

Disney Book Group 2017 Retail Co-op Policy

General Terms & Requirements: This policy pertains to all frontlist and backlist titles published by The Disney Book Group (Disney Press, Disney Editions, Marvel Press, Hyperion Books for Children, Kingswell, Disney Lucasfilm, Freeform and Jump at the Sun). Only retailers in good credit standing may participate. The customer must have advance authorization from a sales representative of the company with a signed contract before the ad or promotion is run.

All requests for credit must be made within 90 days of the ad or promotion, accompanied by proper documentation. The co-op plan year runs January 1, 2017 through December 31, 2017. Any unspent monies cannot be carried over into the following year. All policies are subject to change without prior notice.

Retail Co-op: Co-op is earned by first electing - by January 1, 2017, one of the following three options. If no election is made we will calculate the funds under Option 1 below. The co-op pool is based on the appropriate percentage of previous year's net purchases of Disney Book Group titles on a returnable basis directly from Disney Book Group and indirectly through a distributor. "NET" is used as both less discount and less returns.

Option 1 – Direct – 4% of the prior year's net billing of Disney Book Group titles. All purchases must be made directly from Disney Book Group.

Option 2 – Indirect – 4% of the prior year's net billing of Disney Book Group titles purchased from any authorized wholesaler of our books rather than purchased directly. Documentation must be provided by the wholesalers on behalf of the retailer by February 15th of the current year.

Option 3 – Combined – 2.5% of the prior year's combined direct and indirect net billing. Documentation of indirect purchases must be submitted by the account by February 15th of the current year.

New Stores may earn 3% of net billing of initial order combining frontlist & backlist titles purchased directly from Disney Book Group.

In addition, supplemental co-op may be earned on:

Author Appearances: Up to \$ 200 may be earned for each author appearance scheduled by our Publicity Department. This money is to be used for actual expenses incurred in hosting and promoting the appearing author.

Newsletter Promotion: An account may earn up to \$ 50.00 per title, per bill-to, up to a maximum of \$ 1,000 per year on titles for promotion in store newsletters, flyers, on-line features or other electronic media programs approved by the Disney Book Group.

Designated Titles: From time to time we may supplement co-op with designated title co-op funds. The sales representatives, customer service representatives or industry publications will communicate such supplements. The maximum co-op allowed on any title is \$ 10,000 unless stated otherwise.

How Co-op Pool Allowances May Be Spent: The Disney Book Group encourages retailers to spend co-op allowances on creative and reasonable promotions designed to reach consumers. Please work with your sales representative to develop and approve these promotions.

Retailers earning total co-op monies of \$ 10,000 or less may elect to sign only one co-op marketing contract in advance of any advertising or promotion for the year. Such retailers agree to comply in full with this co-op policy for the entire year. After signing the contract, use of earned co-op funds under this provision does not require written approval on separate contracts. However, use of supplemental co-op money does require a separate contract. Claims for co-op pool funds should be submitted as outlined below.

Minimum Advertised Price: While retailers are free to charge whatever price they wish for our titles, co-op advertising monies may not be used to advertise a retail price more than 45% below the publisher's stated cover price.

How Claims are to be Submitted: Within 90 days of the ad or promotion date, send a copy of the approved contract and supporting documentation (outlined below) to: **Co-op Advertising Coordinator, Hachette Book Group, 1290 Ave. of the Americas, New York, NY 10104.** Customers should assign a specific claim number to a contract and to the request for co-op reimbursement. Reimbursement of co-op claims will appear on the customer's statement and will be identified as "co-op". A credit memo will not be sent to the customer. **No deductions may be made from invoices or statements.** When a title is advertised with other publishers' books, we will issue a credit for its proportionate share only. We will issue credit of 100% of the actual documented costs of an ad or promotion not to exceed the approved contract amount.

The following documentation is necessary for proof of performance:

For in-store marketing, a copy of the paid bill must accompany the claim from the production source or value of the promotion must be pre-approved. For print ads, the claim must be accompanied by a full-page tear sheet of each ad and the publication's invoice showing the retailer's actual net space costs at the local rate, including rebates. For catalogs, etc., the claim must be accompanied by a copy of the actual catalog and the retailer's statement as to the number of catalogs and the actual net cost of the advertisement of the book within. For online advertising, a printed copy of the page view must be submitted with the claim. Credit for catalogs, brochures, newsletters, etc., will be for the proportionate share of the printing costs. For radio and TV ads, the station invoice must be enclosed, showing the length of each commercial, its cost, and the total cost at retailer's lowest contract rates less all discounts. Each script broadcast must be attached and must bear the ANA/RAB documentation for radio or the ANA/TVB documentation for television with, the signature of the station official.