

HACHETTE BOOK GROUP USA

Retail Author Development Plan

INTRODUCTION:

The Hachette Book Group (HBG) Retail Author Development Plan (“Plan”) is an exciting new program to help retail stores introduce customers to new and upcoming authors. It is designed to increase store levels and marketing for selected titles and to help eliminate returns. If the store is interested in participating in the Plan, the following steps would apply:

DESCRIPTION OF PLAN:

Step 1 (Initial sell-in period):

In consultation with our accounts, HBG will from time to time designate specific titles (“Titles”) included in the Plan and store specific buy levels for each Title for a period of at least 16 weeks (the “Promotion Period”). The approved Title list will be announced by HBG before each new season (spring/summer and fall/winter). HBG and its accounts will also agree on the future “mark down” credit for the Titles (see Step 3).

Step 2 (Promotion Period):

As part of the Plan, the store will promote the Titles at the front of the store for the entire Promotion Period, at a discount of at least 20% off publisher’s suggested list price. For the first two weeks of the Promotion Period, standard account co-op fees will apply.

Step 3 (Mark-Down Period/Credit):

At the end of the Promotion Period, for a period of at least 4 weeks (the “Mark-Down Period”), the store can mark down the Titles to 50% off the publisher’s suggested list price, at which time the Titles become non-returnable (the store owns the inventory) and HBG’s standard shared mark-down terms will apply. Upon receiving proper documentation, the store will be credited for HBG’s portion of the shared mark-down.

Step 4 (Remainder Period/Credit):

At the end of the Mark-Down Period, the store can choose to treat the remaining Titles as a “remainders-in-place” per remainder terms designated by HBG. Upon receiving proper documentation, HBG will credit the store with the difference between the original invoice price of the remaining Titles and the designated remainder-in-place price.

DETAILS:

- * **Minimum order is 1000 copies per Title.**
- * HBG can remove a Title from the Plan at any time prior to the Mark-Down Period.
- * Required documentation for both the shared mark-down credit and the remainder-in-place credit must consist of an approved point-of-sale report, clearly showing Title sales during the appropriate period of time, and inventory on hand. Approved documentation must be received by HBG’s Sales Dept. no later than 30 days after the end of the Mark-Down Period or credit will not be honored.