

Lightning Source UK Ltd.

Publisher Operating Manual

Version 6.9

Publisher Operating Manual

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Publisher Operating Manual

1.0 OVERVIEW

Lightning Source UK Ltd. (LSUK) provides on-demand printing and distribution services to the book publishing industry. LSUK stores digital copies of books and prints them on demand as resellers, booksellers, or publishers order books. On-demand printing allows publishers to avoid the costs of inventory, order processing and handling fees. Publishers are able to keep more titles in print for the consumer and generate more profit from each title. Lightning Source operates on a global basis, with offices and manufacturing locations in the United States, the United Kingdom, as well as Australia.

Operating Manual

This Lightning Source Print-On-Demand Operating Manual details the policies and procedures of LSUK for on-demand printing and distribution of books. The Operating Manual resides on the LSUK web site at **www.lightningsource.com** and is periodically updated. To download the latest copy, please log in to your account and select “Operating Manuals and Contract Documents” from the “My Account” menu tab. Material changes to the LSUK Operating Manuals are communicated to LSUK publishers primarily via email, but sometimes by mail. It is the responsibility of the publisher to ensure that LSUK has the latest email address and mailing address for all updates and contractual notifications.

2.0 LSUK SERVICE OFFERINGS

Lightning Source combines print-on-demand with a variety of order options to match the needs of each publisher.

2.1 Wholesale Distribution: Book orders are placed by reseller or retail partners directly with LSUK. LSUK will print or cause to be printed the book orders, and have shipped back to the reseller or retailer. Title information catalogue feeds are sent to reseller and retail partners within the LSUK distribution network. LSUK in-country and out-of-country distribution network partners will be added over time. By example, in the UK, distribution network partners include, but are not limited to, Bertrams, Gardners, and Amazon.co.uk while the US includes Ingram, Baker & Taylor, Amazon.com, and others. For sales made directly to resellers or retailers by LSUK, publishers are paid the wholesale price of the book, less the printing charge for each book sold. See Section 10 for details of this offering.

2.2 Direct Orders: Publishers transmit book orders to LSUK. The order is printed with confirmation of printing and shipped to the publisher, or printed with confirmation of printing and shipped directly to an address designated by the publisher in the name of the publisher. Publishers are billed for printing, shipping, & handling costs for each book shipped. Orders may be placed through the LSUK website or through EDI interfaces directly with LSUK systems. See Section 9 for details of this offering.

3.0 PROCEDURES FOR ESTABLISHING AN LSUK ACCOUNT

A new account application is completed via the LSUK website. Log onto the LSUK web site at **<http://www.lightningsource.com>**. Complete the application. At the end of the application process, you will be provided with a checklist and one or more downloadable PDF documents. The checklist will guide you through the rest of the application process. Follow the instructions on the checklist, print and sign the application(s), download, print and sign the contract(s) and any other documents on the checklist. Fax or mail the application, contracts and forms to the phone and/or address listed on the checklist. Once LSUK has received and reviewed all of the required information, and has completed a credit review if trade credit is requested, LSUK will activate your account. You will receive notification of account approval within 2 business days by email. Once you have received your notification, you may begin submitting titles and placing orders over the LSUK web site. Your account will be assigned to work with our UK office and will be assigned the British Pound (GBP) as the default currency.

NOTE: LSUK works only with publishers. Self-published authors are encouraged to use IngramSpark (www.ingramspark.com) or contact an Author Services organization for a full package of publishing and support services. Please contact LSUK for a list of Author Services companies prepared to assist authors.

4.0 SELECTING TITLES FOR PRINT ON DEMAND

The “one-off” digital printing process utilized by LSUK differs from that of a traditional offset printing process. LSUK requires that books submitted for print on demand meet certain criteria to ensure a quality printed product. The following LSUK submission criteria will ensure the book is a good candidate for digital printing:

- Interior content for black-and-white titles should be one colour black. Colour content that is submitted within a black-and-white title is reproduced as black-and-white.
- Interior content for colour bookblocks may be either colour or black-and-white.
- Exterior cover content may be colour or black & white. LSUK produces all covers as four-colour.
- All text files will be processed and stored with a mod 2 page count: page counts divisible by 2. Books that are 234 x 156 mm (6.14 x 9.21 inches) and smaller will normally be printed in six-page (three front/three back) single sheet signatures. Books that are 244 x 170 mm (6.69 x 9.61 inches) and larger will normally be printed in four-page signatures (two front/two back) single sheet signatures.
- Spine text is allowed for perfect bound, case bound, and dust jacket books with 48 pages or more. Cloth bound books with spine stamping must have 80 pages or more. Books printed with crème paper have a total page range of 18-1050. Books printed with white paper have a total page range of 18-1200. These ranges are to include front matter, index, appendix and LSUK's final page containing a barcode and other product information. Completed books between 18 pages and 46 pages in length; including front matter pages, index, appendix, and LSUK's final page containing the check barcode and other production information, are referred to as “low-page count” books and must be submitted without spine text. Publishers that require spine text for a completed book of less than 48 pages, **MUST PAD** the book with a sufficient number of blank pages to reach a minimum of 48 pages.
- Paperback or hardcover books submitted for scanning must be in good condition and meet the specifications for scan books as defined in Attachment B – Scan Title Submission Standards.
- LSUK will accept original trim sizes of 152 x 102 mm (4 x 6 inches) minimum and 297 x 216 mm (8.5 x 11.688 inch) maximum. For LSUK's single copy on-demand service, books will be placed in one of the standard trim sizes available from LSUK (chosen by the publisher). Special arrangement can be made with LSUK's Sales Department to print a NON-STANDARD trim size for a perfect bound (e.g. softcover) book order of 100 units or more on initial order, and 100 units or more on any subsequent order. Custom trim sizes are available with gloss or matte lamination. Note: Non-standard trim sizes larger than 229 x 152 mm (6 x 9 inches) are priced at the larger paperback print rate. Non-standard trim sizes are not available for one-off production.
- It is recommended that books submitted for scanning consist primarily of text with a limited number of halftone images. Excessive halftone images are subject to additional charges. See Attachment B: Scan Title Submission Standards.
- Titles made available for order to resellers and retailers require proper ISBN and copyright registration. (ISBN must be changed if changing from hardback to paperback, etc.)

5.0 SUBMITTING TITLES

Titles are submitted to LSUK via the LSUK web site at <http://www.lightningsource.com>. Log in using your secure username and password, and select “Set up a New Title” from the “My Library” menu tab. Title information, distribution order options, annotations, and pricing for titles are entered by the publisher. Titles may be submitted on the LSUK website in either digital or hardcopy formats. Specifications for digital file submissions are provided in the “File Creation Guide” which is found at <http://www.lightningsource.com> under the “File Creation” menu tab. Specifications for hardcopy submissions are provided in the “Scan Title Submission Standards,” that is Attachment B to this Operating Manual, and can also be found under the “File Creation” menu tab. Digital files may be uploaded to LSUK under the publisher's account, or using the automated links provided. Files can also be submitted on CD or other approved media. Packing slips are generated on the website at the completion of the title submission process to mail CD/digital materials and/or the physical book to LSUK. Note: Alternative methods are available to publishers that are submitting large volumes of titles. Please contact your LSUK Client Services Representative for more information.

File uploads should not exceed 250 MB: files larger than this have to be submitted on CD/other approved media. If a file exceeds this recommendation, LSUK reserves the right to down-sample the bookblock, from 600 dpi to 300 dpi, or reject the bookblock submission. This is only done as a last resort.

Title Set-Up Quality Assurance Specifications

Upon receipt of the book material and the title information entered on the website, LSUK will review the material and ensure the book meets the LSUK submission criteria as defined in this Operating Manual. Books that meet LSUK quality submission standards will be approved by LSUK for further processing into the LSUK digital library. An electronic proof (eProof) copy of each book submitted by publishers to the LSUK digital library is reviewed internally by Lightning Source.

If a book cannot be reproduced to meet LSUK quality standards, LSUK will contact the publisher to discuss reproduction options. All books printed by LSUK meet the following quality criteria:

Digital and Hardcopy originals:

- The book has been produced in accordance with instructions the publisher provided to LSUK
- Text is centred on the page or is consistent with the original submission.
- Pagination is correct and no pages are missing
- Cover colour and positioning are consistent with the original publisher input
- Cover and book block have correct ISBN/EAN

Hardcopy originals:

- Text is skewed no more than in the original book
- Text pages are clean and de-speckled consistent with original submitted materials
- Changes to the front matter and/or back matter have been made per the publisher's request
- On a best-efforts basis, halftone renderings will be consistent in appearance with the original book
- An EAN bar code is reproduced or created on the back cover of the book.
- Pricing on the cover of the book is added, removed, or updated as requested by the publisher

Publisher and Internal Proof Copies

LSUK requires that all publishers order and receive a hard copy proof for their first submitted title. For subsequent titles, hard copy proofs can be ordered, but are not required. Although physical proofs are not required, it is strongly recommended that publishers review their proofs electronically. LSUK will produce the proof according to specifications defined above in Section 5. When the publisher approves the proof, the publisher accepts responsibility for any and all content quality issues not covered in Section 5. The title will not be made available for printing until the proof is approved by both LSUK and the publisher.

It is the publisher's responsibility to move the title to production status, meaning that the book is available for ordering and printing. At this point, the publisher accepts sole responsibility for any and all content quality issues outside of the specifications defined in Section 5, including whether a book is marketable as printed.

Revisions or resubmissions – Each revision or resubmission to a title sent to LSUK is subject to Custom Services Fees as designated in the Products & Services Pricing document. A minimum charge of one-half hour is billed for each component (book block or cover) that is revised. Repeated failure of file submissions on a title may incur additional resubmission charges. **PLEASE NOTE:** If a title has one or more open orders placed against it, revisions or resubmissions will be processed upon the completion of all outstanding orders. There is no guarantee with regard to how quickly in production orders will be fulfilled so the revision or resubmission can be completed. Therefore, revisions will not impact orders in progress but revisions will not be processed until all orders sent to the print floor are complete.

Submitting High Density Titles - It is recommended that density in a file not exceed 240 percent CMYK total value. Based on overall coverage and total density in a file, titles with higher than recommended density settings most often process and print successfully. On rare occasions, files with higher density levels can present issues when printing orders in a digital production environment as maintaining quality reproduction may be unattainable. If a file encounters issues during processing or printing, LSI will require a corrected file from the customer in order to continue processing or printing any current or future orders. For file creation guidelines, please review the File Creation Guide located at <http://www.lightningsource.com> under the File Creation menu tab.

Submitting Casebound Titles - If text copy on spine is desired on cloth-style casebound titles (either with or without a jacket), up to 42 characters (including spaces) may be used to stamp the title, author, and/or other text the publisher designates onto the spine. The book must have a minimum of 80 pages. Characters available include the 26 upper letters, numerals 0-9, space, period, comma, hyphen, quote, apostrophe, colon, semi-colon hash/pound sign, question mark, exclamation mark, dollar sign, ampersand, quotation marks, asterisk and the two parentheses. Text is positioned on the spine of the book as the publisher designates during the title setup process.

The same digital file for the interior may be submitted for paperback and casebound editions provided the trim size is the same; however, the copyright page in the file must have the correct ISBN(s) listed to match the title. A unique ISBN is required by the book industry for each format. Due to paperback and casebound covers requiring different layouts, separate cover files built to the correct dimensions are required.

EAN Barcode And Pricing - If a barcode is not provided in the cover file by the publisher, LSUK will place a barcode on the back cover of the book, with the appropriate EAN embedded in the barcode and the ISBN within the box above it. The standard size of the barcode is 57.6 points; The standard size of the white barcode box is 1.75" x 1". If the title does not have an ISBN, a generic barcode will be added to the back cover of the book to ensure the product can be tracked throughout the LSUK production process. There will be no fee for the addition of the cover barcode. All titles in the digital library must have a barcode on the back cover.

If the price on the cover of a book should be added, deleted, or revised the publisher must indicate this in the special instructions field when submitting the title to LSUK. Specify if this change is to be made to the cover, the barcode, or both. No price specification will result in a 90000 extension on the barcode. **The list price will not be printed on the book or in the barcode unless requested by the publisher.** Cover price revisions made after the initial set up of the book will result in custom revision charges to the publisher at the rate described in the Products & Services Pricing document.

The following will be printed on the last page of the book block: (1) the book's EAN bar code to ensure the correct cover is applied to the book block during production, (2) a unique production tracking number, and (3) any imprint or printer information required to comply with UK statutory or regulatory law.

Book Block Page Count – All text files will be processed and stored with a mod 2 page count: page counts divisible by 2. Books that are 234 x 156 mm (6.14 x 9.21 inches) and smaller will normally be printed in six-page (three front/three back) single sheet signatures. Books that are 244 x 170 mm (6.69 x 9.61 inches) and larger will normally be printed in four-page signatures (two front/two back) single sheet signatures. However, unexpected equipment failures could result in any of these books being printed in two-page, four-page, or eight-page signatures. When submitting books to the digital library, a publisher should end text of their book without padding blank pages (unless required to meet the page minimum for spine text). Lightning Source will add additional pages to achieve page counts divisible by two during the title set up process with the last page being blank (for insertion of LSI's control number, place of production, date, and the book's EAN-13 used during the cover/bookblock matching process when the book is bound). For setup and manufacturing cost purposes, the total page count of a book submitted to Lightning Source for setup and manufacturing cost purposes will be based on this resulting multiple-of-two regardless of the method of printing and the type of signature used (2, 4, 6 or 8) by LSUK.

By way of example:

- Publisher submits bookblock with text that ends on page 217. LSI will add one blank page and store 218 pages in the digital library. Manufacturing charge will be based on 218 pages.
- Publisher submits bookblock with text that ends on page 217 but pads to 218, with page 218 being completely blank. LSI will store 218 pages and manufacturing charge will be based on 218 pages.
- Publisher submits bookblock with text that ends on page 218. Although 218 is divisible by 2, LSI still needs a blank page for the bookblock barcode, so LSI will add two pages and store 220 pages. Manufacturing charge will be based on 220 pages.

If Lightning Source elects to produce books as two, four, six or eight-page signatures, resulting in additional sheets at the back of the book, Lightning Source will not charge for the additional sheet or sheets that exceed the number stored in the digital library.

Original Printer – the publisher should delete records showing the previous printer.

Title Setup

The follow information is required to set up a title in the LSI database:

- Parent ISBN, ISBN
- Rendition/Book type**
- Title
- Publisher
- Imprint
- Cover and Text Block submission method
- Contributor One
- Contributor Role
- US Suggest List Price*
- US Wholesale Discount*
- UK Suggested List Price*
- UK Wholesale Discount*
- Pub Date*
- Street Date*
- Returnable*
- BISAC Subject*

*Required for Distribution titles only

**Book type selection contains colour, trim size, bind type, paper type & lamination. (*i.e. B&W 8.5 x 11 in or 280 x 216 mm Perfect Bound on White w/Gloss Lam*)

Turnaround times (TAT) – Hardcover and paperback		
Title setup from receipt of book material/metadata in the LSI US facility until book is available for review of electronic proof or availability to print a physical proof. Once the proof has been approved, short-run orders can be fulfilled. (If title is first shipped to LSI UK offices for review and forwarding by LSI UK to LSI US facility, add processing and transit time of 5 to10 business days.)	Digital setup	3 business days
	Scan setup	10 business days

Note: Current turnaround times for SCAN and DIGITAL media options will be provided upon receipt of a website title submission.

Public Domain Titles or Internet Compilations - Publishers who submit public domain or internet compilation titles as defined below must ensure the content is correctly classified in the LSI database.

PC (Compilation) - Content consists of public domain content compiled from sources such as Wikipedia, Hathitrust, Internet Archive and other materials covered under the Creative Commons license and which are readily available for free from internet sources.

PR (Reprint) - Content developed by scanning, generally with OCR equipment, large numbers of public domain titles. It is frequently difficult to separate these titles from standard reprints which require a new typeset. PR titles are produced with no retypesetting; they also usually have little curation to separate and proofread the OCR scan when it proves inadequate.

It is LSI's policy to address concerns related to "PC" or "PR" titles in an effort to maintain our strong reputation in the market – which is of value to both of us – and to ensure the product included in our catalog meets the expectations of those who buy it from us. It is therefore the responsibility of the publisher to: (i) Provide a quality production file free of defect; (ii) Provide content reflective of the original work and/or enhanced above the original material from which it was sourced that provides true value to consumers; and (iii) Provide title information that clearly describes the quality and the source of the content, such that consumers are clearly made aware of what they are buying.

Contact your Client Services Representative or Sales Representative for details on submitting and proper classification of PC and PR titles.

6.0 ATTRIBUTES AND QUALITY STANDARDS FOR BOOK PRODUCTION

LSUK books (those printed within LS facilities) are printed using digital printing equipment. LSUK recommends that publishers request and review proof copies of all books submitted to LSUK to ensure print expectations are met. LSUK will ensure that the final proof matches your file/hardcopy submission for that title. We strongly recommend that a final proof be ordered and reviewed before any orders are placed for the title. By waiving review of a proof, the publisher assumes the risk of any errors originating from the title submissions and found within the finished book.

Binding Types and Trim Sizes- See Attachment F – Trim Size Matrix

6.1 Cover specifications

Most covers will be printed on white, 90lb paper, with the exception of dust jackets, books with high page counts, and larger format sizes with high page counts.

All paper is acid free and meets all ANSI standards for archival quality paper. Covers are laminated in either a gloss or matte laminate.

6.2 Interior paper specifications

Black and White Books

“Crème” books are printed on 50lb offset, opaque, 444 PPI, crème paper

“White” books are printed on 50lb offset, 512 PPI, white paper

Standard Color Books

Printed on 50lb, 512 PPI, white paper

Standard Select Color Books

Printed on 45lb, 626 PPI, white paper

Premium Color & Standard 70/105 Books

Printed on 70lb, 370 PPI, white paper

Unless specifically agreed by the publisher and LSI that a custom sheet shall be used, all bookblock substrates used at production sites operated by Lightning Source are acid-free and meet ANSI/NISO Z39.48-

1992 standards for archival quality paper. Please note this general statement may not apply to books manufactured by Global Connect or offset partners.

6.3 Hardback Specifications

Hardback (hb) book blocks are bound with 65 lb crème or white end sheets (leaves) that match the colour of the bookblock, and are glued into hardback cases. Books are dressed with headbands and footbands: and bound into either (1) printed four-colour laminated covers (gloss or matte laminate), or (2) 100% cotton fabric with (acrylic-filled coating cover) a gold foil stamped spine (*optional*). The stamping is completed in 18 pt. Cheltenham Bold font (for books with 80 pages or more). Cloth covered books are available in Indigo Blue Linen or Dove Grey. Foil stamping on the front of the book is not available.

6.4 Color Book Printing Considerations

LSI color books are printed using:

- Standard Color offering: inkjet technology. This option offers lower cost per unit and is printed on trade quality standard white paper.
- Premium Color offering: digital color print engine technology. This option offers superior color quality on premium paper.
- Standard 70/105 offering: inkjet technology. This option offers lower cost per unit and is printed on premium paper.

The primary colors used in our printing technology are Cyan, Magenta, Yellow & Black (CMYK).

CMYK color printing differs from offset printing processes that use prepared inks. CMYK color printing also differs from monitors that display Red, Green & Blue (RGB). Consequently, a color defined and displayed in the RGB color space (i.e. your computer monitor) may look slightly different than one defined and displayed in the CMYK color space.

1. It is important to remember that although you may have selected a Pantone Matching System (PMS) color in your applications file, the actual color may look different on your computer screen than on the printed piece you receive. It is best to convert spot colors to CMYK before finalizing files.
2. The best way to check and review color from our printing processes is to view a printed proof.
3. Due to our demand-driven manufacturing process, LSI cannot manipulate any color settings on files that have been submitted.
4. For **Standard Color**, **Standard 70/105** and **Standard Select Color**, due to the nature of inkjet technology, voids—white lines 1/600 of an inch in width—will occur from time to time. These voids should not exceed one or more of the following criteria; a void consisting of two adjacent lines that result in a void of 1/300 of an inch or great, or more than three voids on any given page.

6.5 Printed Book Quality Standards

LSUK performs quality checks on each book as it is printed. All LSI books are checked to ensure the following:

- All pages are included in the book, in accordance with supplied materials
- Cover is applied with correct vertical, horizontal, and angular alignment within a 2mm or 1/16 inch (0.0625 in.) variance
- Binding is applied firmly and squared to the book block. No excess adhesive is visible after trimming.
- Book is cut square within 2 mm or 1/16 inch (0.0625 in.) variance
- Cover and Book Block match
- Print registration is subject to +/- 2 mm or 1/16 inch (0.0625 in.) variance

Due to the volume of pages printed at the LSI operation, it is not feasible to review each individual printed page to ensure quality. Considering this, LSI spot checks a sample of books to ensure print quality is of a consistent high quality.

6.6 Wood product chain-of-custody certification programmes

Lightning Source, currently participates in the following chain-of-custody certification programmes:

- **Forest Stewardship Council™ (FSC®)** The FSC® Council is a non-profit organization, promoting the environmentally appropriate, socially beneficial and economically viable management of the world's forests.
- **Sustainable Forestry Initiative® (SFI®)** The Sustainable Forestry Initiative is an independent, internationally recognized non-profit organization responsible for the SFI certification standard, the world's largest single forest certification standard.
- **Programme for the Endorsement of Forest Certification™ (PEFC™)** The PEFC™ Council is an independent, non-profit, non-governmental organization which promotes sustainability-managed forests through independent third party certification.

More information about LSI's chain of custody programme, the book types that are certified, what certification is available from a given manufacturing facility, and copies of certification certificates are available at:

<http://www.lightningsource.com/ChainOfCustody/>

PLEASE NOTE: The right to affix the initial or any logo of FSC®, SFI®, or PEFC™ to the bookblock or cover of any book manufactured by LSI is the **sole right and responsibility of LSI**.

- The placement of a logo, initial, or any claims of certification **cannot** be placed in or on a book by a publisher.
- If a logo, initial, or any claim of certification is on the bookblock or the cover from a prior printing it **must** be removed by the publisher before the book is submitted to LSI's digital library.
- If LSI discovers a logo, initial, or claim of certification in or on a book, LSI will remove the certification claim at the publisher's expense.

7.0 FILE STORAGE, SECURITY, AND FILE COPY SERVICES

Electronic files are stored in a secure, password-protected database. Access to the files is limited to authorised LSUK personnel. LSUK implements daily, weekly, and monthly backups of the document library in industry-accessible formats. Backup files are stored in an off-site secure environment in the USA. Upon request by the publisher, LSUK will provide for a fee, in a reasonable timeframe, an electronic copy of a book in writable CD format. A postscript file or PDF file will be provided for the cover, while PDF or TIF files of the text pages will be provided for the book block. See the Products & Services Pricing document for fees associated with electronic copies of books.

8.0 FEES AND SERVICES

Title Setup Charges

Title setup charges are one-time "pre-press" charges paid by the publisher each time a new title is submitted to the LSUK digital library. Title setup charges are found and explained in greater detail in the Products & Services Pricing document for black & white books and colour books. The amount of the title setup charge is based on the format in which the title is submitted (digital file or hardcopy scan), the format requested (paperback or hardback with 4-colour cover or stamped cover) and the total number of pages in the book. Title setup costs, for scanned titles, are determined by multiplying the number of pages times the appropriate per page charge plus the appropriate cover charge. Examples:

BLACK & WHITE PAPERBACK

Digital File Example (GBP):

£21.00 per cover	£21.00
+ £21.00 per text file	<u>£21.00</u>
Total title set-up cost	£42.00

Scan File Example (GBP):

£42.00 per cover	£42.00
+ 300 pages x 0.14p per page	<u>£42.00</u>
Total title set-up cost	£84.00

BLACK & WHITE PAPERBACK:

Digital File Example (EUR):

€24.00 per cover	€24.00
+ €24.00 per text file	<u>€24.00</u>
Total title set-up cost	€48.00

Scan File Example (EUR):

€48.00 per cover	€48.00
+ 300 pages x €0.16 per page	<u>€48.00</u>
Total title set-up cost	€96.00

COLOUR PAPERBACK :**Digital File Example (GBP):**

£21.00 per cover	£21.00
+ £21.00 per text file	£21.00
Total title set-up cost	£42.00

Scan File Example (GBP):

Not Available

COLOUR PAPERBACK:**Digital File Example (EUR):**

€21.00 per cover	€24.00
+ €21.00 per text file	€24.00
Total title set-up cost	€48.00

Scan File Example (EUR):

Not Available

A book that is submitted for both paperback and hardback formats constitutes separate submissions and is billed separate setup charges. If a title does not meet the submission standards outlined in the File Creation Guide posted on the Lightning Source website, LSUK may either reject the title or charge additional setup fees at an hourly rate; however, LSUK will contact publisher and obtain pre-approval prior to completing or charging for any additional services. If a publisher rejects a proof upon completion of setup by LSUK, and the reason for the rejection is not the fault of the publisher, LSUK will either work to correct the title, or credit the publisher for any setup fees that have been billed. If a publisher rejects a proof, and the reason for the rejection is not the fault of LSUK, existing Title Setup Charges will apply if publisher wishes to continue the setup process.

Existing Title Setup Charges

Once the initial setup of a title has been completed and billed, subsequent work or revisions requested by the publisher on the same title will be billed at an hourly rate, as described in the Products & Services Pricing document. Digital title revisions, which are defined in the File Creation Guide, will incur a minimum charge of one half hour per book part (cover and/or book block). Publisher authorisation for this charge is deemed granted once the new file has been uploaded to LSUK. Additional charges for custom work, image manipulation, etc. will be quoted and must be pre-approved by the publisher prior to LSUK completing the work or charging for the service.

Print Charges

With the exception of low-page count books, the printing cost of each book equals the page count, times the print cost per page, plus a unit cost per book. Print charges are found in the Products & Services Pricing document, and vary according to the type of book and order. Volume discounts may apply to high volume orders. Contact your LSUK Sales Representative for special pricing information. Example, based on small B&W paperback, white interior, 300 pages:

Print Charge Example (GBP):

70p per unit	£0.70
+ 300 pages x 1p per page	£3.00
Total Print Charge per unit	£3.70

Print Charge Example (EUR):

€0.80 per unit	€0.80
+ 300 pages x €0.011 per page	€3.30
Total Print Charge per unit	€4.10

Black & white low-page count books (18 to 108 completed pages inclusive of title page, text, appendix, and LSUK's final page containing the check barcode and other production information) have a flat printing charge as outlined in the Products & Services Pricing document. Please refer to Products & Services Pricing document for the Fee Charge options associated with colour books.

Market Distribution Plan

An annual Market Distribution Plan fee is due at initial set up and each year thereafter for each title set up for Distribution and/or Drop Ship/EDI ordering. The Market Distribution Plan provides standardized BISAC subject coding with up to three subject categories, detailed title listings in all daily catalogues provided to domestic and international distribution partners (subject to distribution rights information provided by the publisher), title summary (annotation), and cover image preparation. BISAC subject coding is required for any title setup for the distribution model. In addition, we provide catalogues to the publisher for their valid titles in our library for Drop/Ship EDI orders. Ongoing changes and updates in price and discount are also included. Publishers may remove a title at any time, but catalogue fees will still be due in full and not prorated. If a publisher should

discover incorrect title data displayed by any Lightning Source distribution partners, LSUK will first confirm that correct title data is on-file with LSUK, and, if not, will correct LSUK's database and will provide amended datafeeds that can be used by the distribution partner to make necessary changes within its database. LSUK has no control over or responsibility for any distribution partner's erroneous display of data, failure to correct data errors brought to its attention, or the timing or delay of any changes to data. LSUK will make best efforts to encourage the distribution partner to amend incorrect data.

Custom Service Fees

In the event that non-standard work is necessary by LSUK to set up a title, LSUK will notify the publisher of custom service charges prior to performing the work. The hourly rate for such work is listed in the Products & Services Pricing document. Custom services include: custom touch-up, custom image manipulation, and all other specially requested, non-standard work.

LSUK expects to receive print-ready manuscript and cover files, and will not perform work of an editorial nature such as proofreading, editing for content, typesetting, or making font alterations throughout a book.

Ingram Advance

Ingram Advance is a monthly catalogue that is distributed to booksellers and libraries around the world. Titles are eligible to be included in *Ingram Advance* only once, when they are first released through LSUK. With this marketing service, Ingram will produce a short paragraph describing the title. Retail pricing information, and a black & white cover image will also be included. A publisher may request that a title be advertised in *Ingram Advance* only at the time a title is submitted to LSUK for initial set-up. Due to print deadlines, titles submitted to Ingram Advance will not appear in the catalogue until 3-4 months after a title has been approved to print and will be invoiced separately after the annotation appears in the magazine.

Multi-Volume Sets

A MVS is a set of books sold under a single ISBN.

How do you get started?

1 ISBN

First, you need to have a valid ISBN, purchased through your normal ISBN channels (i.e. Bowker, ISBN.org). This ISBN will serve as the parent to your multi-volume set, hereafter referred to as MVS.

Each title in that MVS is referred to as a child. It will require an ISBN if it will be sold in the traditional distribution channels. If not, LSI will assign a unique identification number (SKU).

2 SETTING UP

Now you have your ISBNs and have identified the titles to be packaged together. Your CSR will send you a spreadsheet for you to fill out and return to LSI.

On that spreadsheet, you will identify the parent title and ISBN, such as "The Selected Works of Shakespeare, ISBN 9781234567890."

Next, you will identify each individual title that will make up your set. The spreadsheet also allows you to identify pricing, discount, return status and contributor.

To illustrate:

The Selected Works of William Shakespeare would be the parent title (ISBN).

The children under this ISBN would be:

• Othello	• King Lear
• Hamlet	• Macbeth
• Romeo and Juliet	• The Merchant of Venice

3 TITLES SUBMISSION TO LSI

Once you have submitted the spreadsheet, the CSR will check it for accuracy to ensure you haven't omitted any pertinent information. From there, the spreadsheet information gets input into LSI's internal systems.

4 FILE SUBMISSION TO LSI

Next we will need files to be able to print the books. At this point in LSI's processes, we do not have the capability that allows you to submit your titles online as an MVS. As a result, you cannot upload files as you normally would for a first-time submission.

However, you can still use the LSI revision process to submit those files. There will be no revision charges; the revision link is simply the method by which you will provide files to LSI for printing.

Alternatively, you can also submit files to LSI via a dedicated ftp site. For more information on how to submit files and/or metadata, contact your CSR.

5 PROCESSING AT LSI

Once you have supplied the files to LSI, we can begin processing. If you request a proof, it's possible that the children will be shipped individually as they are processed and not as a complete set.

6 SHIPPING

A production order will ship in one of two ways: shrink-wrap or in a carton. We determine if a set is to be shrink-wrapped or placed in a box by the final page count of the set.

Each set can be shrink-wrapped if it's up to 2,400 pages for crème paper and 3,400 pages for white paper. A box will be used if the final page count is from 2,401 to 3,200 pages for crème and from 3,401 to 4,400 for white.

Any page counts that exceed these maximums will require an additional parent ISBN, and subsequent titles would be set up under that second parent ISBN until that page count limitation is once again reached. In other words, your second set will have the same criterion as the first.

Once the shrink-wrapped order is completed, there will be an MVS parent barcode on the completed packaging.

* CONSIDERATIONS

MVS titles are available for black and white content only, paperback or hardcover. At this time, we do not have the functionality in place to produce an MVS for colour books.

* FEES

A setup fee €19.00 Euro/£16.40 GBP per parent ISBN will be charged when titles are submitted and an MVS Package fee €0.35 Euro/£0.30 GBP per parent ISBN will be charged for each parent ordered. For example if five sets of The Selected Works of William Shakespeare are ordered in a single order there will be a €0.35 charge for each parent ISBN for a total of €1.75. Any other packaging or handling fees for Publisher Direct orders continue to apply.

9.0 PUBLISHER DIRECT ORDERS AND PROCEDURES

Web Orders: Orders may be placed by the publisher on the LSUK web site. Orders carry different turnaround times based on the service level chosen when the order is placed. The publisher may elect to expedite an order by indicating this in the appropriate order field on the LSUK website. Express and Rush Orders are given higher priority. An additional surcharge is billed for these services. Further information is available from your LSUK Client Services Representative.

10.0 WHOLESALE ORDERS

Orders are received from LSUK resellers and retail customers, printed "on-demand", and delivered by LSUK to the resellers or retailers in countries which LSUK has relationships. Publishers may choose to designate countries where titles are to be available for order by LSUK reseller and retail partners. The publisher pays no shipping or handling charges on the order. LSUK remits the publisher, Publisher Compensation, as defined below, for each unit sold. For each country, LSUK will send notification of an additional country and provide time for Publisher to opt out of each country. By not opting out, your title(s) will be available in that country. Of course, publishers can change this designation at any time.

Publisher Compensation

For wholesale book orders to resellers or retailers, LSUK pays the publisher the wholesale price of the book, less the cost of printing the book. The cost of printing is based on a unit cost for each book plus a cost per page. Follow these steps to determine the payment:

- Step 1** Determine the number of pages in the book stored in the digital library. The total page count must be divisible by two (2).
- Step 2** Refer to the Publisher Compensation section of the Products & Services Pricing document for the unit and per page cost of printing the book, based on its format type.
- Step 3** Subtract the printing cost from the wholesale price. This is the compensation the publisher receives from LSUK for each book printed.

Example: B&W 352 page 216 x 140 mm cream paperback:

<u>Wholesale Sale (GBP):</u>		<u>Wholesale Sale (EUR):</u>	
Wholesale Price	£12.00	Wholesale Price	€15.00
Print Charge:		Print Charge:	
70p per unit	£0.70	0.80 per unit	€0.80
+ 352 pgs x 1p	£3.52	+ 352 pgs x 0.011	€3.87
Total Print Charge per unit	<u>£4.22</u>	Total Print Charge per unit	<u>€4.67</u>
Publisher Compensation	£7.78	Publisher Compensation	€10.33

Terms of Sale

Publishers determine the **suggested retail list price and wholesale discount of each book submitted to LSUK**. The publisher may change the list price and/or wholesale discount by notifying LSUK at least 45 days in advance of the effective change, and the change will be updated in the LSUK system on the first day of LSUK's fiscal accounting month that falls after the elapse of the 45 day period. The publisher determines the **wholesale price** at which it sells the book to LSUK. LSUK pays the publisher the wholesale price less the cost of printing for each book printed. A standard trade discount of 55%, with a "returnable" status allows for the widest availability through resellers and retailers. While LSUK accepts short discounts off of list price, setting a short discount significantly limits the distribution of a title in the retail market. Short discounts are accepted as low as 20% for US and Canada, and as low 25% for the United Kingdom, Australia and Europe. Some major chain retailers and resellers may not order a short discount book. There is no guarantee that any given reseller or retailer will make any given title available.

Returns

The issue of returns is a complex one. The publisher determines if a book will be returnable or non-returnable, and in the vast majority of cases, publishers set their titles as **firm sale only**. Specifications on returns can be found in Attachment D – Returns Policy.

Monthly Publisher Reports and Publisher Compensation Payments:

LSUK will provide a monthly, electronic, Sales & Publisher Compensation Report to the publisher via email transmission. Publisher email addresses are collected during the new account application process. The email transmission will include both a statement image in PDF format, as well as a spreadsheet version (.TSV file). At a minimum, LSUK monthly reports include: book title, ISBN, Quantity Shipped, Wholesale Price of book sold to LSUK, Cost of Printing, and Net Compensation per title. Statements will be emailed within five (5) business days of LSUK's accounting month end, and will include sales for the current month. Payments are made to the publisher 90 days from the end of the month in which the sales are reported. LSUK publisher compensation payments are processed when publisher compensation is at least £100.00 or €100.00 in a month. If a publisher's compensation is less than £100.00 or €100.00 in a month, publisher compensation will be paid in the next applicable month that cumulative compensation due is over £100.00, unless specifically amended for a publisher.

11.0 ORDER FULFILLMENT

LSUK shall make commercially reasonable efforts to print, ship, and fulfill books in a timely manner. From time to time, large variations in order volume, equipment failure, order transmission problems, or the handling of operational issues may cause the delay of a shipment. The publisher should consider the possibility of delays in setting expectations and commitments with the Customers. Current turnaround times for the bind type(s) ordered and printing location will be provided during Order submission. For additional questions, please contact your LSUK Client Services Representative.

Publisher Direct Orders

Turnaround times (TAT)	<i>Paperback</i>	<i>Hardcover</i>
Lightning Source offers two different ways for orders to be placed. All publishers can place your orders through our website. If you are a large publisher with EDI capability, and placing more than 50 orders per day - we would recommend full integration of our operations. Speak to a sales representative if you are not sure.		
Website order method Economy From receipt and acceptance of order from the publisher to Lightning Source shipment of the order.	3-5 business days	7-10 business days
Express From receipt and acceptance of order from the publisher to Lightning Source shipment of the order.	2 business days	3-5 business days
Rush From receipt and acceptance of order from the publisher to Lightning Source shipment of the order.	1 business day	2 business day
Standard Select and Standard 70/105 Colour are available in Economy only and will ship in 10 business days.		

Print to Order/Wholesale Order

Turnaround times (TAT)	Paperback	Hardcover
From receipt and acceptance of the order (from wholesaler/distributor/retailer/bookseller), to the shipment of the order (to the wholesaler/distributor/retailer/bookseller)	2 business days	5 business days
Standard Select and Standard 70/105 Colour	10 Business Days	

Shippable Order

A Shippable Order is an order pending production and shipment by virtue of the fact that:

- A digital image of the ordered book has been established and is in production with LSUK.
- Publisher has authorized the release of the Order Shipment.
- The order has been received in the LSUK order management system.
- All required order and shipping information, necessary to process and fulfill the order to exact specifications and instructions, has been provided to LSUK.

Quantity Validation: LSI requires an additional quantity confirmation on orders of 500 or more units regardless of order submission type, service level, or shipping designation. Confirmations should be provided to your Client Services Representative.

Order Cancellation: LSI provides customers with the option to cancel their order up to 30 minutes from the time the order has been submitted. The option to cancel is available from the **View Previous Web Orders** screen as well as the **Order Detail** page.

Packing

LSUK prepares a packing list for each outbound shipment that contains the publishers name and return address. A publisher's order will not be consolidated and packed with orders of any other LSUK publisher. Resellers or publisher distribution centres should discuss consolidated delivery arrangements with the LSUK Sales Representative.

Packaging

Publisher orders are shipped in corrugated cartons having a minimum corrugating test weight of 125 kilograms. For heavier shipments purpose-built boxes are used. All cartons and boxes are unbranded.

- Carton size and shape is closely matched with each order to minimize packaging materials usage and ensure sturdy packaging, thereby minimizing transit damage.
- LSUK determines the size specific carton by the number of books in the shipment and the size of the individual books.
- LSUK limits the maximum out-bound carton weight to approximately 15 kilograms.

Labeling

Each order shipped by LSUK is labeled with standard carrier pre-approved formats. The label includes the publishers name and return address. The label format has been developed in conjunction with major carriers to optimize the flow of packages into their delivery and tracking systems.

- Labels will include the shipment number, purchase order number, routing and delivery service, and carton tracking information.
- Multiple carton shipment labels also specify each carton within the total number of cartons contained in the shipment.

Shipping Options

Customer pick-up is not available from the Lightning Source Milton Keynes facility.

LSUK offers a choice of delivery service to publishers, while ensuring that each choice offered is both dependable and economical in relation to the service level.

UK Shipping Methods

- We offer up to four service level options for delivery, depending on destination.
- Our Premium and Rush options are trackable courier services and are normally available for any parcel size.
- Our Economy and Standard services are not trackable and are subject to maximum weight limits of 2 Kilograms within the UK and 5 Kilograms for shipments to other destinations.

UK:

ECONOMY includes **Royal Mail 2nd Class** **up to 2 kg**

Suitable for small parcels up to a maximum of 2 kilograms (typically 2 books). Delivery to most address in the UK by the third business day following dispatch (although not guaranteed).

*Shipments are not trackable.

STANDARD includes **Royal Mail 1st Class** **up to 2 kg**

Suitable for small parcels up to a maximum of 2 kilograms (typically 2 books). Delivery to most address in the UK by the next business day following dispatch (although not guaranteed).

*Shipments are not trackable.

PREMIUM includes **UPS Standard**

Suitable for all parcel sizes. Delivery to most addresses in the UK by the next business day following dispatch (although not guaranteed). Delivery to Scottish and Scottish Island addresses and most Northern Ireland addresses is normally within 2 business days. Remote area locations** may be subject to additional charges and longer delivery times.

*Shipments are guaranteed and trackable.

****EUROPE:**

ECONOMY includes **DirectLink (ECOPACK)** **up to 2 kg**
includes **DirectLink (ECOMBAG)** **above 2 kg to 5 kg**

Suitable for small parcels up to a maximum of 5 kilograms. Delivery to most address in the EU to most addresses within 7 to 10 days.

*Shipments are not trackable.

STANDARD includes **DirectLink (ECOPACK)** **up to 2 kg**
includes **DirectLink (ECOMBAG)** **above 2 kg to 5 kg**

Suitable for small parcels up to a maximum of 5 kilograms. Delivery to most address in the EU within 4 to 6 days.

*Shipments are not trackable.

PREMIUM includes **DHL**

Suitable for all parcel sizes. Delivery to most EU to most destinations within 2 business days.

*Shipments are trackable.

REST OF WORLD:

STANDARD	includes DirectLink (PRIPACK)	up to 2 kg
	includes DirectLink (PRIMBAG)	above 2 kg to 5 kg

Suitable for small parcels up to a maximum of 5 kilograms. Delivery to most address in the EU within 6 to 10 days.

*Shipments are not trackable

PREMIUM includes **DHL**

Suitable for all parcel sizes. Delivery to nearly 200 countries within 2 to 4 days.

*Shipments are trackable.

* Where a particular service level is “not available”, this is because we are unable to offer an acceptable combination of service delivery time and price.

** EU countries for these purposes include the following EU member states plus Norway, Switzerland and Iceland (see list of countries below):

2 days	Ireland, Belgium, Channel Islands, Luxemburg, Netherlands
2-3 days	France, Germany
3 days	Austria, Denmark, Switzerland
3-4 days	Spain, Spanish Islands
3-5 days	Italy, Latvia
4 days	Portugal, Rumania
4-5 days	Sweden
4-6 days	Finland
5 days	Bulgaria, Czech Republic, Hungary, Norway, Poland, Slovakia, Slovenia
5-6 days	Greece
6 days	Estonia, Lithuania, Turkey
6-7 days	Russian Federation

All other European destinations are treated as Rest of World.

Notes:

Remote Area Surcharges apply to premium services based on surcharges levied by our carriers. Where applicable, these surcharges are included in the rates displayed on the Lightning Source web order page. Common examples of surcharges are as follows:

- **Europe Premium:** All Alpine areas within Europe plus offshore islands, add £13.00.
- **ROW Premium:** Most African and Caribbean countries add £13.00.

For a comprehensive list of surcharge areas please contact your customer service representative.

High Volume Shipments - For high volume orders or for orders returning freight pricing in excess of £200, we may be able to negotiate improved rates with our carriers. Please contact your customer service representative for more information.

Important Note on International Shipping

The Publisher is the exporter of record for all international EDI Drop Ship shipments fulfilled by LSUK. Certain information to perform international shipping may not be available to LSUK (e.g. order value for customs purposes, commercial invoices for freight-forwarders). The publisher is responsible for all assessed penalties resulting from improperly declared shipments. For information about fulfilling customs, importing and freight forwarder requirements, the publisher should contact their LSUK Client Services Representative.

Tracing & Proof of Delivery

Tracking of packages is available via selected carrier's website, in addition to the LSUK website. Tracing and proof of delivery is only available with certain carriers and service levels. In the event that your customer does not receive the package, they should contact the publisher to initiate tracing procedures. The publisher may feel that in the customer best interest, a replacement order is sent. The publisher is responsible for all replacement orders, and the order must be resubmitted electronically with a new PO number. The publisher should contact their LSUK Client Services Representative to initiate any Proof of Delivery or tracing requests. LSUK must be notified of non-receipt or damaged product within 60 days of shipping.

Return Shipment Processing

LSUK will not accept returned books unless the shipment was undeliverable as addressed or where the customer refused delivery. On investigation, LSUK assesses actual shipping fees per returned shipment.

Returned Shipment Acknowledgment

LSUK will advise publisher that a returned shipment has been received and processed from the publisher's customer. This acknowledgment includes summary-level information adequate to identify the order from the original shipment; the individual books contained in the original shipment are not included.

Disposition of Returned Books

Books received in returned shipments are stored in a bulk container and are periodically destroyed.

12.0 DOING BUSINESS WITH LIGHTNING SOURCE AROUND THE WORLD

Many publishers use Lightning Source for services in multiple countries. This section is designed to help publishers understand how their accounts will be handled when taking advantage of the services offered by each operating unit. For purposes of this discussion, an "operating unit" is one of our companies incorporated in the country in which it prints and sells books.

Primary Operating Unit Assignment

Each Lightning Source publisher is assigned to a primary operating unit. The operating unit to which a publisher's account is assigned depends on the country of origin. **See Attachment A.** The following table outlines the general rules that we use to assign accounts to operating units.

Country of Origin	Primary Operating Unit	Country of Operating Unit
Americas (North, Central, South)	Lightning Source Inc.	United States of America
UK, Europe, Middle East, Africa, Asia	Lightning Source UK Ltd.	United Kingdom
Australia, New Zealand	Lightning Source Australia Pty Ltd	Australia

Sales and Customer Service

A publisher will receive primary sales and customer service support from staff assigned to the publisher from its primary operating unit.

Market Distribution Plan, Title Setup and Related Services

Certain services, fees, and billing will always be provided to a publisher by the primary operating unit. These fees include Market Distribution Plan, title setup and title setup related services (See Section 10 above). The following table outlines the fee schedules, prices and billing and payment currencies that apply based on your account assignment.

If your primary operating unit is:	Lightning Source Inc.	Lightning Source UK Ltd.	Lightning Source UK Ltd.	Lightning Source Australia Pty Ltd.
And your country has adopted the Euro	N/A	No	Yes	N/A
Then the applicable pricing document will be:	Products & Services Pricing / US	Products & Services Pricing / UK	Products & Services Pricing / EURO	Products & Services Pricing / AUD
If your primary operating unit is:	Lightning Source Inc.	Lightning Source UK Ltd.	Lightning Source UK Ltd.	Lightning Source Australia Pty Ltd.
And billing will be in the following currency:	USD	GBP	EUR	AUD
And invoices may be paid in the following currency ¹ :	USD	GBP	EUR	AUD

1. Orders placed over the Internet or invoices paid via our online payment option may be settled with a local or foreign currency credit card. Credit card payments will be charged when the order is submitted. The credit card service will automatically convert the amount from the transaction currency to the currency of the credit card.

Print Orders (aka Publisher Direct Distribution Services):

Once a publisher's primary account is established, the publisher will be able to submit print orders to its primary operating unit through that account as described in Sections 9.0 and 10.0 of this Operating Manual. However, many publishers desire to submit print orders to other Lightning Source operating units to speed delivery of orders to their customers in other parts of the world and to save on freight and logistics costs. Each operating unit has a separate price list that is based on the local currency of the operating unit. When placing orders with operating units that are not the primary operating unit, the fee schedules applicable to the operating unit where the order is being placed will be used for calculating the resulting invoice. If a publisher wishes to place orders with other Lightning Source operating units, contact the assigned customer service representative in your primary operating unit and request that a secondary account be set up with the other operating unit(s).

If the publisher plans to submit orders exclusively via Lightning's secure web site, then there is no need to sign a contract with the foreign operating unit. However, if the publisher plans to set up an EDI ordering link with a secondary operating unit, the publisher must sign a Print-on-Demand Agreement with the secondary operating unit prior to establishing the EDI ordering links. The following table outlines the fee schedules and currencies, contracts and operating manuals applicable to each operating unit.

If you place an order with the following operating unit:	Lighting Source Inc.	Lighting Source UK Ltd.	Lighting Source UK Ltd.	Lightning Source Australia Pty Ltd.
And your country has adopted the Euro	N/A	No	Yes	N/A
Then the applicable pricing document will be:	Products & Services Pricing / US	Products & Services Pricing / UK	Products & Services Pricing / EURO	Products & Services Pricing / AUD
And you will be billed in the following currency:	USD	GBP	EUR	AUD
And you may pay invoices in the following currency ² :	USD	GBP	EUR	AUD
And your orders will be governed by the following operating manual:	Lighting Source Inc. U.S. Operating Manual	Lightning Source U.K. Ltd. Operating Manual	Lightning Source UK Ltd. Operating Manual	Lightning Source Australia Pty Ltd.
And you will need to sign the following agreement if you plan to place EDI orders:	Lightning Source U.S. Print-on-Demand Agreement	Lightning Source U.K. Ltd. Print-on-Demand Agreement	Lightning Source UK Ltd. Print-on-Demand Agreement	Lightning Source Australia Pty Ltd. Print-on-Demand Agreement

2. Orders placed over the publisher secure web site or invoices paid via our online payment portal may be settled with a local or foreign currency credit card. Credit card payments will be charged when the order is submitted. The credit card service will automatically convert the amount from the transaction currency to the currency of the credit card.

Wholesale Distribution Services

If a publisher would like Lightning Source to sell its books and print them on-demand for direct orders from resellers or retailers in markets around the world, then the following table outlines the actions that must be taken to set up titles to participate in the various markets. Once a title is set up under the primary account, there are no additional fees or charges required to make the title available for sale in additional markets. Each operating unit will use the same print-ready PDF file. Print files and changes to these files are continuously synchronized across operating units once the publisher has given permission for an operating unit to sell a particular title.

If you would like your books sold in:	The United States³ and Canada	The United Kingdom and other available countries⁵	Europe	Australia
You will need to sign the following agreement:	Lightning Source U.S. Print-on-Demand Agreement	Lightning Source U.K. Ltd. Print-on-Demand Agreement	Lightning Source UK Ltd. Print-on-Demand Agreement	Lightning Source Australia Pty Ltd. Print-on-Demand Agreement
Then you will need to assign a retail price and wholesale discount to each title you want sold in each market in the following. currency:	USD (and CAD if you also desire to authorize distribution in Canada)	GBP	EUR	AUD
Your sales will be reported monthly in the following currency:	USD	GBP	EUR	AUD
And you will be paid for sales in the following currency ⁴ :	USD	GBP	EUR	AUD
And operating procedures will be governed by the following operating manual:	Lightning Source Inc. U.S. Operating Manual	Lightning Source U.K. Ltd. Operating Manual	Lightning Source UK Ltd. Operating Manual	Lightning Source Australia Pty Ltd.

3. This option also includes distribution through Ingram International. Ingram International sells books on an export basis to customers in over 100 countries around the world; thereby, giving your titles world-wide distribution.

4. You may elect to have your sales paid in any of the following currencies: USD, AUD, GBP, EUR; however, it will not change the reporting currency. Contact your client services representative if you would like to change your payment currency.

5. This option includes distribution through LSUK to export titles to its customers in countries where LSUK has a reseller/retailer relationship at the current UK pricing for each title. The publisher can opt out as needed for each country.

13.0 GLOBAL CONNECT SERVICES

Global Connect offers greater market reach and connectivity to consumers by expanding Ingram's own print and distribution footprint in key territories by pursuing alliances with partners around the world.

These new Global Connect partners offer "wholesale like" Print to Order solutions in countries where LSI does not have physical production facilities. Partners will show titles as available for the market and will print them as orders come in from their local channels and retailers. Publishers simply make a title available for the market and we handle the rest. No inventory, shipping, currency headaches, or import/export issues to be concerned about. For more information on this service please see Attachment E – Global Connect.

14.0 PUBLISHER PAYMENTS AND BILLING

LSUK will invoice publisher for each distinct type and unit of service on individual invoices as further described below.

Types of Invoices and Invoice Dates:

The publisher may determine the type of service being billed by looking at the “Order Type” code in the upper right section of the invoice. The following table lists all of LSUK’s “Order Type” codes for POD, the services to which they relate, the date invoices are created, and any invoice grouping rules that apply.

Order Type Code	Invoice Type Code	Order Type / Service Description	Timing of Invoices	Grouping Rule
TS	Inv-TS	Title Setup Services (including original titles setups, revisions, custom charges and proofs not ordered via the LSUK web site)	Invoices are created on the day that the related services are completed. For original title setups, the billing date is the date that LSUK has completed the setup, printed and reviewed an internal proof copy, and determined that the proof conforms to LSUK’s quality standards.	One invoice is generally created for each ISBN for which a setup service has been completed.
PP	Inv-PP	Publisher Physical Proof Copies ordered via the LSUK web site	Invoices are created on the day that the physical proof is shipped to the publisher.	One invoice is generally created for each physical proof ordered.
DS	Inv-DS	Publisher Direct - Drop Ship Orders	Invoices are created on the day that the complete or partial order is shipped.	One invoice is created for each publisher purchase order / ship-to address. More than one invoice may be generated per purchase order if the order is split into multiple shipments due to different manufacturing lead times.
SR	Inv-SR	Publisher Direct - Short Run Orders	Invoices are created on the day that the complete or partial order is shipped.	One invoice is created for each publisher purchase order / ship-to address. More than one invoice may be generated per purchase order if the order is split into multiple shipments due to different manufacturing lead times.
	DCF-POD	Market Distribution Plan	Invoices are created at the end of the first month that a title is available to be printed and subsequently at the end of the month in which each title’s setup anniversary falls	Publisher will receive a single monthly invoice for all titles. The invoice “Order Type” field will be blank, but the comments section of the invoice will indicate “POD Market Distribution Plan for the Month of XXX”
	Inv-Adv	Ingram Advance Magazine Advertising Fees	Monthly catalogue that is distributed to booksellers and libraries around the world	Publisher will receive a single monthly invoice for all titles included in the Ingram Advance Magazine.

Alternatives for Publishers with High Invoice Volumes:

- If publisher invoice and shipment volumes are high, LSUK has the ability to consolidate its billings into single weekly or monthly invoices per each order type, if desired and requested by the publisher. This option reduces invoice volumes and makes it easier for some publishers to process payment. Contact your LSUK Finance Representative for more information on consolidated billing options.

Method and Frequency of Invoice Transmission:

- Invoices are sent to publishers via email transmission. Publisher email addresses are collected during the new account application process. The email transmission will include both invoice images in PDF format, as well as a spreadsheet version (.TSV file).
- Invoice files are generally transmitted to publishers every Monday and include all invoices generated by the billing system during the previous week.
- Publishers may request to receive paper invoices instead of electronic invoices; however, additional charges may apply.

Currency and Payment Terms:

- All Lightning Source billing is invoiced in the currency assigned to the publisher based on the publisher’s country of origin (see Attachment A).
- Remittance is due net 30 days from invoice date.
- Publishers who do not have an account must submit a credit application for LSUK approval prior to LSUK initiating work on a title or placing orders.
- LSUK may request payment in advance via a cashier’s cheque or credit card based on the credit standing of the publisher.

15.0 CUSTOMER SERVICE

Office Hours

LSUK office hours are from 8:30 AM to 4:30 PM GMT, Monday through Friday.

Holidays

LSUK will be closed for the following holidays:

- New Year's Day
- Good Friday
- Easter Monday
- May Bank Holiday
- Spring Bank Holiday
- Summer Bank Holiday
- Christmas Day
- Boxing Day

How to Reach LSUK for Assistance

LSUK may be contacted by phone through our main telephone number: **+44 (0) 845 121 4567** and/or via email at **enquiries@lightningsource.co.uk**. In addition, all LSUK Client Services Representatives have an individual telephone extension and can be contacted directly.

Attachment A – Countries & Related LSI Primary Operating Unit

Primary Operation Unit:

US = Lighting Source Inc.; UK = Lighting Source UK Ltd; AUS = Lightning Source Australia Pty Ltd.

Country Name	ISO3 Code	Region	Primary Operation Unit	Invoice Currency
United States	USA	North America	LSUS	USD
United Kingdom	GBR	Europe	LSUK	GBP
Albania	ALB	Europe	LSUK	GBP
Algeria	DZA	Africa	LSUK	GBP
American Samoa	ASM	Australia	LSUK	GBP
Andorra	AND	Europe	LSUK	EUR
Angola	AGO	Africa	LSUK	GBP
Anguilla	AIA	North America	LSUS	USD
Antarctica	ATA	Antarctica	LSUK	GBP
Antigua And Barbuda	ATG	North America	LSUS	USD
Argentina	ARG	South America	LSUS	USD
Armenia	ARM	Europe	LSUK	USD
Aruba	ABW	North America	LSUS	USD
Australia	AUS	Australia	LSAUS	GBP
Austria	AUT	Europe	LSUK	EUR
Azerbaijan	AZE	Europe	LSUK	USD
Bahamas	BHS	North America	LSUS	USD
Bahrain	BHR	Asia	LSUK	USD
Bangladesh	BGD	Asia	LSUK	USD
Barbados	BRB	North America	LSUS	USD
Belarus	BLR	Europe	LSUK	GBP
Belgium	BEL	Europe	LSUK	EUR
Belize	BLZ	North America	LSUS	USD
Benin	BEN	Africa	LSUK	GBP
Bermuda	BMU	North America	LSUS	USD
Bhutan	BTN	Asia	LSUK	USD
Bolivia	BOL	South America	LSUS	USD
Bosnia And Herzegowina	BIH	Europe	LSUK	GBP
Botswana	BWA	Africa	LSUK	EUR
Bouvet Island	BVT	Antarctica	LSUK	GBP
Brazil	BRA	South America	LSUS	USD
British Indian Ocean Territory	IOT	Africa	LSUK	USD
Brunei Darussalam	BRN	Asia	LSUS	USD
Bulgaria	BGR	Europe	LSUK	EUR
Burkina Faso	BFA	Africa	LSUK	GBP
Burundi	BDI	Africa	LSUK	GBP
Cambodia	KHM	Asia	LSUK	USD
Cameroon	CMR	Africa	LSUK	GBP
Canada	CAN	North America	LSUS	USD
Cape Verde	CPV	Africa	LSUK	EUR
Cayman Islands	CYM	North America	LSUS	USD
Central African Republic	CAF	Africa	LSUK	GBP
Chad	TCD	Africa	LSUK	GBP
Chile	CHL	South America	LSUS	USD
China	CHN	Asia	LSUK	USD
Christmas Island	CXR	Australia	LSUK	GBP
Cocos (Keeling) Islands	CCK	Australia	LSUK	GBP
Colombia	COL	South America	LSUS	USD
Comoros	COM	Africa	LSUK	GBP
Congo	COG	Africa	LSUK	GBP
Congo, The Democratic Republic Of The	COD	Africa	LSUK	GBP
Cook Islands	COK	Australia	LSUK	GBP
Costa Rica	CRI	North America	LSUS	USD
Cote D'ivoire	CIV	Africa	LSUK	GBP
Croatia (Local Name: Hrvatska)	HRV	Europe	LSUK	EUR
Cuba	CUB	North America	LSUS	USD

Country Name	ISO3 Code	Region	Primary Operation Unit	Invoice Currency
Cyprus	CYP	Europe	LSUK	EUR
Czech Republic	CZE	Europe	LSUK	EUR
Denmark	DNK	Europe	LSUK	EUR
Djibouti	DJI	Africa	LSUK	GBP
Dominica	DMA	North America	LSUS	USD
Dominican Republic	DOM	North America	LSUS	USD
East Timor	TMP	Asia	LSUK	USD
Ecuador	ECU	South America	LSUS	USD
Egypt	EGY	Africa	LSUK	GBP
El Salvador	SLV	North America	LSUS	USD
Equatorial Guinea	GNQ	Africa	LSUK	GBP
Eritrea	ERI	Africa	LSUK	GBP
Estonia	EST	Europe	LSUK	EUR
Ethiopia	ETH	Africa	LSUK	GBP
Falkland Islands (Malvinas)	FLK	South America	LSUS	USD
Faroe Islands	FRO	Europe	LSUK	GBP
Fiji	FJI	Australia	LSUK	GBP
Finland	FIN	Europe	LSUK	EUR
France	FRA	Europe	LSUK	EUR
French Guiana	GUF	South America	LSUS	EUR
French Polynesia	PYF	Australia	LSUK	GBP
French Southern Territories	ATF	Antarctica	LSUK	GBP
Gabon	GAB	Africa	LSUK	GBP
Gambia	GMB	Africa	LSUK	GBP
Georgia	GEO	Europe	LSUK	GBP
Germany	DEU	Europe	LSUK	EUR
Ghana	GHA	Africa	LSUK	GBP
Gibraltar	GIB	Europe	LSUK	GBP
Greece	GRC	Europe	LSUK	EUR
Greenland	GRL	North America	LSUS	USD
Grenada	GRD	North America	LSUS	USD
Guadeloupe	GLP	Europe	LSUK	EUR
Guam	GUM	Australia	LSUK	GBP
Guatemala	GTM	North America	LSUS	USD
Guinea	GIN	Africa	LSUK	GBP
Guinea-Bissau	GNB	Africa	LSUK	GBP
Guyana	GUY	South America	LSUS	USD
Haiti	HTI	North America	LSUS	USD
Heard And Mc Donald Islands	HMD	Antarctica	LSUK	GBP
Holy See (Vatican City State)	VAT	Europe	LSUK	EUR
Honduras	HND	North America	LSUS	USD
Hong Kong	HKG	Asia	LSUK	USD
Hungary	HUN	Europe	LSUK	EUR
Iceland	ISL	Europe	LSUK	GBP
India	IND	Asia	LSUK	USD
Indonesia	IDN	Asia	LSUK	USD
Iran (Islamic Republic Of)	IRN	Asia	LSUK	USD
Iraq	IRQ	Asia	LSUK	USD
Ireland	IRL	Europe	LSUK	EUR
Israel	ISR	Asia	LSUK	USD
Italy	ITA	Europe	LSUK	EUR
Jamaica	JAM	North America	LSUS	USD
Japan	JPN	Asia	LSUK	USD
Jordan	JOR	Asia	LSUK	EUR
Kazakhstan	KAZ	Asia	LSUK	USD
Kenya	KEN	Africa	LSUK	GBP
Kiribati	KIR	Australia	LSUK	GBP
Korea, Democratic People's Republic Of	PRK	Asia	LSUK	USD
Korea, Republic Of	KOR	Asia	LSUK	USD
Kuwait	KWT	Asia	LSUK	USD
Kyrgyzstan	KGZ	Asia	LSUK	USD
Lao People's Democratic Republic	LAO	Asia	LSUK	USD

Country Name	ISO3 Code	Region	Primary Operation Unit	Invoice Currency
Latvia	LVA	Europe	LSUK	EUR
Lebanon	LBN	Asia	LSUK	USD
Lesotho	LSO	Africa	LSUK	GBP
Liberia	LBR	Africa	LSUK	GBP
Libyan Arab Jamahiriya	LBY	Africa	LSUK	EUR
Liechtenstein	LIE	Europe	LSUK	GBP
Lithuania	LTU	Europe	LSUK	EUR
Luxembourg	LUX	Europe	LSUK	EUR
Macau	MAC	Asia	LSUK	USD
Macedonia, The Former Yugoslav Republic Of	MKD	Europe	LSUK	EUR
Madagascar	MDG	Africa	LSUK	GBP
Malawi	MWI	Africa	LSUK	GBP
Malaysia	MYS	Asia	LSUK	USD
Maldives	MDV	Asia	LSUK	USD
Mali	MLI	Africa	LSUK	GBP
Malta	MLT	Europe	LSUK	EUR
Marshall Islands	MHL	Australia	LSUK	GBP
Martinique	MTQ	Europe	LSUK	EUR
Mauritania	MRT	Africa	LSUK	GBP
Mauritius	MUS	Africa	LSUK	GBP
Mayotte	MYT	Africa	LSUK	EUR
Mexico	MEX	North America	LSUS	USD
Micronesia, Federated States Of	FSM	Australia	LSUK	GBP
Moldova, Republic Of	MDA	Europe	LSUK	GBP
Monaco	MCO	Europe	LSUK	EUR
Mongolia	MNG	Asia	LSUK	USD
Montserrat	MSR	North America	LSUS	USD
Morocco	MAR	Africa	LSUK	EUR
Mozambique	MOZ	Africa	LSUK	GBP
Myanmar	MMR	Asia	LSUK	GBP
Namibia	NAM	Africa	LSUK	GBP
Nauru	NRU	Australia	LSUK	GBP
Nepal	NPL	Asia	LSUK	USD
Netherlands	NLD	Europe	LSUK	EUR
Netherlands Antilles	ANT	South America	LSUS	USD
New Caledonia	NCL	Australia	LSUK	GBP
New Zealand	NZL	Australia	LSAUS	GBP
Nicaragua	NIC	North America	LSUS	USD
Niger	NER	Africa	LSUK	GBP
Nigeria	NGA	Africa	LSUK	GBP
Niue	NIU	Australia	LSUK	GBP
Norfolk Island	NFK	Australia	LSUK	GBP
Northern Mariana Islands	MNP	Australia	LSUK	GBP
Norway	NOR	Europe	LSUK	GBP
Oman	OMN	Asia	LSUK	USD
Pakistan	PAK	Asia	LSUK	USD
Palau	PLW	Australia	LSUK	GBP
Palestinian Territory, Occupied	PSE	Asia	LSUK	USD
Panama	PAN	North America	LSUS	USD
Papua New Guinea	PNG	Australia	LSUK	GBP
Paraguay	PRY	South America	LSUS	USD
Peru	PER	South America	LSUS	GBP
Philippines	PHL	Asia	LSUK	USD
Pitcairn	PCN	Australia	LSUK	GBP
Poland	POL	Europe	LSUK	GBP
Portugal	PRT	Europe	LSUK	EUR
Puerto Rico	PRI	North America	LSUS	USD
Qatar	QAT	Asia	LSUK	USD
Reunion	REU	Africa	LSUK	EUR
Romania	ROU	Europe	LSUK	EUR
Russian Federation	RUS	Europe	LSUK	EUR
Rwanda	RWA	Africa	LSUK	GBP

Country Name	ISO3 Code	Region	Primary Operation Unit	Invoice Currency
Saint Kitts And Nevis	KNA	North America	LSUS	USD
Saint Lucia	LCA	North America	LSUS	USD
Saint Vincent And The Grenadines	VCT	North America	LSUS	USD
Samoa	WSM	Australia	LSUK	GBP
San Marino	SMR	Europe	LSUK	EUR
Sao Tome And Principe	STP	Africa	LSUK	GBP
Saudi Arabia	SAU	Asia	LSUK	USD
Senegal	SEN	Africa	LSUK	GBP
Serbia and Montenegro	SCG	Europe	LSUK	EUR
Seychelles	SYC	Africa	LSUK	EUR
Sierra Leone	SLE	Africa	LSUK	GBP
Singapore	SGP	Asia	LSUK	USD
Slovakia (Slovak Republic)	SVK	Europe	LSUK	EUR
Slovenia	SVN	Europe	LSUK	EUR
Solomon Islands	SLB	Australia	LSUK	GBP
Somalia	SOM	Africa	LSUK	GBP
South Africa	ZAF	Africa	LSUK	GBP
South Georgia And The South Sandwich Islands	SGS	Antarctica	LSUK	GBP
Spain	ESP	Europe	LSUK	GBP
Sri Lanka	LKA	Asia	LSUK	USD
St. Helena	SHN	Africa	LSUK	GBP
St. Pierre And Miquelon	SPM	Europe	LSUK	GBP
Sudan	SDN	Africa	LSUK	GBP
Suriname	SUR	South America	LSUS	USD
Svalbard And Jan Mayen Islands	SJM	Europe	LSUK	GBP
Swaziland	SWZ	Africa	LSUK	GBP
Sweden	SWE	Europe	LSUK	GBP
Switzerland	CHE	Europe	LSUK	GBP
Syrian Arab Republic	SYR	Asia	LSUK	USD
Taiwan, Province Of China	TWN	Asia	LSUK	USD
Tajikistan	TJK	Asia	LSUK	USD
Tanzania, United Republic Of	TZA	Africa	LSUK	GBP
Thailand	THA	Asia	LSUK	USD
Togo	TGO	Africa	LSUK	GBP
Tokelau	TKL	Australia	LSUK	GBP
Tonga	TON	Australia	LSUK	GBP
Trinidad And Tobago	TTO	North America	LSUS	USD
Tunisia	TUN	Africa	LSUK	EUR
Turkey	TUR	Asia	LSUK	USD
Turkmenistan	TKM	Asia	LSUK	USD
Turks And Caicos Islands	TCA	North America	LSUS	USD
Tuvalu	TUV	Australia	LSUK	GBP
Uganda	UGA	Africa	LSUK	GBP
Ukraine	UKR	Europe	LSUK	GBP
United Arab Emirates	ARE	Asia	LSUK	USD
United States Minor Outlying Islands	UMI	North America	LSUS	USD
Uruguay	URY	South America	LSUS	USD
Uzbekistan	UZB	Asia	LSUK	USD
Vanuatu	VUT	Australia	LSUK	EUR
Venezuela	VEN	South America	LSUS	USD
Viet Nam	VNM	Asia	LSUK	USD
Virgin Islands (British)	VGB	North America	LSUS	USD
Virgin Islands (U.S.)	VIR	North America	LSUS	USD
Wallis And Futuna Islands	WLF	Australia	LSUK	GBP
Western Sahara	ESH	Africa	LSUK	GBP
Yemen	YEM	Asia	LSUK	USD
Yugoslavia	YUG	Europe	LSUK	GBP
Zaire	ZAR	Africa	LSUK	GBP
Zambia	ZMB	Africa	LSUK	GBP
Zimbabwe	ZWE	Africa	LSUK	GBP

Attachment B - Scan Title Submission Standards

Submitting Titles for Scanning – Hardcopy original books in good condition may be submitted for scanning and setup into the LSI digital library. Upon receipt by LSUK the book is inspected, and if it meets LSI specifications, it is forwarded to LSI in the USA where the book is **unbound and disassembled**. The spine of the book block is cut to produce single sheets of paper. Note: Original book parts cannot be reassembled and will not be returned to the publisher unless the publisher specifically requests return of the book part materials. LSUK will return originals upon request within 90 days of completion at the publisher's expense.

Scan titles will be readjusted to the paperback or hardcover trim sizes specified by the publisher when submitting the book. The adjustment is made by increasing or decreasing the gutter and margins and not by resizing text and halftones. All text and halftones will be reproduced at 100% of the original input, unless otherwise specified by the publisher (see parameters below).

Specifications for scanned books are described below. **Note: Scanned reproduction quality of halftone images or pictures may vary significantly from the original. LSUK recommends that all publishers review proof copies of all books with halftone content.**

Acceptable Scan Books

Scan books submitted to LSUK are classified into one of three specific Lightning Source categories. Books are determined to be Standard, Custom or Non-compliant for scanning.

Standards books are set up for the standard pricing described in the Products & Services Pricing document, and have the following attributes:

Interior

- Text block is in good condition
- Black or dark ink only in the text block
- Halftone count is 20 halftones or less
- Replacement pages are limited to minor changes detailed below
- Text requiring resizing or scaling from 75% to 125%, as specified by the publisher

Cover

- Printed covers are in good condition
- Cover Type is 9pt or larger, with no drop shadow text design
- Cover image repair is limited to folds on spine & cloning of background for bleed
- No foil, embossing, or metallic inks on the cover
- Original cover must be proportional to final trim size of printed book

Books that **do not** meet the above standards are classified as Custom Books, and require a custom quote of time/cost to complete set up of the book. Factors that may influence this include:

Interior

- Excessive number or complex halftones
- Excessive replacement of pages within the text block
- Text is in poor condition
- Coloured inks – note that some coloured inks cannot be reproduced
- Hand applied text, logos, or images
- Minimal typesetting of front matter pages (e.g. correction/addition of ISBN on copyright page)

Cover

- Covers in poor condition
- Mechanical paste-up boards on the cover
- Broken (pinched) or fine type on the cover
- Complex designs, patterns, gradients, or intricate backgrounds on the cover
- Non-traditional paper stock, including foil, linen, laid, or holographic paper
- Casebound covers that will not lay flat for scanning

Books that do not meet Lightning Source Custom Standards are generally not good candidates for print-on-demand and cannot be scanned for set up. LSUK will reject books in the following condition:

Interior

- Paper stock of less than 40# uncoated text
- Paper other than white or cream
- Excessively damaged pages
- Text or images printed in any pastel colour
- Book block size smaller than 229 x 102 mm (4 x 6 inches)

Cover

- Excessively damaged cover

Scanned image defects that result from defective original books will not be corrected unless requested by the publisher. Requested corrections will be charged custom service rates as described in the LSUK the Products & Services Pricing document. LSUK will confirm all extra processing charges with the publisher prior to executing the work. Contact an LSUK Client Services Representative with any questions.

Submitting Miscellaneous Updates for Scan Books – LSUK will perform minor changes as part of the standard set up fee for hardcopy scan titles at the time of title submission. Minor changes include replacement of title or copyright pages, removal/replacement of other text pages, removal or replacement of logos on the cover, and removal of minor text on pages. LSUK will perform up to 5 minor changes on a title at no extra charge at the time of title submission. Complex changes or more than five (5) will be charged additional fees as determined by LSUK. LSUK will contact the publisher, provide a price, and obtain permission before proceeding with any non-standard work.

Page replacements may be submitted in print-ready hard copy format, or LSUK will print and scan pages submitted via a digital file. Print ready pages must be built to trimsize and with no crop marks. The publisher must identify and provide new copy for any changes at the time the original book/file is submitted. Revisions added after LSUK has produced a physical proof are subject to a revision charge or custom manipulation fees. Digital file changes should be performed by the publisher and submitted as an entire file to LSUK.

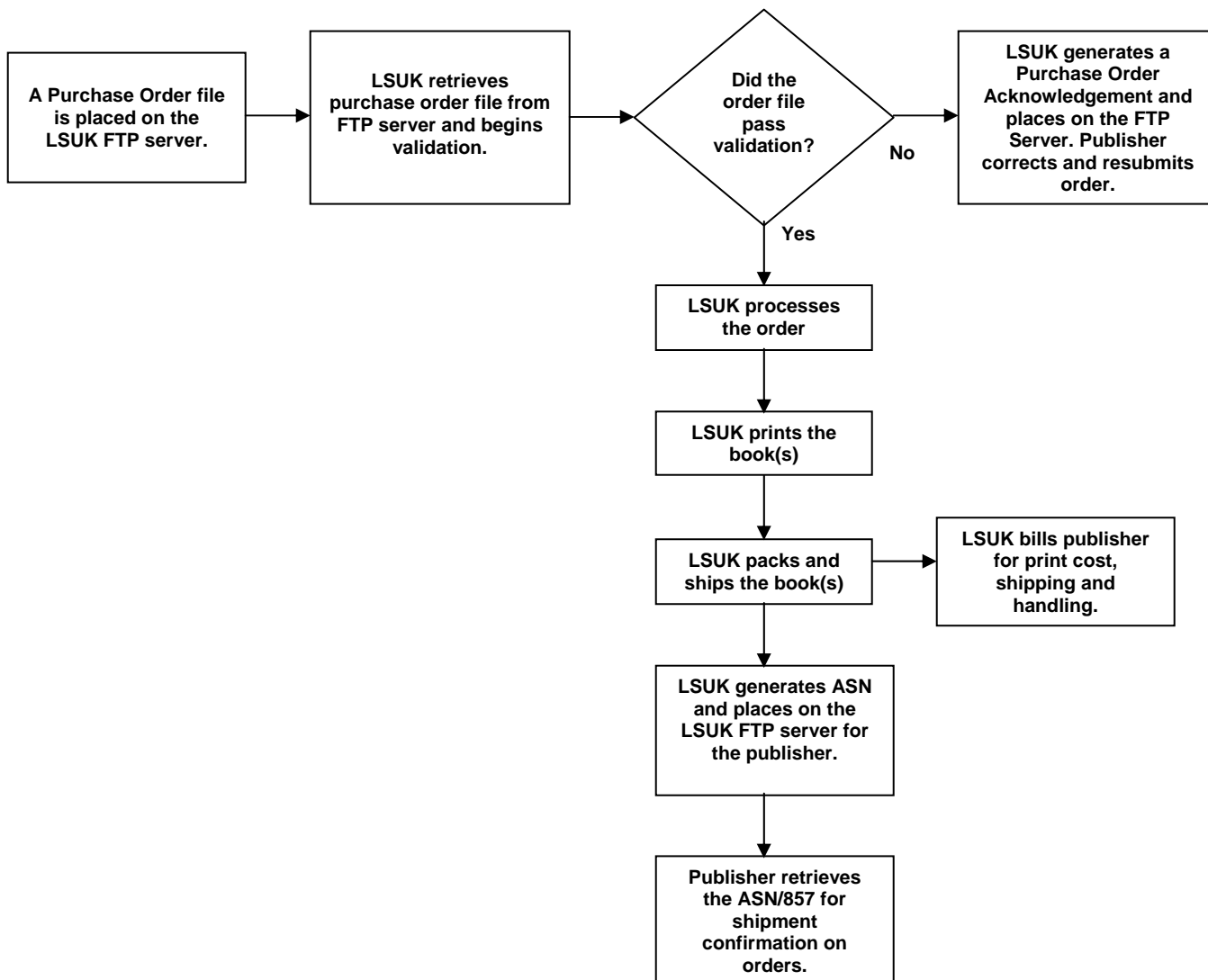
Submitting Titles with Both Digital Files and Scan Content – Publisher circumstances may require a digital file (text or cover) to be submitted with scan content (text or cover). The publisher should submit the digital file as usual on the web and send the physical content to LSUK for processing. Upon receipt of the physical content, LSUK will check for digital files submitted on the web and match it with the physical content received. Requirements for digital and scan content discussed in their respective sections still apply.

Attachment C – Drop Ship Order Overview

1.0 Overview

The Drop Ship Order process allows for electronic transmission of book orders to LSUK via EDI (Electronic Data Interchange). Book orders are printed, with automated confirmation of printing and shipping back to the publisher. Books are shipped directly to the publisher's customer or designated location. LSUK EDI Drop Ship publishers are billed initial set-up costs, printing, and shipping and handling costs for each book printed and shipped. The publisher is responsible for all customer service and support to the publisher's customer. Publishers interested in EDI Drop Ship should contact their LSUK Sales Representative for more information.

2.0 Publisher Direct EDI Drop Ship Work Flow



3.0 Order Processing

The publisher places orders on the LSUK FTP server and LSUK monitors the FTP server for new file orders from the publisher. When an order file is detected, LSUK executes a validation process to ensure that the file is complete and does not contain errors. Orders are processed and the unit(s) are routed to print. Once the unit(s) has printed, the order is then packed and shipped to the designated location.

- The publisher is responsible for consolidating individual customer orders for transport and delivery to a single destination.
- Publisher shall ensure that all required orders and shipping information necessary to process the transmitted order is provided to LSUK.
- LSUK will split orders for hardcover books and books larger than 229 x 152 mm/6 x 9 inch , from orders of books 229 x 152 mm /6 x 9 inch and smaller.
- Due to the timing with which orders move through the LSUK system, no changes may be made to an order; including cancelling orders, changing any part of the address or changing shipping methods.

Order Validation

LSUK executes a validation process to ensure that files received by LSUK are complete. The following procedures govern the LSUK validation process:

- In an effort to prevent duplicate orders from being processed inadvertently, the Purchase Order (PO) file name **must** be unique. Any orders submitted or resubmitted with the same file name (PO) will be rejected as a Duplicate Client Order Number.
- A unique Pub ID is extracted and verified to ensure that your company has been setup to send orders.
- Each ISBN (or SKU) is verified as a producible product.

4.0 File Transfers For EDI Drop Ship Order Processing

All files are exchanged with LSUK using File Transfer Protocol (FTP) through the Internet. The LSUK FTP server is available 24 hours per day, 7 days per week.

File Transmission

LSUK supports the following customer electronic file formats via the File Transfer Protocol (FTP) through the Internet.

ASCII Flat File

- Purchase Order (PO)
- Purchase Order Acknowledgment (POA)
- Advanced Shipping Notification (ASN)

ANSI X.12

- 850 – Purchase Order
- 855 – Purchase Order Acknowledgement
- 857 – Advanced Shipping Notification

EDIFACT

- Purchase Order
- Purchase Order Acknowledgement
- Advance Shipping Notification

Please email edi@lightningsource.com to request copies of the ASCII, ANSI X.12 or Edifact Integration guides.

Incoming Files

Files in the Incoming Directory include the Purchase Order (PO) File, which contain all the necessary information for LSUK to fulfill the order(s) received from the publisher. This includes the:

- Ship To - Name and Address
- ISBN and Quantity
- Shipping Method

Outgoing Files

Files in the outgoing directory include the Purchase Order Acknowledgement (POA/855) and the Advanced Shipping Notification (ASN/857).

POA/855

- A POA/855 is generated and placed in the outgoing directory approximately two hours from receipt of the publisher PO file. If no POA/855 has been received within two hours, the publisher should contact LSUK.
- The POA/855 is returned to the publisher to verify receipt of the file and identify any order within that file that may have been rejected.
- Orders that are rejected in the POA will need to be corrected and resubmitted with a new PO number for processing.
- The POA/855 is returned for evaluation purposes.

ASN/857

- An ASN/857 is generated at the end of each business day.
- The ASN/857 generation is based on a package being manifested and shipped.
- The ASN/857 contains actual shipping information such as package tracking numbers, carton contents and freight charges.
- The ASN/857 will also indicate if there were any problems in fulfilling an order. If an order is not fulfilled, a zero shipped quantity with no shipping information associated with the Customer Order will appear.

5.0 Integration Guides

LSUK EDI Drop Ship Services require that publishers integrate with LSUK approved electronic ordering mechanisms. LSUK has created detailed integration guides to assist in helping publishers with the integration process, and making the process easy and seamless. To request copies of the LSUK ASCII, ANSI X.12 and EDIFACT integration guides, please send an email to **edi@lightningsource.com**.

Attachment D – Returns Overview

Definitions

For purposes of this section, the terms defined below shall have the following meanings:

Back List Title - A backlist title is a title that has been previously released for sale to the book trade.

Bookseller – A bookseller is defined as any entity that purchases books from publishers, including but not limited to, retailers, wholesalers, distributors, resellers, jobbers, and libraries.

Front List Title - A front list title is a book submitted to LSUK by the publisher that has not been previously released for sale to the book trade prior to submitting it to LSUK.

Wholesale Cost – The wholesale cost of a book is determined by multiplying the publisher suggested retail price of a book by one (1) minus the wholesale discount assigned to the title. Example:

- Great Britain Pounds (GBP) - the wholesale cost of a book with a £20 publisher suggested retail price and a 55% wholesale discount would be: $£20 \times (1-55\%) = £9.00$.
- Euros (EUR) - the wholesale cost of a book with a €30 publisher suggested retail price and a 55% wholesale discount would be: $€30 \times (1-55\%) = €13.50$

Returns

All of publishers' titles will be sold as non-returnable. On a title-by-title basis Publishers may designate books as returnable. This designation will grant Booksellers the right to return unwanted and/or overstocked copies of publishers' books. These books are considered "returnable". As books are returned, Booksellers charge publishers (or the entity they have a purchasing relationship with—Ingram or LSUK for example) for the purchase price of any books returned. Some Booksellers will only purchase books on a returnable basis; therefore, there is a probability that sales may be reduced if a title is designated as non-returnable. Publishers must weigh the risk of returns against the potential for increased sales and be prepared to reimburse Booksellers, including LSUK, for the cost of returns as they occur. Publishers who make their titles returnable typically place a designated percentage of their proceeds from sales into a fund (or reserve account) that is used exclusively to pay for the cost of future returns.

LSUK Returns Options

LSUK supports standard industry conventions by allowing publishers to designate whether or not titles can be returned. The publisher can make this designation at the time of initial title setup or anytime thereafter. See Section 5.0 of this Operating Manual for instructions on submitting titles to LSUK. LSUK currently offers publishers two title-level returns options, as follows, for titles returned to LSUK:

Returns Designation	Meaning
No	Select this designation if you do <u>not</u> want to allow your titles to be sold on a returnable basis. LSUK will not accept returns from Booksellers for any title so designated.
Yes-Destroy	Select this designation if you want to allow your titles to be sold on a returnable basis. You will not receive a physical copy of the book upon its return. If you select this option, you will be charged only for the current wholesale cost of each book returned. LSUK will not charge you a returns processing fee or for shipping and handling. LSUK will destroy any returned books that it receives if this option is selected.

Changing Your Returns Option

LSUK allows publishers to change their return designations at any time after initial title submission with 45 days prior written notice. This notice should be provided in writing to your designated Client Services Representative.

If a publisher decides to change the terms of a title from either “Yes-Destroy” to “No”, then LSUK will provide notice of the change in terms to all booksellers that purchase books from LSUK within the 45-day notice period. Booksellers will continue to have the right to return books to LSUK for a period of 180 days from the date notice is provided to the booksellers, and the obligation of publisher to LSUK for the wholesale cost of the books being returned shall continue for the remainder of the 180 days, plus any applicable shipping and handling charges.

If a publisher decides to change a title from “No” to “Yes-Destroy”, booksellers are able to return titles immediately from the date notice is provided to the booksellers. The publisher should be aware that booksellers may return unwanted or overstocked books from the effective date of the change, ***regardless of when the books were originally purchased***. Books previously purchased as non returnable can be returned once a title is changed to returnable. Therefore, publishers should be prepared for the consequences of changing historically non-returnable books into returnable books.

Transference of titles. If a publisher transfers titles to another publisher during the 180 day return period, a request to transfer returnable titles from the original publisher to the new publisher during this period may not be accepted. Titles can only be associated with one publisher during the 180 day returns period, determined as of the date a title is made not available.

Impact of Cancelling a Title

Publishers have the right to cancel titles placed into our print-on-demand programme at any time upon providing written notice to your designated client services representative. As titles are cancelled, LSUK will notify all booksellers that purchase books from LSUK of the cancellation and LSUK will not accept any further orders for cancelled titles after the notice period. However, cancellation of a title does not relieve the publisher from returns liability on that title. If a title is designated as “Yes-Destroy” on the date of the title cancellation notice, or was so designated within up to the 180-day period prior to cancellation, the publisher shall continue to be liable for the wholesale cost of returns for a period of 180 days following title cancellation. Publisher should be aware that cancelling a title may cause a Bookseller to return all copies of that title it has in stock prior to the 180-day period expiring.

Vendor of Record

It is a standard practice in the industry for booksellers to treat any supplier that they can currently order titles from or have a relationship with as the “Vendor of Record.” A bookseller may treat LSUK, Ingram Book Company (“Ingram”), or the publishers as the Vendor of Record for a title if they have a relationship with that entity. If a bookseller treats LSUK as the Vendor of Record for a title, the publisher agrees to accept all returns from LSUK from that bookseller. If you also have a relationship with Ingram you may see some of your titles returned to you from Ingram instead of LSUK. You may also see your title returned to you directly from the bookseller if you have a relationship with that bookseller even if it was printed and sold through LSUK.

Publishers should be aware that because of this any vendor of record status may cause the publisher to receive chargebacks for returns from LSUK in an amount that exceeds LSUK’s reported sales for those titles. **The publisher agrees that they will be liable for returns received through LSUK even if the returns exceed LSUK’s reported sales for those titles.**

If a publisher decides to change the terms of a title from returnable to non-returnable simultaneously with submission of the title to LSUK’s print-on-demand programme, Booksellers may treat LSUK as the Vendor of Record at that point and return already existing stock to LSUK for a period of 180 days following the change of status to non-returnable and publisher agrees to reimburse LSUK for the cost of said returns in accordance with this returns policy. This could also happen if a publisher has acquired the rights to a title already in existence. LSUK recommends obtaining a new ISBN for any title already in the market.

Reporting and Financial Settlement of Returns Activity

The wholesale cost of all returns received by LSUK from Booksellers, will be deducted from the publisher's compensation for sales in the month that the returns are received from the Bookseller.

At the end of each fiscal month, LSUK will post the net amount earned by the publisher (publisher compensation earned, as defined above, less the cost of returns) in that month to our accounts payable system. Said net amount earned will be paid in accordance with the payment terms contained in our print on demand agreement.

LSUK will charge Publisher for the wholesale cost of returns at the wholesale price that is active in our system on the date that the return is processed which may be different than the wholesale price of the book at the time it was sold.

If returns received in a given month exceed sales by an amount that causes LSUK's payables balance to the publisher to become negative, LSUK reserves the right to send the publisher an invoice for the balance due to LSUK, and the publisher has an obligation to pay LSUK for the amount invoiced.

Publishers may check the sales and returns activity of any or all titles at any time by logging into our publisher secure web site at **www.lightningsource.com**.

ATTACHMENT E - GLOBAL CONNECT

Programme Overview

The Global Connect program and its partners allow Lightning Source customers with signed US POD agreements to offer “wholesale like” print to order solutions in countries where we do not have physical production facilities. Partners will show Lightning Source titles as available and will print them as orders come in from their local channels and retailers. All publisher pricing and payment is in US dollars.

Note: Currently we do not offer Publisher Direct services through Global Connect partners. Publisher direct is currently only available in Lightning Source owned markets.

Markets available can be found on the Ingram Content Group website at www.ingramcontent.com/globalconnect

Note: As additional Global Connect partners are signed, we will make a formal announcement via electronic message for each market. Current Global Connect publishers will be automatically opted into each new market at their current US title pricing. Publishers wishing to opt out of a market or provide market specific pricing will be provided the information to do so when the formal announcements are sent.

Ensuring Quality Standards

Lightning Source will maintain ongoing quality control and monitoring processes to make sure each partner meets the quality specifications set by Lightning Source. Books printed by our partners will be driven by the original LS book file.

PROCESS

Adding Legacy Titles

To make your legacy titles available, execute the Global Connect amendment and then select the option to make your titles available in the markets at your current US terms. This will automatically make all your titles available at the current US list price and pay you the same Publisher Compensation you receive for a book sold in the US.

Contact your sales representative to learn how to select specific titles for a market(s), change pricing or to request a spreadsheet loaded with your title information where you can make changes.

Adding New Titles

During title setup, new titles will be presented a market option where the Publisher must choose the Global Connect markets where the title can be sold.

Contractual Requirements

A single Global Connect Addendum to the Print on Demand Contract will be required for the service. Once signed, the publishers will select their markets and title availability by indicating so at title set up. See the Legacy Titles section above to add your legacy titles all at once when you execute the contract.

Order Process

Our print partners will make the title metadata available to the local channels and collect orders. When an order is received, Lightning Source will be notified and the file will be transferred to the print partner for printing. The file will then be deleted.

File Integrity

Lightning Source will maintain file integrity, file security, reporting, and payments back to the publisher.

FINANCIAL

Local Market Price

The Global Connect print partner sets the equivalent of a wholesale price in the market in the local currency. Publishers provide a net price they will be paid for each book in US dollars (\$). The partner converts this to local currency, then adds print cost and distribution margin to come up with the market price to retailers.

Return-ability

All sales are non-returnable through Global Connect.

Reporting

Lightning Source will send sales reports for Global Connect sales monthly within the existing US POD publisher compensation statements. All Global Connect sales will be reported in US Dollars. Sales will be reported based on the US Dollar list price and discount that the publisher defined in the applicable Global Connect market.

A summary Sales by Market section has been added to the sales compensation statement to display sales in each Global Connect market. Additionally, a new Market column will be added to the end of the sales compensation TSV to display sales of each title in each Global Connect market.

Payment and Currency Options

Although the publisher compensation statement will report all sales in US Dollars, the payment issued to the publisher for these sales can be converted to the publisher's preferred currency (USD, GBP, EUR, or AUD). The publisher will receive a single monthly payment for their US POD and Global Connect sales in their preferred payment currency.

PRODUCT OFFERING

Product Specifications

Each market will have different capabilities for printing depending on the local capabilities of the printer. **Not all** Lightning Source products will be available in all markets. The available product offering for each market can be provided to you by contacting your Sales or Client Services Representative, or by visiting your Account at a Glance page.

Turn Around Times

Service levels will vary by partner. The target is 2 days.

Attachment F – TRIM SIZE MATRIX

Updated as of 02/25/15

Trim Size		Bindtypes	B&W		Standard/Select Color			Premium Color	Availability			
inches	mm	Description	50lb/80gsm Creme	50lb/75gsm White	50lb/75gsm White	45lb/66gsm White	70lb/105gsm White	70lb/105gsm White	US	UK	AU	FR
		Page Range	18-1050	18-1200	18-1200	24-1200	18-900 (PF) 18-840 (HC)	24-900 (PF) 24-840 (HC) 4-48 (SS)				
4.37 x 7	178 x 111	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
4.72 x 7.48	190 x 120	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
5 x 7	178 x 127	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
5 x 8	203 x 127	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
5.06 x 7.81	198 x 129	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
5.25 x 8	203 x 133	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
5.5 x 8.25	210 x 140	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
5.5 X 8.5 (Demy 8vo)	216 X 140	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
5.83 x 8.27 (A5)	210 X 148	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										

GLOSS or MATTE lamination

¹ Available in B&W perfectbound only

Attachment F – TRIM SIZE MATRIX

Updated as of 02/25/15

Trim Size		Bindtypes	B&W		Standard/Select Color			Premium Color	Availability			
inches	mm	Description	50lb/80gsm Creme	50lb/75gsm White	50lb/75gsm White	45lb/66gsm White	70lb/105gsm White	70lb/105gsm White	US	UK	AU	FR
		Page Range	18-1050	18-1200	18-1200	24-1200	18-900 (PF) 18-840 (HC)	24-900 (PF) 24-840 (HC) 4-48 (SS)				
6 x 9	229 x 152	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										
6.14 x 9.21 (Royal 8vo)	234 x 156	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										
6.625 x 10.25	260 x 168	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										
6.69 x 9.61 (pinched crown)	244 x 170	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										
7 x 10	254 x 178	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										
7.44 x 9.69 (crown 4vo)	246 x 189	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										
7.50 x 9.25	235 x 191	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										
8 x 8	203 x 203	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										

GLOSS or MATTE lamination

¹ Available in B&W perfectbound only

Attachment F – TRIM SIZE MATRIX

Updated as of 02/25/15

Trim Size		Bindtypes	B&W		Standard/Select Color			Premium Color	Availability			
inches	mm	Description	50lb/80gsm Creame	50lb/75gsm White	50lb/75gsm White	45lb/66gsm White	70lb/105gsm White	70lb/105gsm White	US	UK	AU	FR
		Page Range	18-1050	18-1200	18-1200	24-1200	18-900 (PF) 18-840 (HC)	24-900 (PF) 24-840 (HC) 4-48 (SS)				
8 x 10	254 x 203	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										
8 x 10.88	276 x 203	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
8.25 x 11	280 x 210	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
8.268 x 11.693 (A4)	297 x 210	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
8.5 x 8.5	216 x 216	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										
8.5 x 9	229 x 216	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
8.5 x 11	280 x 216	Perfectbound										1
		Case Laminate										
		Cloth (Blue)										
		Cloth (Gray)										
		Jacketed (Blue Cloth)										
		Jacketed (Gray Cloth)										
		Saddle Stitch										

GLOSS or MATTE lamination

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