



U.S.A. Retail Coop Advertising Policy

Separate coop funds are set up for each S&S Division: Simon & Schuster Adult Books, Simon & Schuster Children's Books and Simon & Schuster Audio. These policies do not apply to our Distribution Clients who have separate policies and require separate contracts.

Coop Pool Allotments

Retailers may elect to earn cooperative advertising monies for use as described in this policy according to one of the following three options:

- 1. Based on net purchases during the prior calendar year from S&S or from distributors, but not both:
a) Adult Hardcover 4.0%
b) Adult Trade Paperback 3.0%
c) Adult Mass Market 1.5%
d) Children's Books 4.0%
e) Audio 3.0%
2. Based on net purchases during the prior calendar year from S&S and indirectly from distributors:
a) Adult Hardcover 2.5%
b) Adult Trade Paperback 2.0%
c) Adult Mass Market 1.0%
d) Children's Books 2.5%
e) Audio 2.0%
3. Based on the suggested retail value of a single supporting order, per title advertised, directly from S&S or indirectly from distributors, twelve times a year for the S&S Adult Division, six times a year for the Children's Division and six times a year for the Audio Division:
a) Adult Hardcover 4.0%
b) Adult Trade Paperback 4.0%
c) Adult Mass Market 3.0%
d) Children's Books 4.0%
e) Audio 4.0%

Supplemental Coop

In addition, supplemental coop may be earned on:

Author Appearances: Adult & Children's - 20% (but not to exceed \$200) of the net billing for the supporting order (either direct from S&S and/or through a distributor) for the appearance; Audio - 20% (but not to exceed \$25) of the net billing for the supporting order (either direct from S&S and/or through a distributor) for the appearance. All appearances qualifying for the exempt funds must be approved by S&S.

Newsletter Promotion: Adult & Children's - An account may earn \$50 per title, per bill-to on designated titles, as specified by S&S; Audio - An account may earn \$10 per title, per bill-to on designated titles, as specified by S&S. Contact your S&S Account Manager for further details.

Designated Titles: Throughout the course of the year specific titles will be announced as Exempt Coop Eligible. Retailers may earn incremental marketing funds proportional to their initial buy to be used to promote the selected title. Contact your S&S Account Manager for further details.

Growth Plan: Accounts that anticipate an increase in market share may be eligible to earn additional funds based upon an agreed growth percentage between the account and S&S. S&S will use this percentage to increase the pool by the agreed upon percentage. The account will be charged back if their anticipated growth does not occur to the expected level. A quarterly review with the account will be held to monitor their growth progress. Contact your S&S Account Manager for further details.

Retailers are free to charge whatever price they wish for books purchased from Simon & Schuster; however, coop funds may not be used to advertise a retail price more than 45% below the publisher's stated cover price. Any prices included in advertising or promotional materials furnished by S&S may be deleted or changed at the option of the retailer.

General Terms and Requirements

From these accrued coop funds, S&S will authorize a credit equal to 100% of the cost of the advertisement or promotion, or of the standard charge for advertising in retailer - controlled media, not to exceed the contract amount for the year. To earn the allowance, promotions must be completed by December 31 of the current calendar year.

General Terms and Requirements (Continued)

The following are examples of qualifying advertising and promotional costs:

- Print, radio, television or web site advertising
• Retailer's brochures, catalogues, circulars or mailing pieces
• Placement and value added programs
• Other reasonable and practical methods of advertising and promotion that a retailer may suggest

Coop may not be used for web-site listings. The following products cannot be included in any coop programs: Audio Downloadable/Digital, Calendars, Short Discount, and Proprietary Publishing.

Written approval for all S&S cooperative advertising and promotions, including the selection of titles to be advertised and promoted, must be secured from an S&S Account Manager or from S&S's Sales & Distribution Division in advance of the retailer's advertising or promotion. Retailers must give reasonable notice of the type, cost and date of the advertisement or promotion planned. Except as provided below, such notification must be indicated on the Retail Cooperative Advertising Contract. Deadline for submitting the calendar year's claims is March 31st of the following year. Unused coop funds cannot be rolled over into the following year.

Retailers earning coop moneys of \$10,000 or less per division may elect to sign only one Retail Cooperative Advertising contract in advance of any advertising or promotion for the year for each division. Such retailers agree to comply in full with the S&S cooperative advertising policy for the entire calendar year. After signing the contract, use of earned coop funds under this provision does not require written approval on separate contracts.

Retailers applying for coop monies on the basis of their prior year indirect purchases must supply proof of net purchases by title or imprint from a distributor by March 31st of the current calendar year.

Within 90 days after the completion of the advertising or promotion, retailers must submit to the Claims Department:

Simon & Schuster Customer Operations
100 Front Street
Riverside, New Jersey 08075

To process each claim, S&S is going to need the following documentation:

- Copy of coop contract approved by S&S
• Invoice stating total cost or charge
• For print advertising, a full-page tear sheet of each ad showing the date and name of periodical
• For radio and television advertising, the station invoice showing the length of the commercial
• For catalogues, brochures and circulars, a copy of the complete catalogue, brochure or circular
• For web site advertising, a printed copy of the page view with the URL
• For other advertising or promotion, documentation that will reasonably support the expenditure
• See below for how accounts can waive submission of the proof of performance

In the case of magazine, newspaper, radio, and television advertising, S&S will reimburse retailers for the actual space or time costs of the print or broadcast advertising including actual promotion costs up to the maximum coop allowance.

All regular retail accounts in good credit standing are eligible to apply for cooperative advertising money. Failure by a retailer to comply with the specific requirements of this policy will result in the denial of the requested credits. Approval of all contracts and claims will be granted or withheld on a non-discriminatory basis. Coop deductions should be taken upon receipt of an S&S credit memo.

Proof of Performance Affidavits

S&S is offering all customers the choice to waive submission of the proof of performance by signing a separate affidavit, provided the proof is kept on file for a minimum of 3 years with access given to S&S for regular audits. Contact your Account Manager for further details and a copy of the affidavit.