

Simon & Schuster, Inc.

Effective January 1, 2010

U.S.A. Retail Distribution Center's Mass Market Warehouse Policy

Simon & Schuster announces a Retail Distribution Center Mass Market Policy for those retailers with established Distribution Center warehouse locations (RDCs) that meet the qualifications, requirements and exceptions noted below will be eligible to receive **an additional discount of 2% points above and beyond Simon & Schuster's announced RDC Terms of Sale for designated Adult Mass Market titles**, up to a maximum discount of 50%.

Policy Qualifications

To qualify for this discount, each Retail Distribution Center must adhere to the following criteria:

1. Retailer must maintain good credit standing and render timely payments in accordance with S&S's Retail Terms of Sale.
2. Retailer must maintain a freestanding, pre-approved, Distribution Center with truck-height loading and receiving dock capable of receiving full skids of merchandise. The DC may support any number of locations.
3. Acceptance of this plan must be made by filling out and signing the election form below and returning it to S&S.

Policy Requirements

1. The RDC must carry 90% of S&S's active Mass Market titles at an appropriate level (decided by S&S and the retailer) at any given time for replenishment to stores.
2. The inventory levels for these titles must be consistent with S&S's forecast and the retailer must consider in good faith S&S's suggested adjustments to those levels.
3. All RDC locations must order individual titles in carton quantities. Any product ordered in less than carton quantities is subject to accounts' standard retail base discount.
4. The RDC must order a minimum of ten cartons per order, per DC.
5. Purchase orders will combine for shipping and invoicing. Orders will be packed, shipped, and invoiced, as per S&S's standard procedures.
6. All RDC orders using this policy must be placed under separate SAN(s) (Standard Account Numbers).
7. Orders will be packed, shipped, and invoiced, as per S&S's standard procedures.
8. Account must transact the following EDI documents with S&S: Purchase Order (850), POA (855), ASN (856), and Invoice (810).
9. S&S and the retailer agree to work together to analyze, evaluate and discuss sales data and marketing plans for Mass Market titles in an effort to increase the retailer's Mass Market business with S&S.

Simon & Schuster Mass Market Imprints and Distributed Lines

Black Flame, Black Library, Meadowbrook Press, Pocket Books, Pocket Star, Simon and Schuster, Simon Spotlight Entertainment, Star Trek, Strebor, and Touchstone.

Policy Exceptions

- Select titles may be prohibited from participation in this program and will be announced by S&S upon their exclusion.
- Retailers failing to comply with any of the qualifications and requirements listed above will forfeit their participation in this policy.
- Orders picked and packed for individual stores and shipped to an RDC will not be eligible for the MM discount.

By signing the below, you are indicating that you have read and understood the requirements found in the program's documents, and that the account will adhere to those stipulations throughout the period of the program, subject to regular audits.

Account Name: _____ S&S Bill To Number: _____ Date: _____

Account Signature: _____ Printed Name: _____

For Home Office Use Only

I hereby agree that the account can qualify for the requirements found in the program's documents.

Account Manager: _____ Date: _____

Sales Director: _____ Date: _____