

Anchor Distributors

DISTRIBUTION SERVICES AGREEMENT

Dated this _____ day of _____

1. Parties

The general term '**Publisher**' in this document refers to the owner of items described in Clause 2 – Recitals as,

The '**Distributor**',

Whitaker Corp., DBA Anchor Distributors, 1030 Hunt Valley Circle, New Kensington, PA 15068

IT IS AGREED AS FOLLOWS:

2. Recitals

The '**Publisher**' may originate products including books, Bibles, compact discs, DVD's, software, gifts and other Resources or purchase them from other suppliers as their own product for sales, for which these products form this part. The '**Distributor**' agrees to act as the '**Distributor**' for the '**Publisher**' and the Products therein.

3. Definitions

In this Agreement, unless the context otherwise requires the Glossary of Terms and their definitions is located in Appendix G.

3.1. Any reference in this Agreement to any provision of a legal statute shall be construed as a reference to that provision as amended, re-enacted or extended at the relevant time.

4. Appointment of '**Distributor**'

4.1. The '**Publisher**' hereby appoints the '**Distributor**' in the Territory – **Worldwide** for the sale of the Product.

4.2. The '**Distributor**' agrees to act in this capacity, subject to the terms and conditions of the Agreement, as the exclusive distributor to the following channels or markets identified below.

4.2.1. All Christian Markets – Independent and Chains, College Bookstores, Church Retailers, Wholesalers, Distributors, Marketing Groups, Direct Marketing Organizations (like CBD).

4.2.2. All ABA Trade Bookstores/General Market – Independent Stores and Retail Chains, General and College Bookstores, Wholesale & Independent Distributors, Online Booksellers (like Amazon).

4.2.3. Mass/Special Markets – Book Clubs, Libraries (direct), Military Exchanges, Grocery Stores, Book Departments in Large Mass Markets.

4.2.4. Ministry/Non-Retail Markets – ***Non-Exclusive** – Ministries who may purchase books for premium use and Direct Mail Organizations.

4.2.5. Direct Sales - ***Non-Exclusive** – Sales direct to consumer online or offline

4.3. Distribution of product requested, providing it complies with the understanding and interpretation of

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the general description in Clause 2, will incorporate the following operations:

- 4.3.1. Processing of orders on behalf of the '**Publisher**' including the provision of sales reports and the handling of back orders.
- 4.3.2. Preparation and transmittal of invoices, credits and statements.
- 4.3.3. Maintenance of inventory files in accordance with information supplied by the '**Publisher**'.
- 4.3.4. Collection of invoiced amounts, credit control, credit risk and payment of cash to the '**Publisher**'.
- 4.3.5. Provision of management reports.
- 4.3.6. Provision of picking lines and bulk storage space for every agreed title.
- 4.3.7. Collation, packaging and sending of orders as directed, at Prices advised by the '**Publisher**' and Discounts set by the '**Distributor**'
- 4.3.8. Receipt and processing of all inventories.
- 4.3.9. Handling and processing of Returns, the scope of this is clarified in more detail in Clause 8-8.5.
- 4.3.10. Provision of the necessary packaging materials for all shipments and the processing of appropriate documentation.
- 4.4. Except as provided in Clause 23, the '**Publisher**' shall not, where exclusive rights have been given to the '**Distributor**', appoint any other person, firm or company in the territory as distributor to any channel or market in Clause 4.2 or supply to any other person, firm or company in the territory any of the Products, whether for use or resale, except by previous permission from the '**Distributor**'.
- 4.5. The '**Distributor**' shall be entitled to describe itself as the '**Publishers**' "**Authorized Distributor**" for the products but shall not hold itself out as the '**Publishers**' agent for sales of the Products or as being entitled to bind the '**Publisher**' in any way, unless permitted under agreements with (Sales) or (Marketing).
- 4.6. All Products supplied to the customer shall be subject to the '**Distributors**' normal terms and conditions of sale in force at the time the products are invoiced, except when the '**Publisher**' authorizes the '**Distributor**' to utilize special terms based on the '**Publishers**' criteria.
- 4.7. Supply of Products.

The '**Publisher**' shall as soon as practicable inform the '**Distributor**' of the '**Publishers**' estimated delivery date for each consignment of products to the '**Distributor**'. All responsibility and costs associated with the delivery of the products to the distribution center shall be borne by the '**Publisher**'. More detailed instructions for deliveries to the warehouse are set out in **Appendix D**.

4.8. Insurance

The '**Distributor**' will provide insurance against product loss in the instances of theft, fire and flood damage. It is the option and responsibility of the '**Publisher**' to carry additional insurance for other means of loss.

4.9. Storage & Handling

The '**Publisher**' will make every reasonable effort to ensure that the "Guidelines for Deliveries" are adhered to in **Appendix D**

The '**Distributor**' will make every reasonable effort to ensure that all "shelf-ready" products received

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at the distribution center will be checked and recorded as 'available free-stock' within **three (3) Working Days** of receipt, provided the **'Publisher'** has set the title up in Product Manager and has completed necessary paperwork as outlined in Appendix D.

Where the conditions in **Appendix D** are not complied with then the **'Publisher'** shall be responsible to pay for any additional work involved in preparing the products for shipment

5. Sales & Marketing Services (see Appendix C for options.)

The **'Distributor'**, where requested will assist the **'Publisher'** in promoting demand for the titles/products in the various markets listed in Clause 4.2.1 – 4.2.4. In many of these market venues it is valuable for the **'Publisher'** and **'Distributor'** to have a unified market appearance.

All costs associated with marketing opportunities are outside of this Agreement.

- 5.1. The **'Distributor'** will perform all necessary title set up work within the US book trade for a one-time flat-fee (see <http://BelieversPress.com/services/distribution/> for current price). This includes providing ONIX data to required retail and wholesale US customers, titlecards for US retail and wholesale customers and product information maintenance as needed and directed by the **'Publisher'**.
- 5.2. The **'Publisher'** should provide and print the full ISBN/ EAN (**13 digit number**) for books or the appropriate UPC number for music, video, DVD and any gift product, supplying finished catalog copy and jacket/cover art work.
- 5.3. The **'Publisher'** shall inform the **'Distributor'** of any status charges to a title including the intent to declare a title/product out of print. This is to be done in a timely manner by written notice and the **'Distributor'** will make every effort to place this information in the appropriate places for customers to see at the earliest opportunity. Product may be accepted for return up to six (6) months from declared 'out-of-print' date.
- 5.4. The **'Distributor'** will provide assistance in catalog development as directed by the **'Publisher'** and such services will be determined on a project by project basis.

6. Quantity Issue of Free Copies and High Discount Sales

- 6.1. The **'Publisher'** agrees, where appropriate, to supply the **'Distributor'**, for photographing, sales samples and office information use etc, ten (10) free copies of all new title/products and any selected title/product for a promotion.
- 6.2. The **'Distributor'** operates a variety of discount structures. The **'Distributor'** or its representatives will sell titles/products to the trade using the **'Publishers'** stated retail price and the approved discount levels as illustrated in **Appendix E** and revised/updated from time to time.
- 6.3. Drop Shipping. For shipments that **'Distributor'** does on behalf of **'Publisher'** where **'Distributor'** is not billing the recipient/customer (including but not limited to **'Publisher'** web site orders, samples, stock transfers, etc...), the following cost schedule will apply and be billed on the **'Publisher'** account and then be deducted from payment to **'Publisher'**. These costs are per item/pick:

Order fee \$2.00, plus each line item on the order:

1 – 8 units of same item	60 cents per unit plus shipping
9 - 50 units of same item	\$4.00 per line item plus shipping
51 – 99 units of same item	\$6.00 per line item plus shipping
100 + units of same item	6 cents per unit plus shipping
Each line of promotional materials (i.e. catalog, flyer, etc)	25 cents

Plus all shipping charges.

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7. Title Storage Charges and Slow Moving Products

The standard title storage charge will be **\$0.015 per unit per month** for each book/product on inventory. **'Publisher'** and **'Distributor'** agree that space in the distribution centers should primarily be reserved for titles that are selling and not for long term storage.

8. Returns

- 8.1. All credits will be at full retail price less the appropriate customer discount. Returns are expected in our industry but they can be managed by sound business practice. For most **'Publishers'** there will not be any months where the returns are greater than the gross sales but if a **'Publisher'** is selling to certain "big box" retailers or if a **'Publisher'** has more than 25% of its business in new and unproven promotions, a month of "Negative Net Sales" could happen. If the **'Publisher'** is relying heavily upon unproven channels or products, the **'Distributor'** may establish a reasonable reserve for returns to protect from future negative months.
- 8.2. On termination of the agreement by either party, the **'Distributor'** will advise a returns reserve to be advanced by the **'Publisher'** or deducted from sales due if applicable. The returns reserve will be based on actual returns figures over the preceding twelve months. In view of this it would be good business practice for the **'Publisher'** to set aside this reserve for future use. This sinking fund will be used by the **'Distributor'** on behalf of the **'Publisher'** in processing returns after termination in keeping with the initial sale agreement to the customer. Any balance remaining after the twelve month period will be returned in full by the **'Distributor'**. **Where returns are in excess of the reserve held, the 'Publisher', by the signing of this agreement will be responsible for the reimbursement to the 'Distributor' on receipt of the details.**
- 8.3. All returns are charged a 'Returns Handling Charge'. This charge/fee is based on current retail selling price or last listed price.
 - 8.3.1. **Regular Service** - All books/products in 'as new' condition will be returned to the inventory, defective and remaining stock deemed 'not suitable as new' will be stored on unsorted skids for donation or disposal. **Charge/Fee - 5% of Value of the Credit.**
- 8.4. Returns from certain large retailers and wholesalers may incur freight costs and handling charges for books/products with incorrect ISBN's, UPC numbers or unreadable bar codes. These costs where applied on the 'Distributor' will be charged to the 'Publisher'.

9. Corrections, Finishing and Modifications

The **'Distributor'** will, at the request of the **'Publisher'**, carry out certain additional works on behalf of the **'Publisher'**. The **'Publisher'** shall pay to the **'Distributor'** an additional amount in accordance with the Ancillary Service Charges Schedule in force at the time.

10. Losses and Damages

- 10.1. If any of the products received at the warehouse are, in the opinion of the **'Distributor'**, so damaged as to be unfit for sale or supply to the customer then the same will be deducted from the amount of the products received and the **'Publisher'** will be notified as soon as is reasonably practicable of the quantities involved.
- 10.2. In the event that the **'Publisher'** requires products to be returned then the **'Publisher'** will pay to the **'Distributor'** the cost of freight plus a handling charge per 6.3. The **'Distributor'** will issue separate invoices in respect of the costs it incurs in inspecting and returning product so that the **'Publisher'** can reclaim these costs from the **'Publishers'** supplier.
- 10.3. If more than 2% in number of the product is damaged or lost under the control of the **'Distributor'** in any agreement year then the **'Distributor'** will pay to the **'Publisher'** a sum equivalent to the unit cost of production of the damaged or lost product in excess of the first 2% in number. For the

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purpose of calculating the amount due to the '**Publisher**' under this clause a negative on one product may be offset by a positive on another product of similar value. The unit cost shall be the average actual production cost to the '**Publisher**' of each of the products stored in the warehouse whose value has not been written down to zero by the '**Publisher**'.

11. Delivery of the Products

- 11.1. The '**Distributor**' will use all reasonable efforts to ship the product to the customer within **three (3) working days** of receipt of the customers' order.
- 11.2. If the order for the products shall be from outside the USA then the '**Distributor**' will use its reasonable efforts to ship the order within seven working days of receipt at the distribution center except in the case of export orders where special shipping instructions are required or specified.
- 11.3. '**Distributor**' may refuse to do business with any customer for credit or other reasons, and the '**Publisher**' will have the option of selling to that account as a House Account.
- 11.4. The '**Distributor**' will carry out quality checks and use materials that ensure the timely arrival of ordered product in excellent condition.

12. Payment by Customer to the Distributor

- 12.1. Whenever the '**Distributor**' distributes the product to a customer and collects payment for invoices in respect of product the payment terms laid down in the then current '**Distributors**' terms and conditions of sale shall apply at the time the invoice is sent.
- 12.2. In the event that a customer outside the United States requires terms different from those set out in this agreement, the '**Distributor**' will enter into negotiations regarding those terms and will discuss them with the '**Publisher**' but will not be bound to accept any terms which are different to those in this document unless underwritten by the '**Publisher**'.

13. Revenue Sharing Between '**Publisher**' and '**Distributor**'

- 13.1. In consideration of the obligations undertaken by both parties, they will share net invoiced revenues as follows: See *Appendix E for discount schedules*.
 - 13.1.1 Level 1 - 65% Publisher / 35% Distributor for sales with a 5-month rolling average up to \$1,000.
 - 13.1.2 Level 2 - 70% Publisher / 30% Distributor for sales with a 5-month rolling average over \$1,000 up to \$5,000.
 - 13.1.3 Level 3 - 73% Publisher / 27% Distributor for sales with a 5-month rolling average over \$5,000 up to \$40,000.
- 13.2. The '**Publisher**' will not supply any of the products in such a manner as to avoid sharing of revenues with the '**Distributor**' without first obtaining the agreement in writing of the '**Distributor**'.

14. Payment by the Distributor to the Publisher

The '**Distributor**' will submit a statement of sales on or about the 23rd of the Month applicable to the '**Publisher**' for product sold in the previous month less any credits. Payment will be made to the '**Publisher**' sixty (60) days later.

(e.g. **December actual sales**, report produced by January 23th, **payment by March 23th**).

On sales invoiced with '**Publisher**' or normal approved terms greater than net thirty (30) days, payment will be delayed by the length of additional terms.

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- 14.1. If the amount due to the **'Publisher'** is less than \$25, payment will be held until the amount due is greater than \$25 or the **'Publisher'** removes the title from distribution.
- 14.2. If the **'Publisher'** owes the **'Distributor'** more than \$25 (e.g. fees/returns exceed sales) at any time, the **'Distributor'** will invoice the **'Publisher'** for the amount due.

15. Provision for Regular Physical Inventory

The **'Distributor'** will conduct a physical inventory of all **'Publisher'** products at least one time per year using a cycle counting process.

16. Management Information

The **'Distributor'** will produce a monthly Statement for Payment indicating the net amount due and supply to the **'Publisher'** an email/electronic copy of the report.

17. Product Data Input

Any changes to a title including the intent to declare a title/product out of print, price changes, carton quantities, publication date or reprinting etc., should be done in a timely manner by entering/editing the product in Product Manager. This process should be followed for new titles as well. The **'Distributor'** will make every effort to place this information in the appropriate places for customers to see at the earliest opportunity. Product will be accepted for return up to six (6) months from declared 'out-of-print' date.

18. Intellectual Property

The **'Publisher'** hereby grants license to the **'Distributor'** to use the Intellectual Property in the territory on or in relation to the product for the purposes only so far as is necessary of exercising its rights and performing its obligations under this agreement but not further or otherwise.

19. Confidentiality

19.1. The **'Distributor'** agrees to keep private and confidential all Intellectual Property and confidential information (in particular but without prejudice to the generality the level of discount allowed by the **'Publisher'** to Customers) obtained from the **'Publisher'** pursuant to this agreement and to respect the **'Publishers'** proprietary rights therein. To use the same exclusively for the purposes of this agreement and to disclose the same only to its employees (Senior Management and Publisher Services staff) and Customers to the extent that such disclosure is reasonably necessary for the purposes of this agreement.

19.2. The obligations contained in Clause 19.1 above shall not apply to Intellectual Property or confidential information which is or becomes generally available to the public through no fault of the **'Distributor'** or its agents or employees.

19.3. Notwithstanding the foregoing provisions the **'Distributor'** shall be entitled to disclose the Intellectual Property of the **'Publisher'** to actual or potential customers for product insofar as such disclosure is reasonably necessary to promote the sale or use of product.

19.4. The **'Distributor'** agrees to treat as confidential any information, price, publication date or special promotional details relating to a title/product to be included in seasonal catalogs, specialist advertising campaigns or information to the sales representative teams in connection with a planned promotional campaign.

20. Warranties and Liabilities

20.1. Except as provided in this agreement the **'Publisher'** warrants to the **'Distributor'** that:

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- 20.1.1. All products supplied hereunder will be compliant with current sale of goods and safety regulations within the territory,
 - 20.1.2. It is not aware of any rights of any third party or any restrictions which would or might render the sale of the products unlawful.
 - 20.1.3. The '**Publisher**' will be liable for all fees (including but not limited to royalties, copyrights, patents and licenses) due now or at any time in the future to any author, artist or other '**Publisher**' associated with the product.
 - 20.1.4. None of the products breaches the copyright on other intellectual property rights of any third party.
- 20.2. The '**Publisher**' agrees to indemnify the '**Distributor**' fully from any reasonable legal, professional or management charges incurred by the '**Distributor**' in connection with any action brought in respect to the product or anything contained within them.

21. Force Majeure

If the '**Distributor**' is affected by Force Majeure it shall promptly notify the '**Publisher**' of the nature and extent thereof. The '**Distributor**' shall not be in breach of this agreement or otherwise be liable to the '**Publisher**' by reason of any delay in performance or non-performance of any of its obligations hereunder to the extent that such delay or non-performance is due to any Force Majeure and the time for performance of that obligation shall be extended accordingly. If the Force Majeure prevails for a continuous period in excess of one month the parties shall enter into bona fide discussions with a view to alleviating its effects or to agreeing upon such alternative arrangements as may be fair and reasonable.

22. Duration and Termination

- 22.1. This Agreement shall take effect on the ____ day of _____ (pub initials) and shall continue in force until terminated. Termination may be anytime after this period by either party giving to the other not less than one month written notice.
- 22.2. Either party shall be entitled to terminate this agreement without foregoing the rights and remedies of the parties accrued in respect of any breach of the provisions of this agreement by written notice to the other if:
 - 22.2.1. That other party commits any breach of the provisions of this agreement and in the case of a breach capable of remedy, fails to remedy the same within 60 days after receipt of a written notice giving full particulars of the breach and requiring it to be remedied.
 - 22.2.2. An encumbrancer takes possession or a receiver is appointed over any of the property or assets of that other party.
 - 22.2.3. That other party makes any voluntary arrangement with its creditors or becomes subject to an administration order.
 - 22.2.4. That other party goes into liquidation (except for the purposes of amalgamation or reconstruction and in such manner that the company resulting therefrom effectively agrees to be bound by or assume the obligations imposed on that other party under this agreement).
 - 22.2.5. If either party ceases or threatens to cease to carry on business or becomes unable to pay its debts within the meaning of Chapter 7, 11 or 13 of the US Bankruptcy Code
- 22.3. Any waiver by either party of a breach of any provisions in this agreement shall not be considered to be a waiver of any subsequent breach of the same or any other provision thereof.
- 22.4. The rights to terminate this agreement given by this clause shall be without prejudice to any other right or remedy by the party in respect of the breach concerned or any other breach.

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23. Consequences of Termination

Upon the termination date of this agreement (when agreement expires, notice is given or termination requested by the 'Publisher') for any reason **each party shall pay to the other all monies due and owing under the terms of this agreement after the deduction of the returns reserve indicated in Clause 8.2**

If this agreement is terminated for any reason then

- (a) The 'Distributor' will remove and transport the product from the distribution center to the 'Publisher' and the 'Publisher' shall reimburse the 'Distributor' for all reasonable costs incurred. The 'Distributor' will advise the handling charge and the lowest shipping charge they are able to negotiate. The 'Publisher' must respond within 30 days, providing a shipping address and payment in advance for the handling and transport. Failure to respond within the period will result in the 'Distributor' exercising the right to dispose of the product.
- (b) The 'Distributor' shall cease to promote, market or advertise the product but will continue to accept returns on behalf of the 'Publisher' for a further six (6) months.

24. Disclaimer

Notwithstanding anything contained in this agreement the 'Distributor' reserves the right to refuse to handle any product that in the reasonable opinion of the 'Distributor' conflict with the 'Distributors' Mission Statement and Stocking Policy as contained in an appendix to this agreement. The 'Distributor' undertakes and agrees with the 'Publisher' to act loyally and faithfully towards the 'Publisher' in all matters and not to cause anything which may damage the Intellectual Property of the 'Publisher' or the 'Publishers' title to it or assist others to do so.

25. Nature of Agreement

25.1. Nothing in this agreement shall create or be deemed to create, a partnership or the relationship of principal and agent or employer and employee between the parties.

25.2. This agreement and the appendices contain the entire agreement between the parties with respect to the subject matter hereof, supersedes all previous agreements and understandings between the parties and may not be modified except by an instrument in writing signed by the duly authorized representatives of the parties.

25.3. Each party acknowledges that in entering into this agreement it does not do so on the basis of and does not rely on, any representation, warranty or other provision except as expressly provided herein and all conditions, warranties or other terms implied by statute are hereby excluded to the fullest extent permitted by law.

25.4. If any provision of this agreement is held by any court or other competent authority to be void or unenforceable in whole or in part, this agreement shall continue to be valid as to the other provisions and as to the remainder of the affected provision and the parties shall then amend that provision in such a reasonable manner as achieves the intention of the parties without illegality.

25.5. This agreement shall not be assignable by either party without the written consent of the other except that either party shall have the right to assign the agreement to an associated, subsidiary or holding company of the party wishing to assign provided that such assignment shall be carried out in a manner whereby the said associated, subsidiary or holding company becomes bound by the terms of this agreement.

26. Governing Law

This Agreement shall be governed by the laws of the State of Pennsylvania in the USA.

27. Notices and Service

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- 27.1. Any notice or other information required or authorized by this agreement to be given by either party to the other may be given by hand or sent (by first class mail, fax, email, special courier or communication to the other party at the address referred to in Clause 27.4.
- 27.2. Any notice or other information provided by US Mail or special courier pursuant to Clause 27.1 shall be deemed to have been given on the five days after the envelope containing the same was so postmarked
- 27.3. Any notice or other information sent by facsimile, e-mail or comparable means of communication shall be deemed to have been duly sent on the date of transmission.
- 27.4. Service of any legal proceedings concerning or arising out of this agreement shall be effected by causing the same to be delivered to the party to be served at its principal place of business or its registered office or to such other address as may from time to time be notified in writing by the party concerned.

Arbitration

In the event of there being any dispute (other than a dispute relating to Clause 1 between the parties which the parties are unable to resolve), the parties will mutually select or agree on an Arbitrator to resolve the matter. Should the parties fail to agree upon such an arbitrator either party may approach the CEO of the Evangelical Christian Publishers Association (ECPA) or any other mutually acceptable person and ask him or her to appoint an arbitrator to resolve the dispute acting as an expert. Both parties agree to accept the appointment of the arbitrator acting as expert and the arbitrators decision will be final and binding. The arbitration should be carried out in accordance with relevant and appropriate Arbitration Codes of Conduct. In Witness hereof, the following individuals on behalf of the said Publisher, Mission or Organization, known in this document as the 'Publisher', authorize this agreement, duly counter signed by authorized representatives of the said 'Distributor'.

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Signed on behalf of:

Signatory 1.

Signatory 2.

Title/Position

Title/Position

Signatory's Printed Name

Signatory's Printed Name

Date

Date

Signed on behalf of: **Whitaker Corp., DBA Anchor Distributors**

Signatory

Title/Position

Signatory's Printed Name

Date

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Appendix A

Statement of Faith

Products in conflict with this statement of faith will not be accepted for this program.

- We believe the Bible to be the inspired, the only infallible, authoritative Word of God.
- We believe that there is one God, eternally existent in three persons: Father, Son and Holy Spirit.
- We believe in the deity of our Lord Jesus Christ, in His virgin birth, in His sinless life, in His miracles, in His vicarious and atoning death through His shed blood, in His bodily resurrection, in His ascension to the right hand of the Father, and in His personal return in power and glory.
- We believe that for the salvation of lost and sinful people, regeneration by the Holy Spirit is absolutely essential.
- We believe in the present ministry of the Holy Spirit by whose indwelling the Christian is enabled to live a godly life.
- We believe in the resurrection of both the saved and the lost; they that are saved unto the resurrection of life and they that are lost unto the resurrection of damnation.
- We believe in the spiritual unity of believers in our Lord Jesus Christ.

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Appendix B

ANCILLARY SERVICE CHARGES are only performed at the request of the '**Publisher**'

Warehouse Services (Prices will vary for services)

1. Applying self-adhesive stickers (supplied by the customer) onto the outer case or cover of a CD or a book
2. Full assembly of a CD, including inlay card
3. Inserting CD inlay
4. Sticking CD/Discs into books/products using adhesive wallets (supplied by the publisher).
5.
 - a. Folding and fitting book jackets
 - b. Price Clipping
6.
 - a. Replacing existing CD inlay card
 - b. Inserting errata slips
7. Collating product into packs (excluding shrink-wrapping & barcode stickering) – up to 20 items per pack.
8. Collating product into packs (excluding shrink-wrapping & barcode stickering) – up to 100 items per pack.
9. Shrink-wrapping
10. Collating multi-part dump bins into flat packs (without product)
11. Making dump bins (full assembly) with product (excluding shrink-wrap)
12. Making up counter displays with product (excluding shrink-wrap)

Storage -Per skid/pallet or part thereof: **Not forming part of normal stock** - \$20-\$35 per month (depending on quantity).

Inventory Withdrawals– (Clause 6.3).

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Appendix C

SALES & MARKETING SERVICES (see Clause 5 - 5.2)

Contact Anchor for current offerings.

VENDOR ADVERTISING COSTS

GENERAL CATALOG / BIBLE CATALOG

Cost	Size/Position/Color
\$3150.00	Outside Back Cover / Full-Color
\$2650.00	Inside Front Cover / Full-Color
\$1900.00	Inside Back Cover / Full-Color
\$1600.00	Full-Page Ad / Full-Color
\$850.00	Half-Page Ad / Full-Color
\$1000.00	Full-Page Ad / Black & White
\$500.00	Half-Page Ad / Black & White
\$250.00	Quarter-Page Ad / Black & White
\$550.00	Flyer bound in (\$550 per page)

LATEST WORD

Cost	Size/Position/Color
\$275.00	Front Cover Spot / Full-Color
\$1600.00	Back Cover / Full-Color
\$1350.00	Inside Front Cover / Full-Color
\$1250.00	Inside Back Cover / Full-Color
\$1050.00	Full-Page Ad / Full-Color
\$750.00	Half-Page Ad / Full-Color
\$850.00	Full-Page Ad / Black & White
\$550.00	Half-Page Ad / Black & White
\$275.00	Quarter-Page Ad / Black & White

MONTHLY MAILING INSERT

Cost	
\$500.00	1-Page Flyer Insertion (up to 4 pages)
\$50.00	Additional Page Charge (pages 5-20)
\$100.00	Additional Page Charge (pages 21 plus)

MAILING ENVELOPE SPOTLIGHT

Cost	
\$350.00	Placement of a single product image

FULL-COLOR SPECIAL THEMED FLYERS

Cost	Size/Position/Color
\$1650.00	Outside Back Cover / Full-Color
\$1450.00	Inside Front Cover / Full-Color
\$1350.00	Inside Back Cover / Full-Color

\$1150.00	Full-Page Ad / Full-Color
\$750.00	Half-Page Ad / Full-Color
\$850.00	Full-Page Ad / Black & White
\$550.00	Half-Page Ad / Black & White
\$275.00	Quarter-Page Ad / Black & White

BLACK & WHITE SPECIAL THEMED FLYERS

Cost	Size/Position/Color
\$850.00	Full-Page Ad / Black & White
\$550.00	Half-Page Ad / Black & White
\$275.00	Quarter-Page Ad / Black & White

WEBSITE PROMOTIONS

Cost	Placement/Duration
\$150.00	Rotating Banner Ad / Two Weeks
\$300.00	Center Ad Spot 1 / Two Weeks
\$300.00	Center Ad Spot 2 / Two Weeks
\$400.00	Premium Billboard Spot / Two Weeks
\$175.00	Single Product Feature / Two Weeks

EMAIL BLAST PROMOTIONS

Cost	Size
\$300.00	Full-Page Ad

WEBSITE VIDEO PROMOTIONS

Cost	Placement/Size/Duration
\$675.00	182 x 136 / Three Weeks

TELEPHONE PROMOTIONS

Cost	Duration
\$200.00	One Week

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Appendix D

Guidelines for Shipments

1. The PO Template must be filled out and e-mailed (as an attachment) to purchasing@anchordistributors.com prior to *each* shipment.
2. Cartons must be clearly marked with the ISBN, Title, and Quantity.
3. All books must be securely packed in boxes.
4. Shipment boxes must be numbered consecutively.
5. A printed copy of the completed PO Template must be included the first box of each shipment.

'Publisher' is responsible for the cost of shipping books to the warehouse. Unpaid shipments will be returned to the 'Publisher' at their expense.

We suggest shipments be sent via a trackable method (UPS, FedEx or similar) to:

Anchor Distributors

Attn: Receiving
1030 Hunt Valley Circle
New Kensington, PA 15068
724-334-7000

Receiving hours are from 8 AM – 5 PM M-F

Anchor Distributors

Appendix E

Examples of Publisher's share

(Percentages are of list price -- for illustration only – see section 13 for specifics)

Invoice (Trade) Discount	Publisher Share of Retail Level 1	Publisher Share of Retail Level 2	Publisher Share of Retail Level 3
25%	48.8%	52.5%	54.8%
30%	45.5%	49.0%	51.1%
35%	42.3%	45.5%	47.5%
40%	39.0%	42.0%	43.8%
45%	35.8%	38.5%	40.2%
50%	32.5%	35.0%	36.5%
55%	29.3%	31.5%	32.9%
60%	26.0%	28.0%	29.2%
65%	22.8%	24.5%	25.6%
70%	19.5%	21.0%	21.9%
75%	16.3%	17.5%	18.3%
80%	13.0%	14.0%	14.6%

Typical Trade Discount Structure

Books / Bibles / Music / Software / Audio / Video
(Percentages are of list price)

Customer Type	Trade Discount %
Retailer	42-45
Retailer - DC	51
Retailer - Consignment	50
Wholesaler (Music/Book)- Returnable	50
Wholesaler (Music/Book) - NR	55
Rack Jobber / Mass Dist NR	70
Catalog Distributor NR	60
Ministry / Missions (10-20 per title)	42
Ministry / Missions (21-499 per title)	55
Ministry / Missions (500-999 per title)	60
Ministry / Missions (1000-2999 per title)	65
Ministry / Missions (3000+ per title)	70
International Retailer	55
International Wholesaler	65
Internet stores	42-50
Church/Corp/Gov/Library –Individual title	20
Church only - Case Lot Order	42
Individual (over 10 units)	20-25

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Appendix F

Management Information Reports

The '**Distributor**' will produce a monthly Statement for Payment indicating the net amount due and stock levels.

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Appendix G

Glossary of Terms Used in This Agreement

“5-Month Rolling Average” means the total of last 5 month’s Total Invoiced Value for products supplied divided by 5, or in other words the monthly average sales for the last 5 months.

“Annual Sales Value” means the Total Invoiced Value for products supplied to the customer during any agreed fiscal or calendar year.

“Distribution Center” may be used interchangeably with **‘Warehouse’** and means the building where product is available for shipping to customers. Since the building is designed for shipments and not long term storage, the preferred term is **‘Distribution Center’**.

“Confidential Information” means any information which the **‘Publisher’** or **‘Distributor’** disclose or exchange with each other in connection with this agreement or the knowledge/information obtained from business operations whether the information is specified as confidential or not.

“Credit Risk” is the liability for all inventory invoiced by the **‘Distributor’**, subject to the **‘Distributors’** terms and conditions.

“Customer” means any mutual customer of the **‘Distributor’** and **‘Publisher’**

“Force Majeure” means, in relation to either party, any circumstances beyond the reasonable control of that party (including, without limitation, any strike, lockout or other form of industrial action).

“Gross Sales” means the Total Invoiced Sales before any returns.

“House Accounts” means any specifically identified customer in Appendix (H) Agreement who the **‘Publisher’** wishes to maintain direct contact with and responsibility for sales and the credit risk.

“Intellectual Property” means any patent, copyright, registered design, trade mark or other industrial or intellectual property right subsisting in the Territory in respect of the Products and applications for any of the foregoing which is owned or licensable by the **‘Publisher’**.

“Invoiced Sales Value” means the Retail Selling Price as set by the **‘Publisher’** less any customer discount.

“Net Sales” means the Total Invoiced Sales less any credits, which includes Returns.

“Products” (Individually referred to as a **‘Title’** or **‘Product’** and collectively referred to as the **‘Titles’** or **‘Products’**) in the territory indicated in Clause 4.1). Such items are as printed or published or supplied (including any associated packaging) by the **‘Publisher’** and are from time to time notified in writing by the **‘Publisher’** to the **‘Distributor’**.

“Publication Date” (Books), **“Release Date”** (Video/Gifts). **“Street Date”** (Music) means the date set by the **‘Publisher’** when a **new product** will be available for sale to consumers.

“Returns” products returned from a customer, seeking a credit. These are described in more detail in Clause 8.

“Retail Selling Price” means the price as set by the **‘Publisher’**.

“Right of offset” means the right of either party to this agreement to offset charges and credits due under this contract, provided these items are approximately due in the same calendar month.

“Shelf-ready Products” means products that once unpacked at the distribution center can be made immediately available for sale. Products that fall outside of this description include those that need special inspection, additional finishing, stickering, displays and other work as covered by the ancillary charges

Anchor Distributors

schedule at the end of this agreement. **“Inventory”** means all products owned by the **'Publisher'** but stored in one of the **'Distributors'** distribution centers.

“Territory” means the whole world, unless otherwise specified by the **'Publisher'** and indicated in this agreement in Clause 4.1.

“Working Day” means, any Monday, Tuesday, Wednesday, Thursday or Friday but excludes any observance of New Year's Eve/New Year/Good Friday/Memorial Day/Independence Day/Labor Day/Thanksgiving plus day after/Christmas Eve/Christmas Day.

“Christian Market” means all Christian Retailers in the USA.

“ABA Market” means General Bookstores and Mass Market Buyers in the USA.

“Sales Representation” if appropriate relates to all National Account Sales Staff, Independent Representatives to Christian Bookstores, Independent Representatives to the General Trade, Sales Representatives to Music Accounts and any Telesales or other Sales staff. A list of these are updated and displayed in every Sales/Marketing Catalog.

“Marketing Opportunities” means the Seasonal Catalogs, Trade Papers and Magazine Advertising options explained in more detail in Appendix C.