

Random House, Inc. Terms of Sale
U.S./Canadian Specialty Retailers of Downloadable Audiobooks
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"): 20% on all copies sold. All sales are non-returnable.

Definition: A Specialty Retailer:

- Offers for sale less than 90% of all available retail RH Downloadable Audiobooks at any given time (front and back lists).

Operational Requirements:

Retailer will comply with all current RH Operational Requirements as defined 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 10th 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 15th of the month based on quantities reported by the Retailer in its monthly sales statement. 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

Retailer, 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. Retailer must make the adjustments set forth in the preceding sentence immediately upon receipt of RH's instructions, and upon request, Retailer shall confirm in writing that such adjustments have been made.

Upon request, Retailer will furnish RH with a written statement, signed by an officer of Retailer, that specifically describes the System used by Retailer 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, Retailer 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 Retailer may use one or more third parties to assist with sales and fulfillment of Downloadable Audiobooks. Retailer shall be responsible for ensuring that its fulfillment contractor(s) comply with the provisions of these Terms of Sale. Retailer agrees to be responsible for any breach of the Terms of Sale by its fulfillment contractor(s).

Distribution

Retailer 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 Retailer with respect to the Downloadable Audiobooks sold hereunder. To the extent Retailer is making copies of the Downloadable Audiobooks as part of the electronic order fulfillment and transmission functions of the System, Retailer will be deemed to be making such copies as a vendor and service provider on behalf of RH. Retailer 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. Retailer 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. Retailers 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

Retailer shall maintain complete and accurate books of account and records covering all purchase transactions with RH and with Retailer's customers involving RH Downloadable Audiobooks. Upon reasonable notice to Retailer, RH and/or its representatives shall have the right to inspect, analyze, audit, and copy the business records of Retailer 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 Retailer'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 Retailer.

RH may at any time designate an independent consultant to audit the effectiveness, security and integrity of Retailer's System. Retailer 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 Retailer, and upon receipt of notice of such action, the Retailer 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: Specialty Retailer Operational Requirements

	Initial Requirements	Sustained Requirements
FINANCE		
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 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.
CONTENT		
Content management	Must control on-sale dates, manage embargoes without early release, and adhere to territory restrictions.	
Art and audio samples	Must be able to retrieve cover images from Random House's Smart Archive; all audio samples used must be provided by Random House.	
SECURITY		
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.
CUSTOMER SERVICE/TRANSACTIONS		
Tech Support	Must provide satisfactory customer service to its end-consumers relative to the download and transaction process.	
METADATA		
Title Information	Must be able to accept Random House-supplied metadata as primary source of title information.	Must have accurate title information and metadata on website.