

Random House, Inc. COOP Advertising & Consumer Value Allowances for US Retailers – Updated 12/2006

The allowance is based on the appropriate percentage of previous year's (January 1 to December 31) net purchases of RH titles directly from RH and indirectly through a distributor. **All coop expenditures must be approved in advance by a RH sales representative.** All promotions/events must be approved in writing by a RH sales representative and documentation of the actual cost of the promotion and proof of ad must be furnished for reimbursement*. Random House reserves the right to review the compliance and effectiveness of the expenditure prior to reimbursement. Reimbursements for co-op claims will be made by credits issued to the accounts. Accounts must be in good credit standing to receive co-op reimbursement. All claims must be made within 90 days subsequent to the end of the calendar year. Pools for allowances are calculated separately by publisher and are based on the following pool %s:

HC/Tradepaper:	3.00%
Audio:	2.00%
Children's (all formats including Golden & Disney):	4.00%
Fodor's:	4.00%
Mass Mkt/Digest:	1.25%
Prima Games:	5.00%
RH Value:	2.00%

- **Coop Advertising Allowance:** Cooperative funds can be used to reimburse for advertising and promoting RH titles through reasonable and practical methods including but not limited to: print, radio, television or internet/www advertising; space in a retailer's brochures, catalogs, circulars or mailing pieces; in-store placement; in-store events (e.g., author appearances); consumer value such as promotional pricing (e.g. x% off for a designated time frame; buy x get y free; buy x get y% off; 2 for \$x; coupons / rebates for future RH purchases; free delivery of books to the customer's home) or promotional items for consumers (e.g. gift with purchase such as a bookmark, t-shirt, mug, snack in the café, greeting cards, or other non-book items); Other, as approved by rep.

Indirect purchases: Funds may be earned by an account based on its indirect purchases by choosing either of the following:

- (a) An account may submit proof of previous year's net purchases through distributor(s) to create their pool or to increase their existing direct pool. Funds will be calculated in the same manner as their RH direct pool is earned (see above for details). Proof must be submitted by **April 15th of the current year**; OR
- (b) RH will automatically calculate 10% of the current fiscal year's co-op earnings (not including dollars earned by title merchandising funds) to add to their existing direct pool.

Growth Plan: Bookstores which anticipate an increase in market share or store expansion may be eligible to earn additional funds based upon an agreed growth percentage by publisher between the account and RH. RH will use this percentage to increase the pool by the agreed upon %. The account will be charged back if their anticipated growth does not occur to the expected level. A quarterly review with the account will be held to monitor the growth progress. RH Reps need to submit growth requests for consideration to Julie Black (jblack@randomhouse.com) by 7/30.

Order Driven Coop:

A) Title Merchandising Allowance: Retailers may earn additional coop dollars on specific titles to be announced throughout the calendar year as eligible for an additional supporting order co-op funds.

B) Newsletter Marketing Allowance: RH designates certain titles throughout the calendar year period as eligible for a \$50 newsletter marketing allowance per bill-to account:

- Prominent front-of-store positioning required
- 50 word minimum for copy used in newsletter
- Not to be used in conjunction with Title Merchandising. If both programs are made available by the publishers for a particular title, the account may elect to take advantage of only one of the programs.
- Use of this program for e-mail newsletters is subject to rep approval.
- The total amount of Random House newsletter coop (Adult or Children's) claimed in a calendar year may not exceed the total amount of pool coop available from Random House (Adult or Children's) in that same calendar year. Some exceptions may apply. Contact your sales rep for details.

Send all coop claims directly to:

Independent Retail Field Accounts

Random House, Inc.
1745 Broadway, 5th Floor, NY, NY 10019
ATTN: Karen Schneider

All Other Accounts

Random House, Inc. Distribution Center
400 Hahn Road, Westminster, MD 21157
ATTN: Coop Administration Department

*Proof of ad may be stored by the account provided that this proof is stored for at least 3 years provided that RH has access to this proof. See your rep for affidavit and details.

The deadline for all calendar year 2006 claims is March 31st, 2007. The deadline for all calendar year 2007 claims is March 31st, 2008.

Note: Audio downloadable/digital, BOT, Business Development, Calendars, CodeNotes, Distribution Clients, Net-priced product, Proprietary product, Potter Style, Remainders, RH Discontinued Operations are not included in any of these programs. Separate programs may be available. Contact your Sales Rep for details.

Minimum Advertised Price:

While booksellers are free to charge whatever price they wish for RH titles, in no event may co-op advertising funds be used to advertise a retail price more than 45% below the manufacturer's stated cover price.

RANDOM HOUSE, INC. RESERVES THE RIGHT TO CHANGE TERMS OF SALE AT ANY TIME.

<http://www.randomhouse.com/bookseller/terms.html>