

RANDOM HOUSE, INC.
Mass Market Warehouse Policy for Retail Distribution Centers (RDCs)
Date: Effective 9/1/04

Retail Distribution Center (RDC) warehouses that meet the criteria below will be eligible to receive an additional discount of 2% (up to a maximum available discount of 50%) over Publisher's current standard applicable returnable RDC discount as set forth in Publisher's Terms of Sale for U.S. Retailers on designated adult and children's mass market titles*.

1. Retailers must meet the definition of an RDC as outlined in the general terms of sale for retailers.
2. Shipments must be designated for pre-approved RDC warehouses.
3. The RDC warehouse must ship to multiple retail locations a minimum of once per week with a maximum delivery time of 7 days from the date of order.
4. All orders to the RDC warehouse must be shipped in single title carton quantities with the ability to merge purchase orders on the same pallet. Any order that is not placed in carton quantities will be rounded to the carton quantity. Accounts may make the following rounding designations: round up, round down, round nearest. In addition, orders will be packed, shipped and invoiced as per Publisher's standard procedures.
5. A 250 unit minimum is required for each purchase order.
6. All RDC orders must be placed in accordance with Publisher's EDI requirements.
7. The RDC warehouse must either be capable of processing an Advance Ship Notice (ASN) for receiving shipments and obtaining list price information on shipments, or be committed to achieving this capability as soon as practicable.
8. The RDC warehouse must store and maintain an appropriate level of warehouse inventory for at least 90% of the Publisher's available titles and have such inventory readily available for replenishment to stores. The inventory levels for these titles must be consistent with the Publisher's forecast and the Publisher must be able to suggest adjustments to these levels. Publisher and RDC warehouse will agree on the specific titles on a monthly basis.

Other: Publisher will not pay or accept vendor non-compliance chargebacks, violation fees, assessments, allowances, etc. related to fulfillment processing, returns processing or shipping, etc. Accounts must render timely payments in accordance with our published terms of sale and be in good credit standing. All other retail coop marketing and freight policies and other terms of sale apply. Status as an RDC warehouse is contingent upon the customer's being in good credit standing. Additional restrictions may apply. Publisher reserves the right to change terms of sale at any time.

*Designated adult and children's mass market titles are mass market formats whose standard terms are 44% for drop ship; 48% for RDC.