

MACMILLAN 2012 U.S. AND CANADA AGENT EBOOK COOP ADVERTISING AND PROMOTIONAL ALLOWANCE POLICY

This policy applies only to agents and subagents ("agents") who distribute St. Martin's Press, LLC (including Palgrave for St. Martin's Press titles), Picador, Tom Doherty Associates, LLC, Henry Holt and Company, LLC, Farrar, Straus and Giroux, LLC, Faber and Faber, Inc. and Graywolf Press E-Books on behalf of Macmillan (the "Publisher").

I. ANNUAL PROMOTIONAL ALLOWANCE PLAN

A. How an Agent Coop Allowance Pools Are Calculated

Existing Agents - Publisher will create an annual coop advertising and promotional allowance pool for each U.S. distribution agent based on current net E-Book receipts. The pool will be calculated in the following manner: Each month, beginning January 2012, the agent's pool will be credited 1% of Publisher's net receipts for E-Books distributed by that agent for the month ending two months prior. For example, in January 2012 the agent's pool will be credited 1% of Publisher's net receipts for E-Books distributed by that agent during November 2011. Agents may also, subject to Publisher approval, draw against reasonable projections of Publisher net receipts for the year. Amounts spent in excess of the agent's pool based on actual Publisher net receipts for the year will be deducted from the following year's pool.

New Agents - An agent will be considered a new agent by Publisher until it has distributed E-Books on behalf of Publisher for two full calendar months. Publisher will allocate a pool for new agents that can be used during that initial two month window based on reasonable projections of Publisher's net receipts for E-Books distributed by that agent. Amounts spent in excess of the agent's pool based on actual Publisher net receipts for the year will be deducted from the following year's corresponding pool. After the first two full calendar months, the calculation for existing agents will apply.

B. How Coop Allowance Pools May Be Used

1. An agent may draw against its pool 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):

Feature placement on Agent's Website
Facebook and Other Social Media Promotion
Key Word (i.e. Contextual) Advertising
Advertisements on Third-Party Websites and Other Media
E-Mail Blasts

Other:

Proposals for other reasonable and practical methods of advertising and promotion will also be considered for approval. Any 2012 advertising and promotional activity engaged in by an agent will, to the extent it utilizes Publisher funds, count against the agent's 2012 pool.

2. Publisher will consider for approval promotions that feature E-Book(s) as well as physical and/or audio book(s) for the work so long as the proposed activity primarily promotes the E-Book(s).

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

C. When Allowances May Be Used

Unless otherwise stated, all allowances may be used anytime during the 2012 calendar year. All 2012 Publisher allowances expire on December 31, 2012.

D. Approval

Prior approval of Publisher is required for all promotions. Publisher recommends that approval be sought at least 30 days prior to the start date for the promotional activity.

II. SUBAGENT COOP ADMINISTRATION

Administration of subagent pools is the responsibility of the agent servicing each subagent and must be performed in accordance with the terms of this policy (including, without limitation, by verifying that promotional allowances and amounts claimed by each subagent comply with the terms of this policy). Agents must pass any credited allowance for subagent promotional activity back to the applicable subagent.

III. 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 titles. The use of the additional funds will be governed by the terms of this policy, except to the extent otherwise announced. Announcements will be available at the following website: www.macmillan.com

IV. GENERAL TERMS APPLICABLE TO ALL PROMOTIONS

- A. All claims must be made within 60 days after the completion of the promotion for which credit is sought. The following documentation should accompany all claims submitted (for clarity, multiple promotions may be submitted together on one claim):

1. A claim memo outlining the details of the promotion(s), the title(s)/eISBN(s) promoted, the dates of the promotion(s), the amount being claimed and **assigning a claim number** (chosen by the agent) to the claim. For agents managing subagent pools: claim memos submitted for subagent activity should also identify the subagent. The claim number will be the reference number used when the credit is posted to the agent's account, allowing the agent to track when its account has been credited.

2. Proof sufficient to demonstrate execution of the submitted promotion(s).

3. Whenever the amount credited is to be based on the agent's cost, documentation of the cost must be provided. Where the agent's promotion features E-Books by multiple publishers, Publisher will credit only for a prorated share of the agent's cost.

Submit all claims with documentation and claim memo to:

Coop@macmillanusa.com
Attn: Customer Promotions Manager

- B. Promotional allowances will take the form of a credit to the agent's account. Credits will be issued following receipt of all documentation related to the claim. Failure by an agent to comply with the requirements of this policy may result in the denial of the requested credits. Claims are subject to verification and audit and to repayment by the agent of any improperly claimed amounts that are paid.

- C. If an agent has a standard or customary charge for a promotional effort or service that it charges other publishers, the agent may not claim a promotional allowance in excess of that standard or customary charge.

- D. These promotional allowances are not available to agents who are on credit hold.

- E. In the event that an agent's pool is overcommitted due to administrative or other error, the amount spent in excess of that pool will be deducted from the agent's corresponding pool for the following year.

- F. Publisher reserves the right not to accept a claim for an agent's promotional activity that contains an error such as the misspelling of the author's name, an incorrect title or pub month or that is otherwise inaccurate, inappropriate or potentially damaging to the author or the sales of the E-Book.

- G. Publisher will not accept claims for 2012 promotions after February 1, 2013.

- H. Questions relating to this policy may be directed to the Customer Promotions Manager via email (Coop@macmillanusa.com) or phone (646) 307-5428.

Coop claims should not be sent with monthly remittances