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Wholesale Account Information

AS AMENDED, JANUARY 2010

2010 Premium Distribution Policy

January 04, 2010

Dear Distributor,

For over fifty years *The Critical Thinking Co.*™ (TCTC) has been a publisher of premium books and software. In support of our distributors, we have adopted a strict distribution policy called the Premium Distributor Policy. This policy will be unilaterally adopted and strictly enforced.

TCTC will only offer its premium discount pricing to resellers it judges to be purveyors of premium books and software. Although our resellers remain free to determine their own resale prices, as part of our Premium Distributor Policy, TCTC will adjust the discount rate of and/or refuse to fill orders from any distributor TCTC determines has advertised, offered, or sold any TCTC product at less than the minimum retail price established and announced by TCTC. The only exception to this Policy will be when a distributor holds a rare store-wide sale that extends for a short, specified period of time (no more than 14 days), and then ends. In such cases, TCTC products may be included in that sale and offered at the same discount as other products. TCTC products may not be specified by product name or publisher in any sales advertising.

We will occasionally advertise special product discounts in our monthly Reseller Newsletter (sent only via e-mail). These will be for 5%-10% additional discount on specific products for approximately 4 weeks only. You have the option of featuring these (and only these) products in your store or on your Web site for up to 15% discount as a "Premium Product from *The Critical Thinking Co.*™" without being found in violation of the Premium Distributor Policy. To sign up for our Dealer Newsletter, go to our Web site (www.criticalthinking.com), click on the Dealer Resources link at the bottom of the first page, and put in your e-mail address.

TCTC minimum retail price may be modified or changed solely by TCTC via written communications with the distributor. TCTC will also cancel and indefinitely

refuse any new orders from a distributor that bundles any of our products with another publisher's products. Nothing in our Premium Distributor Policy is intended to be, or shall be construed to be, an agreement to the minimum price at which you will advertise or resell TCTC products. Your pricing is your sole discretion. Please understand that the consequences for violating our Premium Distributor Policy will be less discount on future orders and/or loss of authorization to purchase TCTC products. TCTC will not discuss any conditions of acceptance related to the non-negotiable Premium Distributor Policy. TCTC does not solicit or accept any assurance of compliance with the Premium Distributor Policy. Nothing in the Premium Distributor Policy shall constitute an agreement between TCTC and a distributor that the distributor will comply with this Premium Distributor Policy.

Please direct any questions regarding the Premium Distributor Policy to:

Michael O. Baker, CEO
The Critical Thinking Co.™
1997 Sherman Avenue
North Bend, OR 97459
Phone: 800-641-6555 • Fax: 541-756-1758

No other TCTC employee or representative has permission or authority to discuss or modify this policy.



Michael O. Baker, CEO
The Critical Thinking Co.™

Wholesale Accounts Information

AS AMENDED JANUARY 2010

Wholesale Ordering Requirements

Every company or individual with a wholesale account with *The Critical Thinking Co.™* (TCTC) must have returned a completed and signed Reseller Questionnaire as of January 1, 2009. It is the responsibility of the reseller to keep information up to date with us.

Digital Image Availability:

Cover images and sample pages for all of our publications are available from our FTP site. Please e-mail dealers@criticalthinking.com for access instructions. We grant blanket permission for you to use covers or sample page images in your print catalog or on your Web site to advertise products that you sell.

Return Policy

We want you to be satisfied with the performance of our products. To this end, we long ago instituted a "non-caveat emptor" policy. If any of our products do not sell within a reasonable time frame (180 days maximum), you may return those products in exchange for products of your choice of equal value. There is no restocking fee charged on such returns, but you must pay the freight on both the returned product and new replacement order. To receive a product credit, product returned must be:

1. Current product (not discontinued or out of print).
2. Purchased within the previous 180 days.
3. Free of stickers and in resalable condition (no bent covers, marks, or shelf wear).
4. Accompanied by a Return Authorization Form issued by the Wholesale Department. (Obtained by sending us a list of products and the quantities you wish to return).
5. Received at the warehouse within 30 days of the Return Authorization Date.

Small Accounts and Special Order Policy

Small account discounts on conforming orders (over \$200 retail) are as follows:

- Accounts net \$250 or less = 40% discount
- Accounts net \$250.01 to \$499.99 = 45% discount

Discount will automatically increase as the year's net sales increase to minimum requirements for the next level.

All orders, including drop shipments, with fewer than four (4) total products and less than \$200 retail value will be processed with a 25% discount. All such orders must be prepaid by either check (request a proforma to return with payment) or credit card.

Orders with four (4) or more total products but less than \$200 retail value will be granted the account's standard discount, but the order must be prepaid by check or credit card.

Foreign (Non-US) Account Policy

1. Initial orders must be prepaid regardless of the size of the order.
2. Orders under \$300 net must be prepaid.
3. Orders over \$300 net will be invoiced (OAC) and charged actual freight and processing.
4. Net 60 with 50% discount (OAC)
5. Net 30 with 52% discount (OAC)
6. 54% discount when both order and shipping/handling charges are prepaid.

Past-Due Accounts

Account terms are reviewed every six months (June and December). If payments average more than 15 days past the due date, your company's discount WILL be cut and your dating extended to reflect the actual days-to-pay, AND/OR orders will be held until the account is current and prepayment will be required on all future orders. This policy is implicit in all discount agreements. Your discount depends upon your honoring the payment period within the agreement.

TCTC also reserves the right to turn any account over to a commercial collection agency after good-faith attempts have been made to contact you and to resolve past-due invoices. Please be aware that any company turned over for collection may be held liable for the cost of said collection. TCTC will not accept third-party checks in payment for invoices.

Catalog Allowance Policy

Companies requesting catalog advertising credits must have sold at least \$2,500 (net) during the previous calendar year and carry a minimum of 15 titles. Advertising credit may be requested any time after March 1st of the following year. All accounts requesting catalog advertising allowance must (a) be current in A/R, and (b) be in compliance with the Premium Distributor Policy.

Allowances are equal to 2% of net sales and are given ONLY in the form of Credit Memos (product credits); they will not be given in cash. A copy of the qualifying paper catalog must be mailed to TCTC prior to requesting a catalog allowance. Accounts over \$30,000 that accept volume discounts are not eligible for a catalog allowance.

Volume Discount Policy

Based on previous calendar year net sales, resellers may be eligible for volume discounts if and only if they carry 5 or more product LINES and/or 25 unique products; Accounts over \$40,000 who accept volume discounts are not eligible for special offers throughout the year or for the "Heads-Up" program. Accounts must be kept in good standing (no invoices paid more than 15 days after due date) to maintain the volume discount. Maximum discount for any account and on any product or order is 55%.

\$10,000 - \$20,000	= +1%
\$20,000 - \$30,000	= +2%
\$30,000 - \$40,000	= +3%
\$40,000 - \$50,000	= +4%
\$50,000+	= +5%

Heads-Up Incentive Program Policy

This incentive program offers an additional 2% discount on **qualifying orders** (over \$100 net) for the balance of the current calendar year.

These conditions apply to **Heads-Up**:

1. Volume must exceed \$1,500.
2. 25 or more distinct product titles must have been ordered within current calendar year.
3. Sales must be ahead of last year's total net.
4. Maximum discount is 55%. **Heads-Up Program** does not apply to companies whose net annual volume exceeds \$40,000.

Bundles and Sets

Bundles and Sets are not available to resellers at reduced bundle or set pricing.

Special Offer for New and Returning Dealers

Instant terms and a great discount when you order our recommended initial order. Order includes titles selected from our new and best-selling products, and gives you:

- 55% Discount
- Instant 60-day Dating (OAC)

Offer is good year-round, but only on your first order. Returning dealers are defined as those who have not placed an order within the past 18 months. New dealers are defined as those who have never placed an order over \$100 net.

•**NOTE: All New Dealer Round-Up orders must be accompanied by a back-up credit card number, a TCTC Credit Application, and a completed and signed Dealer Questionnaire. The credit card will be charged if the invoice becomes more than 15 days past due.**

Free Freight/Discount Exchange Option

You may choose to exchange discount and/or dating to receive free freight on orders over \$500 net shipped to any US address. This can be done on a yearly basis or on any single order, but it must be requested at the time of the order. The possible exchanges are:

- 3.5% less than your standard discount with prepaid order shipped to commercial address (4% less for residential shipping address).
- 6% less than your standard discount with 30-day dating shipped to commercial address (6.5% less for residential shipping address).

Extended Dating/Discount Exchange Policy

You may choose to exchange discount for additional dating.

- 60-day dating = -2% Discount
- 90-day dating = -4% Discount
- 120-day dating = -7% Discount

Dating longer than 120 days is not an option except for Special Offers throughout the year.

Drop Shipment Policy

Orders of four (4) or more products drop-shipped directly from our warehouse to your customer receive 10% less than your normal discount. Orders of fewer than 4 products and less than \$200 retail value will be drop-shipped at 25% discount and require prepayment. We will not drop ship products to any residential customer except for former *Bright Minds* Consultants who have become resellers for TCTC. Drop-ship addresses must be a school or institution and must include a purchase order number from that customer for reference.

Freight Collect, Combined Shipments, & Rush Orders Policy

Companies who ship **freight collect** will receive 1% less than what would have been their standard discount to cover handling and packing charges from our warehouse. These charges are normally included in our shipping & handling charges. **Rush** or **Ship Today** orders will receive a 5% discount reduction to cover special warehouse charges on such orders. A \$2.00 handling fee will be applied to any **combined shipment** orders (two or more orders combined into one shipment).

2010 TCTC Freight & Shipping Schedule

Freight charges are based on the net product cost of the order (except for software; see below*) and will be as follows for 2010.

Contiguous US Shipping Charges for Wholesale Orders			
From \$\$	To \$\$	S&H Charge	Shipped Via
\$0.01	\$20.00	\$6.95	USPS - 1 st Class
\$20.01	\$40.00	\$7.95	UPS Ground
\$40.01	\$70.00	\$8.95	UPS Ground
\$70.01	\$100.00	\$9.95	UPS Ground
\$100.01	\$250.00	10% Order Cost	UPS Ground
\$250.01	\$500.00	8% Order Cost	UPS Ground
\$500.01+		Actual freight + 1% packing & handling charge	Best Way (Usually UPS)

Non-Contiguous US & Canada Shipping Charges for Wholesale Orders			
From \$\$	To \$\$	S&H Charge	Shipped Via
\$0.01	\$20.00	\$6.95 & 12% Order Cost	USPS - 1 st Class
\$20.01	\$40.00	\$7.95 & 12% Order Cost	USPS - Air Mail
\$40.01	\$70.00	\$8.95 & 12% Order Cost	USPS - UPS
\$70.01	\$100.00	\$9.95 & 12% Order Cost	USPS - UPS
\$100.01	\$200.00	20% Order Cost	USPS - FedEx
\$200.01+		Actual freight + 1% packing & handling charge	Best Way

International Shipping Charges for Wholesale Orders			
From \$\$	To \$\$	S&H Charge	Shipped Via
\$0.01	\$80.00	\$40.00	USPS - Air Mail
\$80.01+		Actual freight + 1% packing & handling charge	Best Way (Usually FedEx or UPS)

*Software Shipping charges for Wholesale Orders			
Software only (Contiguous US) = \$5.95 for the first piece, plus 30¢ per additional piece.			
Software/Books mix (Contiguous US) = Regular freight on cost of books (from above charts), plus 30¢ per piece of software.			
Software only (Non-Contiguous US & Canada) = \$6.95 for the first piece, plus 50¢ per additional piece.			
Software/Books mix (Non-Contiguous US & Canada) = Regular freight on cost of books (from above charts), plus 50¢ per piece of software.			

The Critical Thinking Co.™

2010 Conference Policies

The Critical Thinking Co.™ (TCTC) maintains the following policies on Conference exhibits and sales.

- ▶ In 2010, TCTC will have a company booth only at the fourteen (14) conferences listed on the 2010 Conference Schedule (below).
- ▶ Distributors may not exhibit or sell TCTC products at those conferences listed on the 2010 Conference Schedule.
- ▶ Any distributor may exhibit and sell TCTC products at any other conference, with the following qualifications.
Distributors may offer TCTC products at 10% discount with free freight or at 15% discount with standard freight charged to customer at any conference they sell at without being found in violation of the TCTC Premium Distributor Policy.

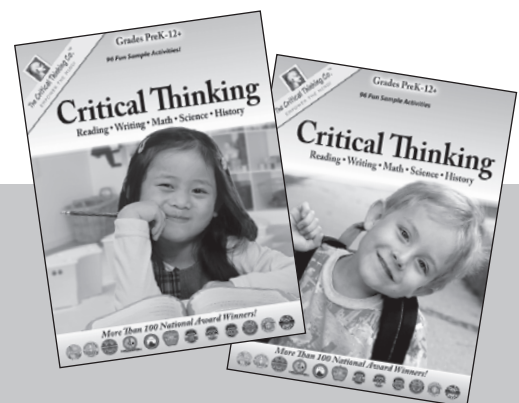
Conference	Location	Date 2010
IAHE	Indianapolis, IN	February 26-27
MHCC	Cincinnati, OH	April 8-10
MACHE	Rochester, MN	April 16-17
MPE	Kansas City, MO	April 16-17
HomeSchool BookFair	Arlington, TX	May 7-8
CHAP	Harrisburg, PA	May 7-8
FPEA	Orlando, FL	May 27-29
NCHE	Winston-Salem, NC	May 27-29
ICHE	Naperville, IL	June 3-5
HEAV	Richmond, VA	June 10-12
CHEC	Denver, CO	June 17-19
WHO	Puyallup, WA	June 18-19
CHEA	Pasadena, CA	July 16-18
AFHE	Phoenix, AZ	July 23-24



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