



EXPANDED DISTRIBUTION TERMS

This agreement is made between Mill City Press and the copyright holder of said book, assignee thereof, or anyone authorized to execute this Agreement ("Customer").

These terms and conditions incorporate the General Terms and Conditions offered by Mill City Press.

1. SERVICES INCLUDED IN EXPANDED DISTRIBUTION

Expanded Distribution includes the services set forth below.

- Customer's Book will be included in the distributor's data feeds to retailers and wholesalers.
- Mill City Press will assist Customer in setting up a marketing plan in the proper format to be presented to book buyers.
- A copy of Customer's Book, the marketing plan, and title data will be sent to the appropriate buyer or department at Barnes & Noble, Ingram, Baker & Taylor and Follet.
- Mill City Press will pay the set-up fees to list the Book with the distributor and other book trade vendors.
- Mill City Press' distributor will handle and process wholesale and retail orders by book trade vendors.
- Mill City Press will cover the warehousing fees for the Book for one year (for up to four (4) cartons of books).
- Mill City Press will format Customer's Book cover into the sizes required by the various wholesalers and retailers.
- Mill City Press will manage the payment for and reconciliation of Customer's sales through the Distributor.

2. TERM AND TERMINATION

a. Initial Term

The initial term of the program commences when Mill City Press uploads the author's title and meta data to the distributor. "Metadata" is defined as retail listing information provided by the Customer—including but not limited to retail price, sales page descriptions, author biography information, etc.—that is required by Mill City Press to list Customer's book for sale with the distributor.

b. Renewal Term

The renewal term shall commence as set forth in Section 3 below.

c. Termination by Customer During Initial or Renewal Term

No refunds for any part of this service are permitted after initial term has commenced. However, Customer may terminate at any time.

If Customer terminates during the initial term or any renewal term at such time as Customer's books are in distribution channels, Customer must give sixty (60) days written notice and must indicate cancellation per Mill City Press's website. Customer has 10 business days to have books removed from the warehouse. Any outstanding distribution fees must be paid at the time of cancellation. Fees not paid will be charged against royalties or charged to the authors card on file at the discretion of Mill City Press. Should customer not remove books within 10 business days of cancellation, all copies will be recycled and a fee of \$100 will be charged to the customer's card on file.

By terminating this service, Customer acknowledges that he/she is terminating his/her distribution relationship with Mill City Press and its distributor. Customer acknowledges that upon termination, his/her Book will be listed as out-of-print and that Customer will need to publish, print and distribute elsewhere using an ISBN owned by Customer and not one provided by Mill City Press as part of any publishing service.

Customer acknowledges that Mill City Press's distributor is the only distributor for Customer's book during the term of this Agreement. If Customer finds another distributor, Customer must provide notice in writing to Mill City Press at least sixty (60) days in advance of any distributor switch. Customer acknowledges that upon execution of an agreement with a new distributor, this Agreement is immediately terminated.

d. Termination by Customer prior to Initial Term

If Customer terminates prior to submission of Customer's title data and Book files to the distributor, he/she will receive a refund of \$160 (one hundred sixty dollars).

e. Post Termination Payment of Customer

If the distributor receives payment for the books that have shipped, Customer will be paid in accordance with the payment process set forth in Sections 4 and 5 of this Agreement.

f. Post Termination Return of Inventory to Customer / Recycling of Books

Upon termination and assuming that Customer has a zero balance with Mill City Press, Mill City Press shall either ship Customer's remaining books to Customer or recycle said books as set forth herein.

Any remaining books in inventory upon termination will be sent to the address that Mill City Press has on file in the Author Center (it is up to Customer to log in and update that address when need be and or contact Mill City Press directly if the shipment address for these books is different than that on file). The books will be sent at Customer's expense, assuming that Customer has a valid credit card on file and/or has arranged an alternate form of payment with Mill City Press. If Mill City Press is unable to charge the card on file, or has not been provided payment for shipment, Mill City Press reserves the right to recycle the remaining inventory without notice. At such time, Customer will be charged a \$100 recycling fee per pallet or any portion thereof.

Alternatively, Customer can choose to have remaining inventory recycled for the same \$100 per pallet or any portion thereof.

Any copies of Customer's book that are returned to the distributor after termination through the normal sales cycle (e.g. Barnes & Noble has 10 copies that don't sell and returns them), shall be recycled and not returned to Customer.

3. RENEWAL FEES

After the first year in Expanded Distribution, there will be an additional charge to renew the service each year on the anniversary of the title's upload date. The renewal fee will include storage of up to four cartons of Customer's books for one year, continued inclusion in the distributor's database and/or online catalog, and the distributor's management fees, but not processing fees for each individual shipment of Customer's Book. The date of renewal is the annual anniversary date of the title being uploaded to the distributor. Mill City Press will notify Customer approximately sixty (60) days prior to the renewal date. Customer acknowledges that within ten (10) business days, he/she must either pay the renewal fee or terminate the service.

4. DISTRIBUTION CHANNELS, TRADE DISCOUNTS, AND DISTRIBUTOR FEES

a. Vendors

Distribution is through the following wholesalers, distributors and online retailers ("Vendors"):

- Ingram
- Baker&Taylor
- Brodart (library distributor)
- Follett Library Services
- Barnes & Noble
- BN.com
- Amazon.com

b. Distribution Fees

Vendors will take a trade discount of between 40 and 55% off the retail price of the book (as determined by the distributor). The distributor takes an additional 18% of the wholesale price.

The distributor's 18% fee, and any applicable freight fees, are assessed at the time that a trade order is fulfilled by the distributor.

The distributor may accept orders for Customer's Book through its toll-free telephone number. If a toll-free order is accepted, Customer acknowledges that the fees for said order are determined by the distributor. The distributor may also accept orders for Customer's Book through its website. For direct-to-customer orders handled by the distributor through its website, the distributor shall take 30 percent of the net.

Customer is paid based on receipt of payment from buyer minus applicable fees and costs. The following fees are owed monthly by Customer, and may be due before the distributor receives payment for sales of the Book:

- any returns (unsold copies returned by a vendor, subject to a restocking fee assessed by the distributor (14% of the wholesale price);
- all shipping costs associated with getting the Book from the distributor to any Vendor;
- the distributor's 18% fee (outlined above); and

- additional storage fees (if Customer stores more than four cartons of the Book with the distributor).

Customer agrees to keep a valid credit card on file with Mill City Press and further agrees that Mill City Press can charge Customer's card each month for these fees in conjunction with issuing the monthly distribution statement.

If Customer is participating in the Direct-to-Reader Sales Page Service, the earnings for direct orders and Expanded Distribution will be combined and issued in one check.

Customer must have a signed W-9 on file (W-8BEN if Customer is not a U.S. citizen), and must net a minimum of \$25.00 (twenty-five) U.S. Dollars in order for Mill City Press to issue payment. If Customer's net earnings are below \$25.00 in a given month, earnings will accrue until they meet or exceed \$25.00. Payment will be issued with the next month's statement.

Example 1: Bookstore Sales

If the retail price of Customer's Book is set at \$15.95, and is sold to a bookstore that gets a trade discount of 40%, what remains is the wholesale price of \$9.57. The distributor takes a fee of 18% of the wholesale price, or \$1.72, leaving a profit of \$7.85 (less the freight fees to ship to the bookstore, if applicable).

Example 2: Online Retailer Sales

If the Book sells through Amazon.com, and Customer's retail price is set at \$15.95, it will be sold at a trade discount of 55%. What remains is the wholesale price of \$7.17. The distributor takes a fee of 18% of the wholesale price, or \$1.29, and Customer is responsible for freight fees (which vary per shipment, but generally do not exceed \$1.50), leaving a profit of \$5.48 (e.g., if the freight fee were \$0.40). The freight fee can vary based on number of books being shipped to a particular vendor.

5. INITIAL INVENTORY ORDER FOR DISTRIBUTION AND STORAGE FEES

Customer must place an initial book order of at least 75 (seventy-five) copies to be sent to the distributor. Customer acknowledges that he/she is responsible for the cost of printing and shipping all book orders.

Customer acknowledges that Mill City Press will pay for storage with the distributor of up to four (4) cartons for one version of Customer's Book (defined by ISBN) for one year.

Note: If Customer has one (1) ISBN, but provides autographed copies and non-autographed copies of the same version, these are counted as two separate inventories for purposes of this Agreement.

Customer is responsible for paying any additional storage fees incurred by storing more than four (4) cartons of books at the distributor's warehouse. The cost for storage is \$4.50 per month per quarter pallet after the four carton maximum (pallets are 4' x 4' x 4' in size).

Customer acknowledges that the distributor makes the Book available through its website and by sending copies of the Book to various wholesalers and retailers. The distributor sends up to five (5) copies of the Book as samples to various vendors when the Book is initially listed with the trade. Customer acknowledges that this is a one-time occurrence, and that Customer will not receive payment for said sample copies, and is responsible for freight fees incurred by shipping these samples to vendors.

Customer may request to ship inventory from the warehouse to a third party at any time. There is a \$7.00 (seven dollar) per carton pick and pack fee for this service, plus the cost of shipping.

6. DISTRIBUTOR APPROVAL OF COVER AND INTERIOR DESIGN

Customer acknowledges that the distributor must approve all cover designs and interior formatting for Customer's Book. Customer acknowledges that he/she may be required to alter the cover design and/or interior to meet the Distributor's requirements. Should Customer elect not to alter the cover and/or interior design as required by the distributor, Customer's book may be published via print-on-demand distribution, and a portion of the cost of Expanded Distribution, not to exceed \$400.00, may be applied toward any applicable Mill City Press marketing services. The credit is at the discretion of Mill City Press staff.

7. PAYMENTS TO CUSTOMER FOR DISTRIBUTION SALES

Customer shall receive a monthly sales statement from Mill City Press listing shipments, returns, receipts, credits, storage fees, and distribution fees. Customer acknowledges that said report will be available in electronic format only and will be uploaded to the Author Center, and that it is Customer's responsibility to log in and review the statements. At its discretion, Mill City Press may or may not notify Customer when a new statement is available for Customer's review.

Customer acknowledges that Net Revenue must meet or exceed \$25.00 (twenty-five dollars) in order for Mill City Press to remit payment. If Customer's Net Revenue is below \$25.00 in a given month, earnings will accrue until Customer's earnings meet or exceed \$25.00; payment will be issued at the close of the following month's sales/reporting period. If, in a twelve-month period, Customer's Net Revenues are less than \$25.00, Customer will be paid the accumulated Net Revenue at the end of the calendar year in which the Net Revenues are earned.

While Mill City Press currently pays via check, Mill City Press may elect to pay via electronic bank transfer ("EBT"). Customer acknowledges that he/she will need to provide certain banking information for that to happen. If Mill City Press changes to an EBT format and Customer elects not to provide the necessary information for Mill City Press to electronically transfer funds into his/her bank account, or wishes to be paid through any other method (i.e., PayPal), he/she will be subject to a \$15.00 (fifteen dollar) service fee per royalty check or other non-EBT payment.

Customer acknowledges that some wholesalers and other commercial book buyers will not pay the distributor for ninety to one hundred eighty (90-180) days. Customer acknowledges that Mill City Press, at its discretion, can pay Customer monthly or pay when the distributor has paid Mill City Press for the book sales.

Customer acknowledges that he/she is paid for sales of the Book within fifteen to thirty (45-60) days of payment being remitted to Mill City Press by the distributor, which is usually about one hundred twenty (120) days from the end of the month that the sale occurred in, so long as Customer has a positive balance that meets or exceeds \$25.00. For example, if a book is sold on January 15, Mill City Press is paid by the Distributor by July 1, and Mill City Press will pay the Customer by August 30.

The payment shall be in the amount equal to that owed to the Customer on the sales report (so long as at least \$25.00 is owed), which will be less any amounts owed to the distributor, and less a return reserve in cases where wholesalers and/or retailers have ordered over \$1,000.00 worth of books based on wholesale price.

Customer acknowledges that he/she must complete and return IRS Form W-9 (or Form W-8BEN if Customer is not a United States citizen), provided by Mill City Press, in order for Mill City Press to remit payment to Customer. Further, Customer acknowledges that Mill City Press can only issue payments to one party (i.e., if there are two authors, Mill City Press will only issue payment to one party, and it is the responsibility of the Customer to distribute payment accordingly).

8. INVENTORY COUNT

Inventory count will be available for review through Mill City Press's Author Center. Customer acknowledges that the Author Center inventory count relies on the distributor's warehousing system, and their inventory count can be inaccurate by up to five (5) copies.

9. NO GUARANTEE OF SALES

Customer acknowledges that participation in Expanded Distribution is no guarantee that any wholesaler, distributor, or retailer will purchase copies of Customer's Book. The service makes the Book available to those in the book trade.

10. MULTIPLE VERSIONS

This Agreement covers one version of Customer's Book as identified by the ISBN assigned. If Customer wishes to have another version of the book distributed (e.g., a hardcover version), Customer must pay \$399.00 for distribution and \$199.00 for returns in addition to the \$599.00 for set up of the second format. The second version of Customer's book will also be subject to storage fees as set forth above, and annual renewal fees for distribution and for returns.

11. RETURNS PROGRAM

Customer acknowledges that he/she must have an active Returns Program service in order to participate in Expanded Distribution as required by the distributor. Two years of the Returns Program service are included in the initial fee for Expanded Distribution. Upon expiration of the service, Customer must renew the Returns Program service in order to continue listing his/her book for sale with the distributor.

12. REVISIONS AFTER SUBMISSION TO DISTRIBUTOR

If Customer decides, after book has been listed with the distributor, that he/she would like to make changes to Distribution Metadata, the fee is \$149.00 per change request. Customer acknowledges that some changes may not be possible or may require additional fees (e.g. a change to retail price would require placing new barcode stickers on existing inventory). Mill City Press shall determine additional fees for metadata changes at its discretion.

13. TIMELINE

Once Book Information has been submitted to the distributor, it takes approximately ten to fifteen (10-15) business days for Book Information to appear in most vendors' databases. Barnes and Noble may take approximately 60 days. Customer acknowledges that books will not be available for order until physical inventory arrives at the distributor's warehouse, and that physical inventory shipment timeframe may affect Book availability.

Customer acknowledges that Mill City Press has no control over how long it takes the initial listing of Customer's Book to appear on any third-party retailer or wholesaler's website or database, or what portion of the Book information submitted appears on any third-party website. Retailers and wholesalers are not required to hold inventory of Customer's book at their warehouses.

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