on a proportionately equal basis for the purpose of advertising or promoting at WEA/ADA's discretion the products it distributes. WEA/ADA reserves the right to select the product to be advertised and the media and dates for the advertising to appear.

WEA/ADA reserves the right to not participate in advertising if, in its judgment, it determines that the proposed advertisement, or promotional activity, may be (a) in violation of federal, state, or local laws and/or regulations; (b) false, misleading, or defamatory; or (c) otherwise harmful or detrimental to WEA/ADA, to its labels, to their good will, or to the reputations of their products, personnel, or artists.

#### **2. AUTHORIZATION FORM**

The WEA/ADA Advertising Request/Authorization (ARA) form can accommodate separate authorizations on one document for the customer's convenience; advertising allowances committed for a specific WEA/ADA label are not assignable or transferable to another WEA/ADA label.

- a) All claims submitted against a particular Authorization must be complete at the time of submission.
- b) If WEA/ADA merchandise is combined with Non-WEA/ADA product, WEA/ADA will issue credit only for that portion which is devoted to its product and for its share of headlines.
- c) The customer must submit one debit memo for each Authorization (ARA). When more than one label is included in the ARA, the customer's debit memo must include an itemized breakdown of each label's share.
- d) Please refer to the WEA/ADA Advertising Authorization Number in all claims, and in all correspondence or calls pertaining to specific claims.

#### **3. PRIOR APPROVAL**

- a) No advertising claim will be honored without an authorization. Any advertising placed without prior written approval is done so entirely at the customer's expense.

- b) Product, media and date authorized by WEA/ADA for advertising, cannot be changed without prior approval.
- c) Costs incurred for advertising which exceed the amount authorized are done so entirely at the customer's expense unless prior approval is obtained. Unspent balances of total advertising allowances authorized are not assignable, accruable, or transferable.
- d) WEA/ADA reserves the right to refuse for credit any preparation costs or production charges incurred without written approval in advance.

#### **4. MEDIA**

Use of the following consumer targeted media, or any combination thereof, are the only media acceptable for participation in our advertising program:

- a) Print - Newspapers of general paid circulation
- b) Radio & Television
- c) Mailer or Catalog
- d) Instore Placement
- e) Internet
- f) Rebate
- g) Other reasonable and practical methods of advertising approved in advance by WEA/ADA

#### **B. DEALER ADVERTISING REQUIREMENTS FOR ISSUANCE OF CREDIT**

1. All claims must be submitted to WEA/ADA no later than 180 days from the date the advertising took place; days counted from the ad end-date. If a chargeback for a scheduled ad is not received prior to the expiration date, the authorization will be automatically canceled, and the claim will not be honored for credit.
2. WEA/ADA will issue credit for the customer's cost of print or broadcast advertising at lowest local earned rates, or actual costs of other forms of advertising (approved in advance) after checking and verification by WEA/ADA.
3. Under no circumstances will deductions from remittances for unaudited advertising claims be accepted before WEA/ADA credit memos are issued.

#### **C. DOCUMENTATION REQUIRED BY WEA/ADA TO SUPPORT CUSTOMER CHARGEBACKS**

1. **WRITTEN AUTHORIZATION** - A copy of the WEA/ADA Advertising Authorization form properly filled out.
2. **PROOF OF PERFORMANCE**

a) PRINT

Newspapers of general paid circulation: A full-page tearsheet, a debit memo on letterhead document referencing ARA, a media invoice indicating publication and date in which the advertising appeared size of ad, and total cost and/or a notarized statement signed by a principal executive of the advertiser listing all the newspapers in which the ad appeared, insertion dates, each newspaper's line or inch rate, and total costs for each newspaper.

b) RADIO & TELEVISION

A copy of the script, station invoice detailing product advertised, number of spots, cost per spot, dates and times of broadcast(s), and/or a notarized statement signed by a principal executive of the advertiser stating that the advertising ran as authorized and detailed on the ARA.

c) MAILER OR CATALOG

A copy of the complete piece (actual mailer, catalog, circular, leaflet, or stuffer), a debit memo on letterhead document referencing ARA, a media invoice indicating publication and date in which the advertising appeared size of ad, and total cost and/or a notarized statement signed by a principal executive of the advertiser stating that the advertising ran as authorized and detailed on the ARA.

d) INSTORE PLACEMENT

A debit memo on letterhead document referencing ARA, a media invoice indicating program description (i.e., Listening Station, Featured End Cap, etc.), number of stores participating in program, product featured, dates and total cost and/or a notarized statement signed by a principal executive of the advertiser stating that the advertising ran as authorized and detailed on the ARA.

e) INTERNET

A screen shot of web page displaying WEA/ADA banner, icon or link, a media invoice indicating publication and date in which the advertising appeared, dates and total cost and/or a notarized statement signed by a principal executive of the advertiser stating that the advertising ran as authorized and detailed on the ARA.

f) REBATE

Spreadsheet from customer detailing authorized product, number of units sold, rebate value and rebate amount and/or a notarized statement signed by a principal executive of the advertise stating that the advertising ran as authorized and detailed on the ARA.

g) OTHER

Advertising as specified on the ARA, a debit memo on letterhead document referencing ARA and/or a notarized statement signed by a principal executive of the advertiser stating that the advertising ran as authorized and detailed on the ARA.

**D. SIMPLIFIED ADVERTISING SIGN-UP AND CLAIMS PROCESS**

Customers eligible for cooperative advertising will work with their appropriate Account Manager for initial advertising requests.

Shop account customers should direct requests to [AdAuths@wmg.com](mailto:AdAuths@wmg.com).

Customers would participate in a Simplified Advertising Process by completing and signing the Advertising Authorization Form provided by WEA/ADA, which acknowledges their participation and understanding of this program. Upon this agreement, WEA/ADA will accept a signed Advertising Authorization Form or an email confirmation by an authorized representative as proof of performance acknowledging the authorized advertisement ran within the run dates specified. In most cases, a Credit Memo will be issued to your account within five business days after we receive the signed authorization form or email confirmation.

WEA/ADA requires that complete proof of performance, as outlined above, should be maintained for at least 24 months from the last ad run End Date on the authorization. WEA/ADA will perform random audits whereby we will ask you to provide the complete proof of performance to support previously claimed ARAs. Inability to provide complete proof of performance will result in the reversal of the related credit memo and will jeopardize future participation in this program.

Forms may be submitted via mail, fax or email:

Mail:  
WEA ACCTS RECEIVABLE  
PO Box 29049  
Hot Springs, AR 71913  
Fax: 1.310.220.6727  
Email: [WEAAdvertisingClaims@wmg.com](mailto:WEAAdvertisingClaims@wmg.com)

Please email questions, comments and suggestions to [axis.wmg.com/contact](mailto:axis.wmg.com/contact).

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