

Random House, Inc. Terms Of Sale

U.S. DISTRIBUTORS – Updated 08/2010

RH, INC. DISTRIBUTOR DEFINITION - A RH distributor:

- Warehouses, sells, distributes, and effectively merchandises books to retailers
- Any books transferred or sold to an affiliated (under any form of common ownership or control) retailer will be subject to RDC terms of sale
- Carries all RH titles appropriate for their market as determined by RH
- Distributes RH titles to meet on-sale dates and designated on-sale periods as determined by RH
- Honors all chain authorizations (where applicable)
- Promotes RH titles in all sell pieces (catalogues, brochures, direct mail, phone, etc.)
- Guarantees at least 30 days on sale for RH titles
- If teacher's guides, bibliographies, etc. are made available to your customers, you must carry and distribute all such materials offered by RH
- Must not charge for line listings or microfiche

Business Blends: Business Blend percentages are required by all distributors to represent their business breakdown among sales to bookstores, mass merchandisers, and schools/libraries. This business blend is used to calculate incentives earned (see grids on Appendix A&B). There will be an audit and update of the business blends between bookstore and non-bookstore business once a year in October to be applied to the following fiscal year.

RH WESTMINSTER, MD WAREHOUSE:

•Ballantine, Villard, One World, Del Rey, Spectra, Lucas Books, Presidio Press, ESPN Books •Bantam, Bantam Classics, Spectra •Broadway, Harlem Moon •Crown, Broadway, Crown Archetype, Harmony, Crown Forum, Crown Business, Clarkson Potter, Potter Style, Watson-Guptill, The Monacelli Press, Three Rivers Press, Doubleday Religion, Waterbrook Multnomah, Ten Speed Press [Material World; Achatz, LLC] •Dell, Delacorte, The Dial Press •Doubleday, Nan A. Talese •A.A. Knopf, Anchor Bks, Pantheon, Schocken, Vintage, EML •McClelland & Stewart, Inc. •RH Audio, RH Audible, •Random House, Random House Trade Paperbacks, Modern Library • Spiegel & Grau •RH Large Print •Fodor's, Living Language, Prima Games, Princeton Review, Reference, RH Puzzles & Games, Sylvan Learning •Discovery •Sierra Club

RH CRAWFORDSVILLE, IN WAREHOUSE:
 •RH Children's Bks, BFYR, Disney, Golden Books, Laurel Leaf, Yearling •Listening Library •Tundra

HOW TO ORDER:

Customer Service: (800) 733 – 3000
 FAX Orders to: (800) 659 – 2436
 Telephone Sales Dept: (800) 724 – 7753

MAIL ORDERS: Random House, Inc. Distribution Center
 400 Hahn Road
 Westminster, MD 21157
 Attn: Customer Service

Further information available at: www.randomhouse.biz. It's quick, easy, and available 24/7. You can place an order, look up a title, check on your order status, place claims for shortages/damages, obtain a listing of the current managed titles, and retrieve an invoice. Register your account today to learn more.

FREIGHT: All formats will ship free freight on outgoing orders to established trade accounts. Initial shipments do not combine with reorders. Customers requesting expedited freight will be responsible for any additional charges.

SHIPMENT MINIMUM: Westminster: \$200 retail value for reorders, \$100 retail value for initials; **Crawfordsville:** \$100 retail value. All publishers and formats will combine to meet the shipment minimum within each warehouse. Shipments that do not meet the minimum will not leave the warehouse and will backorder for up to 90 days, in order to combine with other orders. Once a combination of orders exceeds the minimum retail value, it will be shipped.

SHORTAGES/DAMAGES POLICY: At time of order receipt it is the customer's responsibility to check for carton or pallet shortages or signs of damage. The Bill Of Lading will clearly indicate the number of cartons/pallets to be received. Random House will honor "subject to count" claims only if the bill of lading is signed, dated and all claims are reported to Random House Customer Service within 10 days of receipt of delivery. If a shortage/damage is discovered please call our Customer Service Department at 1-800-733-3000.

CREDIT: Shipments will be made to all accounts in good credit standing, as determined by the RH Credit dept. In addition, accounts must also be in good credit standing to participate in any promotional offers and to receive any incentive payments or rebates.

PAYMENT TERMS: 90 days End of Month from invoice date. Payments, in the form of checks, money orders, or wire transfers, are due at the RH bank by the last banking day of the month due (excludes Sat & Sun). Prompt payment is required in order to receive full incentives earned – SEE APPENDIX A FOR DETAILS. In the event of non-payment, the account is responsible for any late fees, finance charges, collection fees and/or legal fees incurred.

VENDOR COMPLIANCE: RH will not pay or accept vendor non-compliance chargebacks. All purchase orders are accepted and shipped subject to the terms and conditions of Random House's terms of sale.

BASE DISCOUNTS:

All discounts listed are off invoiced cover price. Large Print* titles follow the appropriate format discounts.

Hardcover, Trade Paperback & Audio	
Adult Hardcover (HC):	49%
Trade Paperback (TR):	50%
Audio/Listening Library ¹ :	55%
Calendars:	60%
Classics (Adult Mass Market):	58%
CodeNotes:	60%
Ebooks ² :	48% NR ³
Fodor's:	50%
Knopf City Map Guides:	50%
Living Language Audio:	55%
Modern Library Paperback Classics:	55%
Pillsbury Complete Cookbook:	55%
Potter Style:	52%
Prima Games:	53%
Princeton Review:	52%
Real U	54%
Shaw Bible Study:	52%/55%
Signed Limited Editions:	25% NR ³
Sylvan Learning	55%
Vintage Educational Paperbacks:	Net Priced
Waterbrook Multnomah (see your rep for details):	52% / 55%
Webster's Reference Titles:	55%

Note¹: Effective 5/1/03, all wholesale distributors' sales of audio & large print products in the school & library channel that are not sold directly to a school and/or library will receive a **10% discount**. This adjustment will appear as a debit on the year-end statement.

Note²: See separate 'eBook Terms of Sale' document for full sale terms of eBook format titles.

Note³: NR = Non-returnable.

RH Children's Books:

Beginner Chapter Books ¹ , Color & Activity, Level Readers ² , Storybooks ³ , and Merrigold Product:	55%
Children's Jacketed HC:	50%
Children's Step Ahead Series:	60%
Children's Unjacketed HC, board, TR	55%
Gibraltar Library Bindings:	31%

Note¹: Beginner Chapter Books include all Stepping Stone and Berenstain Bear Chapter Books.

Note²: Level Readers includes Step Into Reading (SIR), Road to Reading (RTR), Road to Writing (RTW).

Note³: Storybooks includes Little Golden Books, Little Golden Storybooks, Look-Look, Little Look-Look, 8x8, and Jellybeans.

Mass Market & Digest

Mass Market Adult (MM):	44%
Classics (Adult MM):	58%
All Children's rack-sized MM paper:	44%
All Children's Digest paper (except Beg Chapter Books noted above):	50%

MASS MARKET INCENTIVES

- 1) **Carton Quantity Discount** for mass market format, excluding Classics: + 4% (for ordering full cartons).
- 2) **Distributor Service Criteria Discount** for mass market format, excluding Classics: + 2% (for performing specified functional services)

MASS MARKET & DIGEST INCENTIVES

Distributor Efficiency Program (DEP) and Freedom Incentive Plan (FDM) for mass market and digest format, excluding any lines already offering higher base discounts: maximum 5% SEE APPENDIX A (DEP) & B (FDM) FOR DETAILS.

CARTON QUANTITY REQUIREMENT: HC/TP

books ordered in less than carton quantities are subject to a 2% quarterly chargeback. (**Accounts will be notified prior to implementation.**)

RETURN POLICY:

A valid return claim covers RH product, which is eligible for return and has been shipped to the designated RH facility. Only returnable product purchased directly from RH can be returned for credit. Random House reserves the right to review, destroy and disallow credit for returns in excess of what was purchased. An estimated or anticipated bulk returns claim is an invalid deduction and will not be allowed. Returns are credited at the standard base discount at which the product was purchased. Titles that are active and bought on a returnable basis can be returned at any time.

•Unless otherwise specified, **full copy returns** are required on all HC, TP, and RH Audio titles. Component titles of box set (BX) format titles may not be returned individually, and credit will only be issued for the return of complete BX sets. All labels and stickers appearing on cover 4 (back cover) that contain bar coding or obstruct the pre-printed bar code located on cover 4 (back cover) must be completely removed prior to return. Returns freight on these and other nonstrippable books is the responsibility of the distributor.

•Unless specifically designated as a full copy returns, **stripped front cover returns** are required on all mass market books, Yearling, Skylark, dated Princeton Review, dated Fodor's Guides and Fodor's Pocket Guides. Dated materials can be stripped only after the new edition has been shipped. Calendars are strippable only after March 31st of the current year. In submitting returns for credit, the distributor agrees that the bodies of books of which covers only are returned, will be shredded or destroyed in such a manner as to make them unusable after covers are returned for credit.

Stripped cover and full copy returns must be shipped separately to:

Random House - Returns Department
1019 N State Road 47
Crawfordsville, IN 47933

Return authorization in advance is not required, for active titles purchased on a returnable basis. Accounts will be given 180 days after notification that a title has been declared **Out of Print** or **Remaindered** to return it for credit. Component titles of box set (BX) format titles may not be returned individually, and credit will be issued only for the return of complete BX sets. RH will return, at the customer's expense, and no credit will be issued for any titles received that are either not eligible for credit, not RH publications (NOP) or have labels or stickers applied to cover 4 (back cover) that either contain bar coding or obstruct any pre-printed bar codes. If the customer refuses and/or returns the product back to RH, the product will be destroyed.

For more information regarding packaging and shipping of returns please contact Customer Service or visit www.randomhouse.biz/booksellers/notices.

RH offers export terms for distributors selling to appropriate open market territories overseas provided certain conditions are met. Contact RH International @ 212.572-6106.