

## MOD Collection Basis of Sale



Allied Vaughn is pleased offer you the opportunity to purchase for resell titles from the broad catalog of the Allied Vaughn DVD and Music MOD Collections. Our DVD collection includes titles from the MGM Limited Edition, Warner Archives , Fox Cinema Archives, Universal Studios, Sony Choice Collection, Essential Music Group, Sony Music, CBS Home Entertainment, Disney Educational, National Geographic and other libraries as they become available. Our CD music collection currently includes more than 4,000 titles from Sony Music and Essential Media Group. Additional major and independent labels libraries will be added in the coming months.

This document outlines the fundamental Basis of Sale for this product line. It may be updated from time to time based on new titles, market conditions, shipping costs, raw material cost changes and other factors. The updated document will govern sales to resellers on a go forward basis.

### **The titles:**

The Allied Vaughn MOD Collection currently has well over 8,000 titles and more titles are being made available on a monthly basis. Resellers receive updated title listings including associated metadata on a monthly basis. Contact your Allied Vaughn sales or customer service representative for the most recent listing.

Additionally, we provide resellers with a password protected resource FTP site where art files and other merchandising elements can be accessed for web and print applications.

### **Manufacturing on-demand:**

The Allied Vaughn MOD Collection is made *exclusively on-demand* using the same manufacturing processes already proven successful with the Warner Archive Collection, MGM Limited Edition Collection, History Channel Collection, Sony Music and many others. Products are “retail packaged” with full color case wraps and disc graphics, housed in an industry standard retail case, and for DVDs content is CSS copy protected using studio approved technology for titles required to carry encryption by the content owner. CD’s are released in the CD Audio format and are “retail packaged” with full color jewel folder and tray cards and disc graphics, housed in an industry standard jewel case.

Manufacturing on-demand provides web, catalog and other merchants with a host of advantages:

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**We make on-demand at the time of your order.** So, we're never in a stock-out position on the any Collection. You can market these titles with the confidence your orders are always immediately fill-able.

**No minimum order quantities.** You can take orders as you sell them, or keep modest inventories if you like. No more valuable capital sitting on your shelf collecting dust.

**You incur expense only after you've made the sale** – a CFO's cash flow dream. **Generate more revenue with minimal risk or investment.** Zero inventory means you can add titles for just the modest cost of adding SKUs to your website or catalog.

**On-Demand titles command higher price points.** When you don't have excess inventory flooding the market, and you've got classic and out-of-print content consumers have been waiting for – you get to sell it for full price.

**And more....Manufacturing On-Demand is the industry's "game changer" for physical media and is the fastest growing segment within all of video content marketing.** Faster than Blue Ray, and faster than digital downloads. And, the segment is highly profitable (could be why content owners and marketers are adding titles to on-demand at an ever increasing pace).

**Have your own content?** Let Allied Vaughn convert your library to on demand too, and enjoy the same benefits of zero inventory manufacturing you will experience with the AV MOD collection!

### **Pricing:**

Retail List Price: Allied Vaughn provides MSRP's for most products; however resellers may establish their own sale price

Wholesale Pricing: Competitive Wholesale pricing is offered allowing you to earn, on average, 30 to 35% margin on DVDs and 25 to 30% margin on CDs depending on Studio/Label and product configuration.

*Note – All prices are FOB Allied Plant. Shipping may be billed to your freight account, or Allied Vaughn can ship on our account and invoice you. Direct to consumer shipments will be charged \$0.80 per unit for fulfillment.*

### **Promotional Pricing**

Allied Vaughn may introduce promotional pricing for retailers on title basis, category basis, or other factors. We will announce to retailers the terms and conditions of these promotional offers.

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### **Catalog / Metadata / Marketing Artwork:**

Artwork and metadata for web and catalog sellers can be found on a “reseller ftp site”. The address for this FTP will be provided by the AV CSR when resellers are set up as clients and have committed to marketing the Allied Vaughn MOD Collection.

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Retailers may purchase/resell the Allied Vaughn MOD Collection via two methods of supply chain logistics:

**Micro-replenishment to your warehouse.** With this method, you may place purchase orders with Allied Vaughn for bulk quantities of multiple skus to make up a minimum order quantity of 30 units. We will ship direct to your warehouse, FOB Allied Vaughn plant.

Purchase orders may be placed via Electronic Order Feed (using AV compatible format), or via Excel document (using AV template). AV Purchase Order Template may be obtained from your Allied Vaughn Customer Service Representative.

**Drop ship direct to end-consumer.** Allied Vaughn can take direct order feeds from your web commerce or ERP system allowing for faster receipt by your end customer (using an AV compatible electronic order transmission format).

Direct to consumer shipments will be charged \$0.80 per unit for fulfillment. All shipments are FOB Allied Vaughn plant.

\* Additionally – once set up as an Allied Vaughn reseller, you may use our Manufacturing On-Demand system to support other titles in your collection.

### **Placing Orders:**

A dedicated Customer Service representative will be assigned to your account and their contact information will be provided to you.

### **Returns:**

The Allied Vaughn MOD Collection DVD’s are guaranteed to be free of manufacturing defects:

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Should the product be defective, we will replace it with the same title at no charge.

Because these products are manufactured on-demand, returns for any other reason are not permitted.

### **Cash and Credit Terms:**

The Allied Vaughn MOD Collection may be purchased via one of the following terms:

Cash basis resellers - COD, or Credit Card

#### Credit Approved Resellers

Resellers ordering for warehouse inventory of MOD titles - Net 30 days

Resellers ordering post consumer sale via web or catalog - Net 15 days

### **Billing:**

Retailers will be billed on a once or twice per month basis, depending on their monthly volume. Allied will determine the billing frequency in its sole discretion.

Allied Vaughn Manufacturing and Distribution Center

**Allied Vaughn**  
**901 Bilter Road**  
**Suite 141**  
**Aurora, IL 60502**

**630-626-0215**  
**800-759-4087**