

Random House Publisher Services

U.S. Distributors Terms of Sale (Updated 09/10)

RHPS DISTRIBUTOR DEFINITION - A RHPS 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 adjustment to RDC terms of sale
- Carries all RHPS titles appropriate for their market as determined by RH
- Distributes RHPS titles to meet on-sale dates and designated on-sale periods as determined by RH
- Honors all chain authorizations (where applicable)
- Promotes RHPS titles in all sell pieces (catalogues, brochures, direct mail, phone, etc.)
- Guarantees at least 30 days on sale for RHPS titles
- If teachers' 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 between sales to bookstores, mass merchandisers, and schools/libraries. This business blend is used to calculate incentives earned. 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:

Distribution Clients: Allworth Press, Archie Comics, Beacon Press, DC Comics, Hatherleigh, Kuperard, Mark Batty Publishers, Melville House, Mondadori Spanish Language, National Geographic Adult, New York Review Books, North Atlantic/Frog, Ltd. Adult, Osprey, Other Press, powerHouse Books, Radical Books, Rizzoli, Shambhala, Smithsonian Press, Steerforth Press, Titan, Wizards of the Coast Adult, Vertical, Welcome Books

RH CRAWFORDSVILLE, IN WAREHOUSE:

EgmontUSA, National Geographic Children's, North Atlantic/Frog, Ltd. Children's, Tundra Books, Wizards of the Coast Children's.

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.

CREDIT: Shipments will be made to all accounts in good credit standing, as previously 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

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.

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 business day of the month due (excludes Sat & Sun). Prompt payment is required in order to receive full incentives earned.

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.

Hardcover, Trade Paperback & Audio

Adult Hardcover (HC)	49%
Adult Trade Paperback (TR)	50%
Rizzoli HC Children's titles	49%
Children's Jacketed HC	50%
Children's Unjacketed HC, board, TR	55%
Audio	55%
Stationary Items (Note cards)	52%
e-Books	48%*
Signed Limited Editions	30% NR**

Publisher Specific TOS for select Product Lines

DC Classic Library	35% NR**
DC Absolute Editions	45%NR**
Library Bindings	35%
Beacon Press Academic	23%
Nat'l Geo Soc. Traveler	50%
Nat'l Geo Soc. Almanac 2010	53%

NYRB/Smithsonian Calendars	60%
NYRB (incl. Little Bookroom) Stationery	52%
Osprey Hobby HC	49%
Osprey Hobby TR	50%
Osprey NR Hobby (all formats)	55%
Other Press Professional/Academic	42%
Rizzoli Promotional (HC & TR)	53%
Shambhala Volumes	52%
Shambhala HC Boxed Sets	52%
Shambhala Academic Titles	20%
Smithsonian Academic	40%
Welcome Limited Editions	45% NR**
Wiz of Coast Folio, Miniatures	49%

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

Mass Market & Digest

Mass Market Adult (MM)	44%
All Children's rack-sized MM paper	44%
All Children's Digest paper	50%

*E-books See separate eBook TOS document for full details/requirements
**NR = Non-returnable.

MASS MARKET INCENTIVES

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

MASS MARKET & DIGEST INCENTIVES

Distributor Efficiency Program (DEP) and the Freedom Plan for mass market and digest format, excluding any lines already offering higher base discounts (maximum 5%), and those belonging to the non-participating clients. Contact your rep.

CARTON QUANTITY REQUIREMENT: HC/TR

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 RHPS 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 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. 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. Unless specifically designated as a full copy returns, stripped front cover returns are required on all mass market books. 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. 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 RHPS 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/bookseller/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.