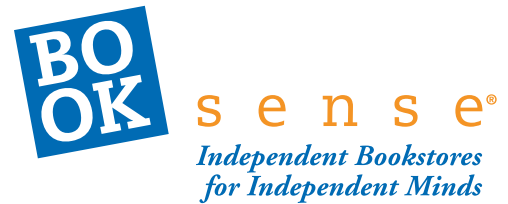


Status of the Book Sense Paper Gift Certificate Program



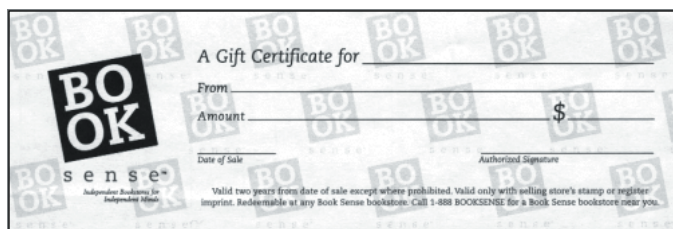
P L E A S E K E E P F O R F U T U R E R E F E R E N C E

The Book Sense Paper Gift Certificate program was discontinued as of June 1, 2005. All stores participating in the Book Sense Marketing Program should keep the following information on hand regardless of when the store joined the program.

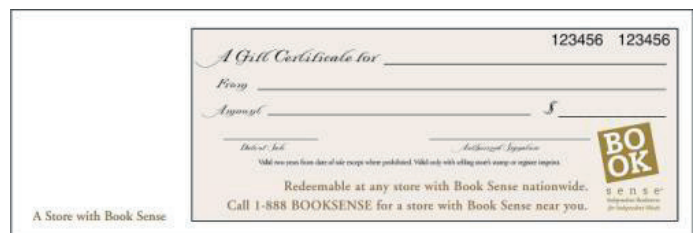
1. Book Sense stopped selling Book Sense Paper Gift Certificates to stores as of December 31, 2004. The Book Sense Letter of Agreement has been amended to remove participation in the Gift Certificate Program as a requirement. Stores are not required to participate in the Book Sense Gift Card Program.
2. Effective June 1, 2005, all bookstores stopped selling Book Sense paper gift certificates. Any Book Sense paper gift certificates sold and dated after June 1, 2005, are not valid and will not be considered for reimbursement.
3. In keeping with the wording on the face of the certificate, "Redeemable at any store with Book Sense nationwide," all bookstores with Book Sense should accept valid Book Sense gift certificates even if the store never participated in the paper program. This policy was set in order to protect consumers. Booksellers should check to see that the certificate was not sold after June 1, 2005 and that the certificate is valid as per other criteria set forth by Book Sense and by local/state laws where applicable. Reimbursement instructions are provided under the heading How to Redeem a Book Sense Gift Certificate elsewhere in this document.

Book Sense will provide reimbursement for all valid Book Sense paper gift certificates in accordance with established reimbursement guidelines for as long as necessary. Booksellers are encouraged to join the Book Sense Gift Card program; however, booksellers are not required to join in order to remain a Book Sense participant in the overall marketing campaign. Booksellers should not accept Book Sense Gift Cards unless they have a current Book Sense Gift Card agreement on file with ABA.

Please note the various Book Sense paper Gift Certificates in the marketplace.
The original blue version (not actual size or color):



The gold version (not actual size or color): Note: Tattered Cover's Book Sense Gift Certificate has a bar code used for their own purposes on the front of the certificate.



HOW TO REDEEM A BOOK SENSE PAPER GIFT CERTIFICATE:

1. Check to be sure the certificate is valid by looking for the security features (watermarks and visible fibers) and for the two 6-digit numbers printed in the upper right hand corner. Do not accept photocopies or altered Book Sense gift certificates. Do not accept expired Book Sense gift certificates unless your store is in a state where expiration dates do not apply. See section on the Book Sense expiration date policy elsewhere in this document. Do not accept Book Sense Gift Certificates sold after June 1, 2005.
2. Accept the certificate in exchange for books or other merchandise only. Issue a store credit if the entire amount is not used. Do not alter or reuse the same gift certificate. Do not issue a new Book Sense Gift Certificate.

continued on back

3. Complete the blanks on the back of the certificate: Redeeming store's validation. (Validation can be a store stamp, a cash register imprint, or your store's name written in the blank space.) Provide your ABA Number (your 6-digit ABA member number) and fill in the Redemption Date.
4. The original certificate should be sent to Book Sense no more than sixty (60) days after it has been redeemed in your store. Book Sense reserves the right not to reimburse stores that do not comply with the regulations set forth in the Book Sense Letter of Agreement and in this document.
5. Mail the original certificate to Book Sense for redemption processing. It is important that you keep a copy and/or a log of all gift certificates sent to Book Sense. Mail to: ATTN: Ed Rush, Book Sense, 200 White Plains Road, Tarrytown, NY 10591. Since the selling/issuing store keeps the money from the sale of a Book Sense Gift Certificate unless it is redeemed by a different bookstore it is not necessary to return a certificate that your store originally sold/issued for reimbursement. Process the certificate as if it was your own store's certificate.

HOW DOES THE MONEY GET TRANSFERRED?

1. Prior to January 1, 2005, as part of your Book Sense Letter of Agreement, booksellers selling Book Sense paper certificates were asked to provide Book Sense with the account number of a credit card that we keep in a secure, password-protected database. We also requested information regarding reimbursement. All reimbursements are paid by check. Contact Ed Rush at 1-800-637-0037, ext. 6620 or via email ed@bookweb.org to arrange for ACH transfers or with reimbursement questions.
2. Upon receipt of the gift certificate from the redeeming store, Book Sense will distribute the funds as follows:
 - (a) The credit card (or checking account) of the selling store will be charged 100% of the amount of the gift certificate.
 - (b) The redeeming store will be reimbursed by check. The redeeming store will receive 95% of the amount of the gift certificate. The 5% difference is kept by Book Sense to offset credit card transaction fees, postage, administrative charges, and for a reserve that protects all redeeming stores.
 - (c) Depending on volume, certificates are processed by the Book Sense accounting department 2-4 times a month.
3. Stores will receive a statement from the Book Sense accounting department whenever there is activity. Statements will reflect activity for either the issuing store (a charge to the credit card for certificates sold) or to the redeeming store (accompanies reimbursement check.)

BOOK SENSE GIFT CERTIFICATE EXPIRATION POLICY:

Book Sense Gift Certificates expire two years from the date of sale. Expiration dates do not apply by law in California, New Hampshire, and Rhode Island, regardless of where the certificate was bought or where local/state laws prohibit expiration. If you are unsure about expiration dates or unclaimed property rules in your state, please contact your state's attorney's general office.

If a redeeming store accepts an expired certificate, Book Sense will reimburse the store providing Book Sense can collect the money from the selling store and the other criteria has been met for a valid certificate. Redeeming stores that have doubts about the selling store's status should consult the Book Sense Bookstore location directory found at: <http://www.bookweb.org/booksense/printDirectory.do> or at: <http://storesearch.booksense.com/booksense/storeSearch.do>

Any further doubts about the selling store's status becomes one of good customer relations. Book Sense recommends that each store establish and post its policy about accepting gift certificates (whether or not the sale originated in your own bookstore.) As long as the certificate is valid in every other way and Book Sense can collect money from the selling store, Book Sense will pay the redeeming bookstore.

Questions? Please contact: Jill Perlstein, 1-800-637-0037, ext. 6642 or via email jill@booksense.com, with general questions or Ed Rush, 1-800-637-0037, ext. 6620 or via email ed@bookweb.org, with specific reimbursement questions.