

## Random House, Inc. Terms of Sale

U.S./Canadian Full-Line Resellers (Retailers or Aggregators) of Downloadable Audiobooks to Consumers and/or Retailers  
Updated March 1, 2008

### Discount for Trade Distribution of Downloadable

**Audiobooks:** Discounts listed are off the Random House ("RH") digital suggested retail price as stated in U.S. currency ("DSRP"): 40% on all copies sold. All sales are non-returnable.

### Definition: A Full-Line Reseller (Retailer or Aggregator):

- Offers for sale a minimum of 90% of all available retail RH Downloadable Audiobooks at any given time (front and back lists);
- Accepts electronic delivery of invoices, title metadata, and audio content per RH specifications;
- Conducts full range of marketing activities designed to increase sales of Downloadable Audiobooks.

### Operational Requirements:

Reseller will comply with all current RH Operational Requirements specified on page 2.

### Credit

Sales will be made to all accounts in good standing, as determined by the RH Credit department.

### Sales Statements and Payments

Sales statements are due on monthly sales on or before the 10<sup>th</sup> day of each calendar month for sales occurring in the preceding month. Monthly sales statements shall conform to the standard specifications established by RH or an alternative reporting format that has been approved by RH.

RH will issue an invoice on or around the 15<sup>th</sup> of the month based on quantities reported by the Reseller in its monthly sales statement. Reseller will receive RH's invoices via a standard EDI feed. Payments are due 15 days Net of RH's invoice date. Payments in the form of checks, money orders or electronic transfers shall be made in U.S. currency.

### Order Fulfillment System

Reseller, either directly or through a third party, will maintain an electronic order-fulfillment system acceptable to RH ("the System"). The System will store RH Downloadable Audiobooks, receive and process electronic orders for such Downloadable Audiobooks from retail accounts and/or end-users, and transmit Downloadable Audiobooks to such customers. The System shall be maintained in a strictly secure environment, pursuant to current industry standards for the housing and storage of digital information, so that RH Downloadable Audiobooks are secure from theft, manipulation, unauthorized copying or transmission, infringement and other misappropriation ("Misappropriation").

RH reserves the right at any time to change the DSRP, to replace, edit or modify the audio master, and to declare any RH Downloadable Audiobook no longer for sale. Reseller must make the adjustments set forth in the preceding sentence immediately upon receipt of RH's instructions, and upon request, Reseller shall confirm in writing that such adjustments have been made.

Upon request, Reseller will furnish RH with a written statement, signed by an officer of Reseller, that specifically describes the System used by Reseller for the sale of RH Downloadable Audiobooks, including the System's data protection system and the manner in which such Downloadable Audiobooks are stored

and distributed. Thereafter, Reseller shall notify RH of any material changes made to the System, and RH shall have the right to approve any new Systems, any changes to the existing system or to reevaluate existing Systems at any time.

RH acknowledges that Reseller may use one or more third parties to assist with sales and fulfillment of Downloadable Audiobooks. Reseller shall be responsible for ensuring that its fulfillment contractor(s) comply with the provisions of these Terms of Sale. Reseller agrees to be responsible for any breach of the Terms of Sale by its fulfillment contractor(s).

### Distribution

Reseller is authorized to resell copies of RH Downloadable Audiobooks that are purchased from RH pursuant to these terms of sale. No rights under copyright are granted to the Reseller with respect to the Downloadable Audiobooks sold hereunder. To the extent Reseller is making copies of the Downloadable Audiobooks as part of the electronic order fulfillment and transmission functions of the System, Reseller will be deemed to be making such copies as a vendor and service provider on behalf of RH. Reseller may not abridge, expand, edit or otherwise modify or alter the contents of the RH Downloadable Audiobooks, and advertisements may not be included in or as part of the transmission of such Downloadable Audiobooks. Reseller shall insure that the methods used for transmitting RH Downloadable Audiobooks are free from defects that may harm the end-user's computer, hardware, software or data. Resellers shall display to all customers a reasonably prominent on-screen notice that the Downloadable Audiobooks are protected by copyright and provide a proper warning against Misappropriation.

### Books of Account

Reseller shall maintain complete and accurate books of account and records covering all purchase transactions with RH and with Reseller's customers involving RH Downloadable Audiobooks. Upon reasonable notice to Reseller, RH and/or its representatives shall have the right to inspect, analyze, audit, and copy the business records of Reseller that relate to such transactions in order to confirm sales and receipts pertaining to the transmission of RH Downloadable Audiobooks and verify the accuracy of information reported through the System. The expense of any such audit shall be borne by RH unless errors in accounting in Reseller's favor amounting to five percent (5%) or more of the sums paid to RH during the audited period are found, in which event such expenses shall be borne by Reseller.

RH may at any time designate an independent consultant to audit the effectiveness, security and integrity of Reseller's System. Reseller will ensure that any auditors or consultants hired by RH to conduct such a study will be provided with sufficient access to the System to enable a comprehensive review of such System.

### Cease Publication

RH may at any time in its sole discretion declare any or all of RH's Downloadable Audiobooks no longer for sale by a Reseller, and upon receipt of notice of such action, the Reseller will promptly remove such Downloadable Audiobook files from its System, and provide RH, upon request, with a certification that the digital file for the terminated Downloadable Audiobook has been destroyed.

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### Random House Downloadable Audiobooks: Full-Line Reseller (Retailer or Aggregator) Operational Requirements

|                                      | Initial Requirements  | Sustained Requirements  |
|--------------------------------------|---|---|
| <b>FINANCE</b>                       |   |   |
| Sales reporting                      | Must be able to provide accurate, consistent, and timely monthly sales reports in accordance with Random House's specifications.                          |   |
| Credit                               | Must apply for account and satisfy Random House's corporate credit requirements.  | Must pay in timely fashion according to corporate credit requirements; must maintain complete and accurate books of account covering all purchase records involving Random House Downloadable Audiobooks; must allow auditor at any time. |
| <b>CONTENT</b>                       |   |   |
| Catalog                              | Must offer for sale a minimum of 90% of all retail Random House Downloadable Audiobooks.  |   |
| Content management                   | Must control on-sale dates, manage embargoes without early release, and adhere to territory restrictions.   |   |
| Audio content                        | Must be able to receive new title content via reseller's FTP on a weekly basis.   |   |
| Art and audio samples                | Must be able to receive cover images through feed or retrieve from Random House's Smart Archive; all audio samples used must be provided by Random House. |   |
| <b>SECURITY</b>                      |   |   |
| File security                        | Must maintain files in a secure environment that is consistent with current industry standards for storage of digital content.                            | Must furnish written statement that describes security system upon request.   |
| <b>CUSTOMER SERVICE/TRANSACTIONS</b> |   |   |
| Tech Support                         | Must provide satisfactory customer service to its end-consumers relative to the download and transaction process.   |   |
| <b>METADATA</b>                      |   |   |
| ONIX                                 | Must use Random House's standard ONIX feed as primary source of title metadata.   | In order to remain an account in good standing, aggregators are required to pass along to their retail customers accurate and timely Random House metadata, DSRP, pub date, and content files.  |
| EDI                                  | Must be able to accept Random House's standard x12 XML/810 invoice.   | Must consistently receive, process, and pay invoices from EDI feed.   |