

Random House, Inc. Terms of Sale
U.S./Canadian Retailers and Wholesalers of eBooks
Updated February 1, 2010

Discounts for Trade Distribution eBooks

Discounts listed are off suggested retail price:

For Retailers: 48% (Non-returnable)
For Distributors: 48% (Non-returnable)

Accounts acting as both retailers and wholesalers are required to maintain separate books of accounts that reflect sales into each channel. Accounts that cannot accurately segregate sales between two channels are required to purchase RH eBook at the retailer discount.

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.

RH will bill reseller based on quantities reported by the reseller in its monthly sales report. Reseller will receive RH's invoice on or around the 15th day of the month according to the preferred billing method indicated by the reseller, either by EDI feed, email or paper 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 US currency.

Order Fulfillment System

Reseller, either directly or through a third party, will maintain an electronic order-fulfillment system with security and encryption features acceptable to RH ("the System"). The System will store RH eBooks, receive and process electronic orders for such eBooks from retail accounts and/or end-users, and transmit eBooks, in encrypted form only, to such customers. The System shall be maintained in a strictly secure environment so that RH eBooks are secure from theft, manipulation, unauthorized copying or transmitting, infringement and other misappropriation ("Misappropriation"). RH reserves the right to change suggested retail prices of RH eBooks at any time. Reseller must make any such price adjustments immediately upon receipt of RH's instructions, and Reseller shall confirm in writing that such adjustments have been made.

RH acknowledges that Reseller may use one or more third parties to assist with sales and fulfillment of eBooks. Reseller's use of such fulfillment contractor(s) shall be subject to RH's prior written approval. 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 sell single copies of Random House's eBooks that are purchased from RH pursuant to these terms of sale. No rights under copyright are granted to the Reseller with respect to any eBooks offered for sale hereunder. To the extent Reseller is making copies of the eBooks 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 any RH eBooks, and advertisements may not be included in or as part of the transmission of such eBooks. Reseller shall insure that the methods used for transmitting RH eBooks are free from defects that may harm the end-user's computer, hardware, software or data.

Encryption

Reseller will utilize encryption and security technology approved by RH to secure the eBooks from Misappropriation. In the event an approved encryption scheme is violated to such an extent that RH reasonably believes its eBooks are being Misappropriated as a result of Reseller's distribution, upon notice from RH, Reseller will be required to either cease distribution of RH eBooks or take immediate steps to upgrade and improve its encryption scheme. If RH is not satisfied with the Reseller's solution, RH may immediately withdraw its titles from the Reseller's System. If compromised security is related to a specific electronic format as opposed to Reseller's System, RH may instruct Reseller to cease selling its eBooks in the compromised format.

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 eBooks. 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 eBooks 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 in a six month period are found, in which event such expenses shall be borne by Reseller.

RH may at any time inspect and audit the effectiveness, security and integrity of Reseller's System. Reseller will ensure that RH 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 eBooks no longer for sale by a Reseller, and upon receipt of notice of such action, the Reseller will promptly remove such eBook files from its System, and provide RH, upon request, with a certification that the digital file for the terminated eBook has been destroyed.