



2013 MASS MERCHANT COOPERATIVE MERCHANDISING PLAN
April 1, 2013–to March 31, 2014 (“2013 Sales Year”)

HBG invites all qualified mass merchants in good standing (“**Mass Merchants**”) to participate in this Plan for the 2013 Sales Year.

- Plan only applies to US purchases of physical print and audio product.
- The cooperative advertising budget for each Mass Merchant for the 2013 Sales Year will be based on HBG’s projection of Mass Merchant’s annual net purchases for the 2013 Sales Year buying directly from HBG and/or from a wholesaler designated by Mass Merchant (“**2013 Coop Budget**”). Each Mass Merchant will be provided with its 2013 Coop Budget.

HBG IMPRINTS COVERED: This Plan covers eligible Hachette titles within the following HBG imprints:

- (i) Grand Central Publishing
- (ii) Hachette Nashville Imprints
- (iii) Little, Brown,
- (iv) Little, Brown Books for Young Readers,
- (v) Orbit (including Yen) and
- (vi) Redhook.

MASS MERCHANT’S 2013 COOP POOL: A Mass Merchant’s Coop Pool for the 2013 Sales Year will be the applicable percentage of its 2013 Coop Budget:

- For (i) Grand Central Publishing and (ii) Hachette Nashville Imprints- **4%** for the first million dollars of Mass Merchant’s 2013 Coop Budget, and **3%** of the 2013 Coop Budget in excess of 1 million dollars.
- For (i) Little, Brown, (ii) Little, Brown Books for Young Readers, (iii) Orbit (including Yen) and (iv) Redhook Imprints - **4%** of Mass Merchant’s 2013 Coop Budget.

New Accounts. Mass Merchants that only begin buying eligible HBG titles after April 1, 2013, and do not have a 2013 Coop Budget or Pool, may be eligible for an allowance. HBG will consider requests to promote and advertise a title or group of titles from the foregoing imprints. If HBG approves the request, the allowance for this one time advertising expense will not exceed **2.5%** of the retail value of a supporting order.

MERCHANDISING CONDITIONS:

% SPACE: HBG will pay the actual verified charges of advertising and/or alternate specified and verified media and promotions, up to the dollar amount specified on the signed, approved contract. If HBG titles are advertised with other publishers’ titles, HBG will pay the percentage of the total cost proportionate to the amount of space or broadcast time devoted to the HBG titles. If HBG titles are advertised alone, the amount of space or time for *store identification* shall not exceed 20% of the total.

USE: Acceptable promotions include space, radio and/or television advertising, direct-mail pieces, invitations, online Internet and other methods of promotion, including posters, signs, holiday catalogs, circulars, and point-of-sale materials and activities. All coop promotions must include a retail display of the physical product for a period of one to two weeks at the time of the promotion. HBG will supply black-and-white glossies, jackets, and copy upon request. Acceptable website coop includes direct email marketing, placement themes, special articles and features, or any approved promotion above and beyond standard title listings. Coop may not be used for website listings. If the Retailer has a standard or custom charge for a promotional effort or service that it charges other publishers, the Mass Merchant may not claim a promotional allowance in excess of that standard or custom charge.

HOW TO SUBMIT CLAIMS:

APPROVAL: Prior approval in writing is required. No promotion will be reimbursed unless an authorized representative of HBG signs a contract in advance. Author appearance and in-store events may not be eligible for coop unless approved in advance by HBG’s Publicity Department and a HBG Sales Representative.

REIMBURSEMENT: Reimbursement is provided through the issuance of credit memos, either to the Mass Merchant's HBG account or through the Mass Merchant's designated wholesaler (which will pass the credit through to the Mass Merchant.) No deductions may be made from HBG invoices until such credit has been issued. Claims will not be reimbursed beyond Mass Merchant's 2013 Coop Pool, nor will claims be reimbursed without supporting documentation. In the case of print advertising, approved contract and tear sheets must accompany the claim. In the case of broadcast advertising, approved contract, a script and copies of the invoices from the broadcast supplier to the Mass Merchant must accompany the claim. In the case of website promotions, appropriate screen shots must be provided with the claim. **Claims must be submitted in writing within 60 days of the promotion to your Sales Representative. Any claims not submitted within that 60-day period will be rejected.**

DISCLAIMER: This plan is not available to online retail bookstores, to sales of downloadable audiobooks and eBooks, to proprietary publishing, to specialty accounts, accounts or sales outside the United States, and accounts not in good standing. The plan is not available to wholesalers or other distributors (except insofar as a designated wholesaler or distributor passes credits on to the appropriate Mass Merchant), or accounts participating in another plan. HBG may from time to time announce special promotions involving promotional allowances for purchases during a specified period in connection with specified categories and/or specified titles and such purchases won't be eligible, unless otherwise specified. This plan supersedes all previous policies concerning cooperative advertising, merchandising, marketing, and promotion payments, credits, reimbursements or rebates for Mass Merchants. **HBG reserves the right to amend or terminate this plan at any time.**

Dated: May 15, 2013