

New Leaf
Distributing Company
401 Thornton Road
Lithia Springs, Georgia 30122
Application for Product Review

Dear Prospective Vendor,

Thank you for your interest in New Leaf Distributing Company. This information packet contains all the information you need to submit your product(s) to us for review.

In order to consider your product(s) for wholesale distribution, we will need to receive the following items:

- A valid email address (all routine correspondence is handled via email)
- Two non-returnable, finished copies of each product (no manuscripts, bound galleys, CD-Rs, or other forms of non-market-ready materials). Sideline and Gift items should be packaged exactly as they will be when they are sold—one of the determining factors in selecting sideline items is the quality of the packaging for warehousing and retail. Please note: we only hold review samples for thirty days, and we do not usually return them.
- Both forms included in this packet, completely filled out and returned to us. If the completed forms are not returned within thirty days of receipt of this packet, your products will be declined.
- A copy of the promotional plan for the items you are submitting for review.

Additionally, New Leaf now requires a minimum amount of advertising as a prerequisite to doing business. Advertising will provide the best possible sales results for your products. See the Introductory Promotional Requirements document for additional details on how to provide for the care and feeding of your products through advertising with New Leaf.

http://newleafvendors.com/docs/2011_Database_Listing_Policy.pdf

Once we have these materials, we will notify you of our decision within eight to twelve weeks. Please wait to hear from us. We will contact you either with a contract if we have accepted your items for distribution or with a letter of explanation if we decline them. Once the contract has been completed, we will set up your account in our database, get you started with the process of uploading the necessary graphics and title descriptions for our website, and issue the initial purchase order.

Again, thanks for your interest in New Leaf.

Best regards,

The Product Department

books@newleaf-dist.com

recordedmedia@newleaf-dist.com

sidelines@newleaf-dist.com

Overview of New Leaf Distributing

New Leaf Distributing Company is a specialty wholesaler serving the Body/Mind/Spirit community. We carry several different types of products, including books, recordings, and sidelines (gift items), all of which are carefully chosen by our product managers for their relevance and demand in the market we serve.

Located in Lithia Springs, Georgia (a suburb of Atlanta), New Leaf's database includes approximately 40,000 products from over four thousand vendors. Our customer database includes approximately seven thousand retailers located both in the United States and throughout the world. We provide customized service to our largest accounts through a team of sales specialists. We are the largest specialty wholesaler serving our market.

New Leaf's Product Acquisition Process Step by Step

1. Application for Product Review - Complete and return enclosed forms #1 and #2 to New Leaf. - Submit two non-returnable samples of each product. - Submit a promotional plan for the sampled items and indicate which of the promotional packages described in the Introductory Promotional Requirements document you would like to purchase.
2. Product review - New Leaf's product managers and assistant buyers selectively choose items that we believe have potential to succeed in our market and/or that our customers request. When reviewing new items, we take into consideration relevance to our market, the quality of the product, demand for the product and the vendor's marketing and promotional plan.
3. Contract process - We will notify you of our decision within two months of receipt of product. The exception to this would be books submitted during peak book buying seasons as follows: January through early February, June through July (the heaviest buying season) and October through November. The process may take longer if you submit product during these times. - If we have accepted your product, we will send you a contract to sign and return to us within 30 days for finalization. We will countersign it and return a copy to you for your records along with detailed instructions for uploading graphics and titles descriptions for each of your items that we have selected for distribution. These graphics and title descriptions are required as part of the acquisition process.
4. Data entry - Once the contract process is completed, we will enter your product into our accounts payable system and into our database.
5. First purchase order - The next step in the acquisition process is the generation of the first purchase order. You should receive this order within two weeks of our receipt of graphics, descriptions and the signed contract.
6. E Leaves listing - We list your product in E Leaves - We direct our customers to the website listing of your product
7. Website data entry - We list our entire inventory on the website, so your product is entered into that database. - We provide links to the 950 character description and the JPEG graphic of your product(s) that you have provided. - Your product is also included in our prominently positioned Newly Added and Newly Received lists.
8. Ads in Monthly Updates or on website - Once we receive your Insertion Order(s)

PLEASE NOTE: You must send an ad insertion order for each ad that you would like to place. All of the details and specifications are clearly outlined in the Ad Rate Kit.

New Leaf's Standard Wholesale Terms

These are the key points of our standard consignment agreement:

- You agree to advertise every new product via one of New Leaf's specified promotional packages. See Introductory Promotional Requirements document for additional details.
http://newleafvendors.com/docs/intro_promo_req.pdf
- You sell to New Leaf on consignment. We pay you 45% of suggested retail price.
- You pay freight charges when you send merchandise to New Leaf.
- New Leaf pays you for sold items sixty days after the end of the month in which they are sold.
- You receive a sales report at the beginning of each month which shows sales for each item for the previous month.

Basic Terms of New Leaf's Standard Consignment Agreement

- New Leaf agrees to warehouse, list in its catalog, and sell on a non-exclusive basis the supplier's merchandise.
- New Leaf agrees to insure the merchandise held in its warehouse at its production cost.
- Merchandise remains the property of the supplier until sold by the New Leaf at which time it becomes payable.
- New Leaf agrees to provide supplier with a monthly report showing sales of each item and amount payable. New Leaf does not provide reports in months without activity.
- Wholesaler agrees to pay supplier for merchandise sold sixty days from the end of the month in which it is sold. If total due to Supplier is less than \$30.00, Wholesaler will accumulate the amount due until it is greater than or equal to \$30.00
- Discount to New Leaf is 55% off the retail price.
- Supplier agrees to ship merchandise to New Leaf freight-paid and with any audio/video items shrink-wrapped or otherwise sealed. New Leaf will charge back supplier's account for any re-shrink-wrapping necessary.
- Supplier agrees to advertise each new item added to New Leaf's inventory within six months of shipping said items.
- After six months, New Leaf reserves the right to discontinue slow selling or unprofitable items at New Leaf's discretion.
- Price changes can be made only at the beginning of a month, with thirty days' advance notice. If prices are marked on the items, supplier will pay New Leaf \$1.00 per item to sticker items with correct price.
- During the time period that our agreement is in effect, supplier agrees not to enter into any arrangement with other parties that would preclude supplier from selling directly to New Leaf for this period in accordance with the terms of this agreement. Should supplier enter into any such exclusive agreement, New Leaf will claim damages in the amount of promotion costs incurred by New Leaf and shall either withhold payments in that amount or claim supplier's inventory held in New Leaf's warehouse of equal value.
- The term of our contract is one year. After that time, the contract automatically renews indefinitely, unless re-negotiated at least sixty days prior to the anniversary date. The contract may be canceled by either party with thirty days' notice. Return freight on unsold items will be paid by the party initiating the termination.
- Merchandise damaged due to New Leaf mishandling may be billed to New Leaf by supplier at supplier's cost. However, all merchandised received damaged in shipping from supplier or found defective by New Leaf's customer is fully chargeable to supplier without need for permission or invoice date. If supplier wishes to have these damaged and defective materials returned, supplier must indicate this on the enclosed vendor information form. Freight charges related to such returns will be paid by supplier.
- If supplier changes address and/or telephone number without informing New Leaf directly, and should New Leaf have either sales reports or other mailings returned to it with no forwarding address, inventory held in supplier's name shall become property of New Leaf after three months from the first item returned with no forwarding address or forwarding order expired.

Overview of our marketing and promotional services

The success of your body/mind/spirit product, whether a book, recording, or sideline item, greatly depends on your marketing plan. While the ultimate success of a product depends on consumer acceptance, a poorly promoted product, even one of high quality, rarely reaches its potential. Consumers who might love your product, but don't know about it, won't buy it. Retailers who could sell your product, but don't know about it, won't stock it. It's that simple.

To have your product accepted for wholesale distribution by New Leaf, you must promote the product through the services we provide as well as through other media. Our services, as listed below, target retail stores. Retail-oriented promotion must play an important part in your overall marketing strategy, since your item(s) need to be stocked in stores in order to achieve sales success.

Briefly, here are the promotional services New Leaf offers. On form #2 you'll be asked to indicate which promotional services you agree to purchase provided your product(s) are accepted by New Leaf. Terms of these offers are subject to change without notice.

PLEASE NOTE: The term "standard Minimum Margin" refers to those vendors who meet New Leaf's minimum margin requirement of 55% off of retail price and free freight. Such vendors receive discounts on catalog advertising.

- **eLeaves Newsletter:** (SMM vendors only) E Leaves is our weekly email publication which contains information on buyers' picks, special promotions, hot selling items, and links to our website with cover graphics and annotations. eLeaves Ads are also available, with hot links to the order page for your product on our website. For more information on this or any other services listed below, go to http://newleafvendors.com/docs/2011_NewLeaf_advertising_rates.pdf
- **E-Flyers and Enhanced Exposure Packages:** (All vendors) A vendor created electronic advertisement (HTML or text) can be sent to our E*Leaves list for an affordable price per flyer. Price includes one link to your product on our shopping site. For more information and specs, please see <http://www.newleafvendors.com>.
- **Website Exposure:** Our website includes title listings for all items in our inventory. Cover Graphics and 950 character descriptions, where available, are linked to the title listings. To participate, you must submit a 950 character description of your product and a JPEG graphic after you have received a contract from New Leaf indicating that we are interested in acquiring your products.
- **Web ADS and Enhanced Product Detail Pages:** (all vendors) We now offer a wide array of web ad opportunities for effectively advertizing your book/product. Through Web Ads and Enhanced Product Detail Pages, you will be able to get the attention of store buyers when they are in the process of ordering. The buyers love web ads because they can click, read and then in seconds either order the item, add it to their next order or put it on their "Wish List." **Enhanced Product Detail Pages** enable you to present much more information about specific products than you ever could in print ads. *These may include embedded audio and video!* **Please see download Enhanced Product Detail Pages Information.**

- **Monthly Updates** (All vendors): Participation in catalog advertising is highly encouraged for all vendors. We provide an excellent value, with targeted advertising available at competitive rates. Standard terms consignment vendors receive substantial discounts on advertising to announce new titles in our Monthly Updates and in annual catalogs. This can amount to hundreds of dollars worth of savings, allowing you to maximize exposure while minimizing cost. For details, see the Advertising Information Brochure at http://newleafvendors.com/docs/2011_NewLeaf_advertising_rates.pdf
- **In-Store Play Copies** (All music vendors): You supply between 30 and 300 in-store play copies. We make these available to our music customers. The availability of in-store play copies cannot guarantee sales, but it is one of the best methods of encouraging stocking of your title. In store play CDs should be marked in a distinctive manner: shrink-wrap removed, and/or barcode defaced, and/or jewel box drilled. Please contact your Product Manager for details.

Answers to Frequently Asked Questions

How do I contact my product manager or assistant buyer?

Use email. All routine correspondence is handled via email.

Why do you require communication via email?

New Leaf serves over four thousand publishers, record labels, and other vendors. The most efficient way to handle the volume of inquiries and requests we field each day is via email, which enables us to serve all our vendors, large or small, as quickly as possible. Internet access and email capability are a condition of doing business today—not just with New Leaf, but with all wholesalers and large retailers.

Is my product guaranteed to be accepted by New Leaf?

No. You received this package because we need the information you will provide through the enclosed forms. The quality of your product, the scope of your marketing plan, and our assessment of the product's potential demand all will be considered as we review your submission and decide whether to accept your product(s).

What physical requirements must my product meet in order to be considered?

Books must be perfect-bound or case-bound, and should have the title clearly printed on the spine. CDs, and DVDs must be shrink-wrapped. All items must have a UPC code. We use bar codes in all operations in our warehouse. This means we need all your books or other products to be bar coded. If you would like to know more, please go to our customer website, <http://www.newleaf-dist.com>, and click the button for press releases. We also received questions about barcoding.

Gift items need to be individually packaged in a secure (non-fragile) manner. In rare cases we do accept booklets and spiral bound titles, but we discourage publishers from releasing titles in such formats, as they are more easily damaged in transit and typically do not sell as well as similar titles in book form.

I am an international vendor. What special requirements must I meet?

If you ship to New Leaf from a U.S. address, and New Leaf can send returns to that address, then there are no special requirements. If you do not have a U.S. address for shipping to and from New Leaf, we require an extra 10% discount—meaning you sell to us at 65% off suggested retail. You are responsible for all freight costs (including customs charges) on product you ship to New Leaf. New Leaf does have an inbound freight consolidation from the U.K.

I don't have a clue about how to promote my product. What should I do?

Your promotional efforts are the single most important factor in determining your product's success. In order to have your title accepted by New Leaf, it is required that you utilize New Leaf's promotional services as outlined in our Introductory Promotional Requirements doc at <http://www.newleafvendors.com>. You must at minimum purchase the Initiation package that includes a full page ad in our Monthly Updates, an e Flyer and a web ad. Of course, you can upgrade this service, and there are additional services available as well. See the Introductory Promotional Requirements document, the Promotional Overview above or go to the Advertising Information Brochure at <http://www.newleafvendors.com> for additional services. Along with promoting through New Leaf, we recommend you establish a promotional plan to market your book through avenues outside of New Leaf. If you are unfamiliar with what promotional options

are available and which ones are the most cost-effective, we encourage you to contact the New Age Retailer and NAPRA Review. Visit their websites at www.newageretailer.com and www.marilynmcguire.com for more information about marketing strategies.

If New Leaf accepts one of my products, does that mean you'll accept all of them?

No. We review every product for sales potential and appropriateness for our market. This is true with all vendors, large or small. Each new title must be presented to New Leaf for consideration.

My book needs to be edited. Can New Leaf do this?

Not at this time. New Leaf handles only finished, market-ready products. Consult the Internet or a directory like Literary Market Place (LMP) to find freelancers to help you produce your work.

How do I take advantage of my discounted ad space allowance?

One of the best reasons for establishing a consignment account with New Leaf is the opportunity to run discounted ads in our catalogs. If you become a standard terms consignment vendor (55% and you pay freight), you will receive discounted ads in our Monthly Updates catalog. Specific details about mechanical requirements, deadlines, and how to submit ads can be found in the Advertising Information Brochure at www.newleafvendors.com.

How many copies of my product will you order initially?

That depends on several factors, including our evaluation of your marketing plan and demand from retailers. In most situations we order very conservatively—if the case quantity of a product is between 20 and 50, generally our initial order will consist of a single case. We order based on projected demand for a 2 to 4 month period. Accounts are reviewed frequently with reorders placed as needed. As demand for a product increases, so will our order quantities.

Why does New Leaf require consignment terms?

If New Leaf needed to purchase inventory outright, we would be forced to buy cautiously, limiting our purchases to only those items with proven demand. Unfortunately, most products from small and independent vendors do not yet have proven demand, at least not initially. Consignment allows New Leaf to give your product(s) a chance.

New Leaf's standard terms are designed to benefit independent vendors who aggressively promote their products. Consignment accounts receive a check for months in which their account records sales activity. In addition, consignment vendors receive the benefit of discounted advertising space in our catalogs. Our other advertising vehicles can help you develop demand for your product and increase your sales.

Can I do business with other distributors?

Yes. If New Leaf offers you a contract, it will be non-exclusive—in other words, you will be free to sell your product through other means. However, any other agreements you have with other wholesalers or distributors must not preclude your ability to sell directly to New Leaf. The exception to this would be vendors who sign a distribution contract.