

PAPERCUTZ

2022 U.S. RETAIL COOP ADVERTISING AND PROMOTIONAL ALLOWANCE POLICY

This statement of policy covers trade books published by Papercutz ("Publisher") and distributed by Macmillan.

I. ANNUAL PROMOTIONAL ALLOWANCE PLAN

A. How Much Coop Is Available To Retailers

Publisher will calculate promotional allowances for each retailer as follows:
A retailer may select up to 3 titles in each selling season for promotion. The allowance for each title will be 4% of the Publisher's suggested retail price multiplied by the number of copies purchased (both directly from Macmillan and indirectly through wholesalers) for the promotion. The retailer may choose the titles for promotion, subject to Publisher's approval. The allowance earned on a title must be used to promote that same title.

B. How Available Allowance May Be Used

1. A retailer may draw against its allowance for any of the following promotional activities (provided in each case that the title promoted is appropriately featured and the activity occurs within a reasonable time frame for the marketing of the title):

- Retailer-produced bookmarks, posters or bags
- Customer mailings
- Retailer newsletters, magazines, brochures, circulars, websites, or social networking sites
- Print, radio, television, or web advertisements
- Newsletters
- Retailer seasonal, holiday or special interest catalogs
- Author events

(Other types of promotions will be considered for approval by Publisher)

For each of the above, the retailer will be credited with the retailer's actual cost for the promotional activity. (However, where the retailer has a standard or customary charge that it charges other publishers, Publisher will consider for approval the retailer's standard or customary charge.) Credits will be charged against the retailer's allowance for the title.

2. In addition, a retailer can draw against its allowance for a title for: (a) feature display in storefronts, windows, endcaps and special featured-book tables (other kinds of prominent face-out feature display will be considered for approval); and (b) promotional discounting below what the retailer would otherwise charge for the title. Feature display must be for a minimum period of one week.
4. Publisher reserves the right not to provide promotional allowance for an activity by a retailer that places disproportionate emphasis on a single title and will not provide allowance for an activity that inappropriately places undue emphasis on a single geographic area.
5. If a special promotion proposed by a retailer and approved by Publisher involves the use of materials supplied by Publisher, the cost of the materials will be charged against the retailer's applicable pool. Publisher will allow retailers to use, upon request and without charge, book excerpts of designated titles in electronic form for promotional purposes on retailers' websites; retailers should consult their sales rep for availability of particular titles.

C. Author Events

1. Retailers may draw on their allowance for a title for author events as provided in Section B. above.
2. Retailers can also earn a promotional allowance of \$300 (regardless of the number of authors or titles represented) outside their pools for author events by placing a supporting order for the event. Author events, whether in-person or live online, should include the author speaking in real time to an audience of the retailer's customers or potential customers about the author's Macmillan title(s). Stock signings, preorder campaigns and similar activities that do not include real time author – audience interaction are not typically considered to be author events. For efficient processing, claims should be submitted within 90 days of the event with an invoice and a description of the event. For more information on author events, please contact authorevents@macmillan.com.

II. ADDITIONAL PROMOTIONAL OPPORTUNITIES

Publisher may from time to time announce special promotions involving promotional allowances during a specified period in connection with promotions of specified categories and/or specified frontlist and/or backlist titles. Publisher also may announce

special regional promotions. Promotional allowances earned in regional promotions will be based on purchases for stores in that region. Announcements will be available in the bookseller section at the following website: www.macmillan.com.

III. GENERAL TERMS APPLICABLE TO ALL PROMOTIONS

A. General

1. Promotional allowances will take the form of a MPS credit to the retailer's account or, where appropriate, a pass-through credit to a wholesaler. Retailer performance of promotions is subject to verification and audit; allowance for promotions that are not fully performed must be repaid by the retailer.
2. Unless otherwise announced, all titles of the covered imprints are eligible for promotion.

B. Claim Approvals & Submission

1. For promotions under \$500 no prior approval is necessary if the promotion complies with all the terms of this policy and the retailer has sufficient money available in its applicable pool. For promotions that equal or exceed \$500, prior approval of Publisher is required. Retailers scheduling promotions for which no prior approval is required should consider confirming with Publisher in advance that the promotion is eligible for allowance.
2. If the Claim is less than \$500, the retailer need only send an invoice, with a description of the promotion. If the claim is \$500 or greater, the retailer should send an invoice along with documentation sufficient to verify that the promotion was performed and whenever the amount claimed is based on the retailer's cost to verify the cost, to the address listed at the end of this policy. Where the retailer's activity features titles by multiple publishers, Publisher will only provide credit for a prorated share of the retailer's actual cost.
3. Any invoice (which may be submitted as a standalone document or within an email or other written communication) should outline the details of the promotion, the amount being claimed and assign a claim number (chosen by the retailer) to the claim. The claim number will be the reference number used when the credit is posted to the retailer's account, allowing the retailer to track when its account has been credited.
4. All claims for promotional allowances should be submitted within 90 days after the promotional activity has been completed to ensure efficient processing.
5. Claims should be emailed to: coop@macmillanusa.com or mailed/faxed to:
Macmillan
Customer Promotions Department
120 Broadway – 25th floor
Fax: (212) 202-4395

C. Miscellaneous

1. In order to use indirect purchases in the calculation of any of its annual promotional allowances, a retailer must provide documentation of the amount of its annual net purchases from wholesalers (showing Adult and Children's separately) in the form of copies of documentation from the wholesaler certifying the net purchases during the year. Documentation in the form of the retailer's own regularly kept business records is also acceptable. Documentation should be in electronic form. However, Publisher will accept documentation in print-on-paper form but Publisher reserves the right not to accept print-on-paper documentation that does not show net purchase price subtitled by product type and imprint group. (Where no records are available of the exact quantities of indirect purchases, a good faith reasonable estimate based on available data may be used with the approval of Publisher.) Please contact the Customer Promotions Department for further details. The due date for documentation is March 31. Amounts of indirect purchases are subject to verification and audit.
2. Where the amount of the allowance is based on the number of copies purchased and the actual number to be purchased is not available at the time of approval, a good faith reasonable estimate of the number of copies to be purchased may instead be used to calculate the allowance with the approval of Publisher.
3. If the retailer has a standard or customary charge for a promotional effort or service that it charges other publishers, the retailer may not claim a promotional allowance in excess of that standard or customary charge.
4. Publisher reserves the right not to accept a claim for a retailer's promotional activity that contains an error such as the misspelling of the author's name,

an incorrect title or pub month or the wrong jacket or cover or that is otherwise inaccurate, inappropriate or potentially damaging to the author or the sales of the book.

5. These promotional allowances are not available to retailers who purchase books on a nonreturnable basis, or on credit hold.

