

Ms. Andre Norton  
c/o Larry Sternig  
Larry Sternig Literary Agency  
742 Robertson Street  
Milwaukee, Wisconsin 53213

DEAR Ms. Norton:

THIS LETTER is our contract with you. It sets down the terms of our agreement to publish your book, presently entitled

HOUSE OF SHADOWS  
as a Margaret K. McElderry Book

It also represents the convictions that govern our relations with authors. We believe that a book belongs to its author; that the chief function of a publisher is to get the author's work to as many readers as possible; that the author should be consulted in the disposition of book club and reprint rights.

1. YOU GRANT TO US during the term of the United States copyright, and during any renewal or extension thereof, the exclusive right to publish and sell, including the right to permit others to publish and sell, your work in book form in the English language throughout the world including the United States of America, its territories and possessions, the Dominion of Canada, and the Republic of the Philippines.

2. ~~YOU SHALL DELIVER TO US no later than~~ **You have delivered to us one typed copy** ~~two typed copies~~ of your work satisfactory to us in form and content including photographs, illustrations, charts, index and other necessary material, all complete and ready for the printer and accompanied by all necessary permissions, licenses and consents. If you do not so deliver your work to us by the date specified or at another date to be agreed upon by us in writing, we may terminate this agreement by notice to you (unless failure to deliver is caused by circumstances beyond your control), and you shall then repay all amounts which we have advanced to you. We shall send you proof sheets of the work which you agree to read, revise, correct and return promptly. You agree to pay the cost of alterations in type or in plates required by you (other than those due to printer's errors) in excess of 10% of the cost of composition. We will present the corrected proofs for inspection at your request.

3. NOTWITHSTANDING anything contained in paragraph 2 above, we reserve the right to edit and revise the text and illustrations of your work prior to first publication or to any subsequent printing. We agree, however, not to materially change your meaning or materially alter your text without your prior consent.

4. WE SHALL PUBLISH YOUR WORK at our expense in manner and style and at a price we believe appropriate. Publication shall be within **18 months** of our acceptance of the final copy, but our failure to publish within such period shall not be a breach of our agreement if the delay is caused by any circumstances beyond our control.

5. WE SHALL APPLY FOR COPYRIGHT in your name in the United States and you shall (though we may do so on your behalf) apply for renewal or extension of such copyright if this agreement is then in effect. We may apply for copyright in your name in other countries. We shall publish your work in the United States in a way that complies with the provisions of the Universal Copyright Convention. In general, it is agreed that both you and we shall take all steps necessary to secure and preserve a valid United States copyright in your work.

6. YOU REPRESENT AND WARRANT TO US, and to those to whom we may license or grant rights hereunder, that you are the sole author and/or owner of your work and that it has not previously been published in book form; that it is original, is not in the public domain, and does not infringe upon or violate any personal or property rights of others; that it contains nothing scandalous, libelous, in violation of any right of privacy, or contrary to law; and that you have all necessary permissions, licenses and consents and the full power to enter into this agreement and to grant us the rights herein provided for.

**7.** A. YOU AGREE TO indemnify and hold us harmless against any loss, damage, liability or expense (including counsel fees reasonably incurred) arising out of any claim, action or proceeding asserted or instituted on any ground which, if established, would be a breach of any of the warranties made by you in this agreement. We shall promptly notify you of any such claim, action or proceeding and shall have the right at your expense and through counsel of our choice to defend it. If we believe that the settlement of any such matter is desirable, we shall confer with you. If, within such time as the situation may allow, you do not consent to the proposed settlement, you shall upon notice by us immediately undertake to continue the defense and shall furnish us with security in such form and amount as shall under all the circumstances be in our opinion adequate. If you fail to assume the defense and to furnish such security, we shall have the right at your expense to settle such matter upon terms we think advisable or to continue the defense thereof. If, however, it is finally determined by judgment or by abandonment or settlement of such claim, action or proceeding without liability to us that no breach of the warranties in question has occurred, we shall bear one half of all the expenses incurred in this connection.

B. If in our opinion your work contains material which may be libelous or otherwise involve us in litigation, we shall not be required to publish the work unless you make such changes in it as we shall deem necessary, but failure on our part to require or recommend any changes in your work shall in no way affect your obligations under clause A of this paragraph 7.

**8.** WE SHALL PAY TO YOU:

A. A royalty of **five per cent (5%) of the list price on all copies sold up to and including ten thousand (10,000) copies and six and one-quarter per cent (6 1/4%) of the list price on all copies sold thereafter.**

B. On copies sold by us, at a special discount of 50% or more from the publisher's retail price through channels outside of the ordinary wholesale and retail trade (other than remainders as described in paragraph G), a royalty of **5%** of the amount we receive. Such sales shall be accounted for separately and not included in other sales totals.

C. On copies sold by us, at a discount of 70% or more from the publisher's retail price (other than remainders as described in paragraph G), whether through normal trade channels or otherwise, a royalty of **5%** of the amount we receive after deducting all manufacturing costs.

D. On copies sold by us for export (except as provided in paragraph G), a royalty of **5%** of the amount we receive.

E. On copies of an institutional edition sold by us under our own imprint, a royalty of **5%** of the established price of such edition.

F. On copies of a paperback edition issued by us, a royalty of **3 3/4%** of the publisher's retail price of such paperback edition.

G. On copies of overstock which we sell at a remainder price, a royalty of **5%** of the amount we receive after deducting all manufacturing costs.

H. On copies sold directly to the consumer through mail-order coupon advertising, or direct-by-mail circularization, a royalty of **2 1/2%** of the amount we receive.

I. On copies furnished without charge or for review, advertising, sample, promotion or other similar purposes, no royalty.

**9.** WE MAY PUBLISH or permit others to publish or broadcast without charge and without royalty such selections from your work for publicity purposes as may, in our opinion, benefit the sale of your work. We shall also be authorized to license publication of your work without charge and without royalty in Braille or by any other method primarily designed for the physically handicapped.

**10.** YOU GRANT TO US the exclusive right on your behalf to license, sell or otherwise dispose of the following rights in your work: publication or sale of your work by book clubs; publication of a reprint edition of your work by another publisher; condensations; serializations in magazines or newspapers (whether in one or more installments and whether before or after book publication); dramatic, motion picture (including but

not by way of limitation, film strips based on the story and film strips or motion picture photographed directly from the book), phonograph, and broadcasting rights and electronic, mechanical or visual reproduction rights; publication of your work in the British Commonwealth; publication of your work in foreign languages; publication of your work and selections therefrom in anthologies, compilations and digests; picturized book versions, microprint and microfilm versions. In order to afford you the opportunity to consult with us on book club or reprint rights before we dispose of these rights, we shall notify you before making any disposition of same.

~~In the case of each of the rights specified in this paragraph 10, the net proceeds of its disposition (after all commissions, foreign taxes and other charges) shall be shared equally between us except that as to British Commonwealth and foreign translation rights the division of net proceeds shall be 80% to you and 20% to us, and except that as to first serial, dramatic, motion picture, phonograph and broadcast uses the division of net proceeds shall be 90% to you and 10% to us.~~

11. IF THE COPYRIGHT OF YOUR WORK is infringed during the term of this agreement, then, upon notice to that effect by either of us, we shall confer with regard to the infringement, and if no mutually satisfactory arrangement is arrived at for joint action within seven days thereafter, either one of us shall have the right to bring an action or proceeding to enjoin the infringement, and for damages. If we proceed jointly, the expenses and recoveries, if any, shall be shared equally, and if we do not agree to proceed jointly, either of us shall have the right to go forward with an action or proceeding, bearing all the expenses and retaining any recovery. If we proceed alone, you shall permit the action to be brought in your name and shall take all steps necessary, including the execution of such documents as may be required, to enable us to proceed.

12. ON PUBLICATION OF YOUR WORK we shall deliver to you ~~ten~~ <sup>five</sup> copies without charge and you shall have the right to purchase further copies at a discount of 40% from the publisher's retail price. You shall have the right to purchase copies of editions made especially for libraries and sold at an established discounted price rather than a retail price at a discount of 33 1/3% from the publisher's price.

13. YOU HAVE ADVISED US THAT

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is acting as your representative in connection with your work. All sums which may be due you under this agreement shall be paid to your representative, and such payment shall be a full and complete discharge to us. A copy of any notice required by this agreement to be given to you shall be sent to your representative.

14. A. WE SHALL RENDER TO YOU on March thirty-first and September thirtieth of each year semi-annual statements of account as of the preceding December thirty-first and June thirtieth. Each statement shall be accompanied by payment of all sums due thereon. In reporting sales we may withhold a reasonable reserve for future returns. If in any six-month period the total payments due are less than \$10.00, we may defer the rendering of statements and payments until such time as the sum of \$10.00 or more shall be due.

~~B. The amounts paid to you hereunder during any one calendar year (despite anything to the contrary in paragraph 11A) shall not exceed \$ . If in any one calendar year the sums accruing to you from this agreement shall exceed this amount, you shall be paid the excess amount only in the succeeding calendar year or years, provided that the total amount to be paid in any succeeding year shall not exceed said annual maximum.~~

You may, upon written request, examine our books of account insofar as they relate to your work.

15. A. IN CASE WE FAIL TO KEEP YOUR WORK in print (and for all purposes of this paragraph the work shall be considered to be in print if it is on sale by us in any edition or if it is on sale in any edition licensed by us during the term of this agreement) and you make written request of us to keep it in print, we shall, within sixty days after the receipt of your request, notify you in writing whether or not we intend to do so, and if we elect to do so, we shall have six months thereafter in which to comply. If we fail to comply (unless the failure is due to circumstances beyond our control), or if we do not desire to keep your work in print, then this agreement shall terminate and all of the rights granted to us shall revert to you.

B. In case of such termination you shall have the right for thirty days thereafter on prior written notice to us to purchase the plates, if any, of your work at one-third of their manufacturing cost, including composition, and any remaining copies or sheets of your work at the manufacturing cost. If you fail to do so, we may dispose of all of them as we see fit, subject to the provisions of paragraph 8 of this agreement.

C. Nothing contained herein shall affect our right to sell remaining copies of your work on hand at the date of termination of this agreement, nor shall such termination affect any license or other grant of rights, options or contracts made to or with third parties by either of us prior to the termination date, or the rights of either of us in the proceeds of such agreements.

not by way of limitation, film strips based on the story and film strips or motion picture photographed directly from the book), phonograph, and broadcasting rights and electronic, mechanical or visual reproduction rights; publication of your work in the British Commonwealth; publication of your work in foreign languages; publication of your work and selections therefrom in anthologies, compilations and digests; picturized book versions microprint and microfilm versions. In order to afford you the opportunity to consult with us on book rights, we will advise you before making any disposition

In the case of each of the rights specified in this paragraph 10, the net proceeds of its disposition (after all commissions, foreign taxes and other charges) shall be shared as follows: fifty per cent (50%) to Atheneum, twenty-five per cent (25%) to you, and twenty-five per cent (25%) to Phyllis Miller, except that as to British Commonwealth and foreign translation rights the division of net proceeds shall be forty per cent (40%) to you, forty per cent (40%) to Phyllis Miller, and twenty per cent (20%) to Atheneum, and except that as to first serial, dramatic, motion picture, phonograph and broadcast uses the division of net proceeds shall be forty-five per cent (45%) to you, forty-five per cent (45%) to Phyllis Miller, and ten per cent (10%) to Atheneum.

any recovery. If we proceed alone, you shall permit the action to be brought in the name of Atheneum, and you shall take such steps necessary, including the execution of such documents as may be required, to enable us to proceed.

12. ON PUBLICATION OF YOUR WORK we shall deliver to you <sup>five</sup>~~ten~~ copies without charge and you shall have the right to purchase further copies at a discount of 40% from the publisher's retail price. You shall have the right to purchase copies of editions made especially for libraries and sold at an established discounted price rather than a retail price at a discount of 33 $\frac{1}{3}$ % from the publisher's price.

13. YOU HAVE ADVISED US THAT

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is acting as your representative in connection with your work. All sums which may be due you under this agreement shall be paid to your representative, and such payment shall be a full and complete discharge to us. A copy of any notice required by this agreement to be given to you shall be sent to your representative.

14. A. WE SHALL RENDER TO YOU on March thirty-first and September thirtieth of each year semi-annual statements of account as of the preceding December thirty-first and June thirtieth. Each statement shall be accompanied by payment of all sums due thereon. In reporting sales we may withhold a reasonable reserve for future returns. If in any six-month period the total payments due are less than \$10.00, we may defer the rendering of statements and payments until such time as the sum of \$10.00 or more shall be due.

B. The amounts paid to you hereunder during any one calendar year (despite anything to the contrary in paragraph 11A) shall not exceed \$~~\_\_\_\_\_~~. If in any one calendar year the sums accruing to you from this agreement shall exceed this amount, you shall be paid the excess amount only in the succeeding calendar year or years, provided that the total amount to be paid in any succeeding year shall not exceed said annual maximum.

You may, upon written request, examine our books of account insofar as they relate to your work.

15. A. IN CASE WE FAIL TO KEEP YOUR WORK in print (and for all purposes of this paragraph the work shall be considered to be in print if it is on sale by us in any edition or if it is on sale in any edition licensed by us during the term of this agreement) and you make written request of us to keep it in print, we shall, within sixty days after the receipt of your request, notify you in writing whether or not we intend to do so, and if we elect to do so, we shall have six months thereafter in which to comply. If we fail to comply (unless the failure is due to circumstances beyond our control), or if we do not desire to keep your work in print, then this agreement shall terminate and all of the rights granted to us shall revert to you.

B. In case of such termination you shall have the right for thirty days thereafter on prior written notice to us to purchase the plates, if any, of your work at one-third of their manufacturing cost, including composition, and any remaining copies or sheets of your work at the manufacturing cost. If you fail to do so, we may dispose of all of them as we see fit, subject to the provisions of paragraph 8 of this agreement.

C. Nothing contained herein shall affect our right to sell remaining copies of your work on hand at the date of termination of this agreement, nor shall such termination affect any license or other grant of rights, options or contracts made to or with third parties by either of us prior to the termination date, or the rights of either of us in the proceeds of such agreements.

16. PRIOR TO REMAINING YOUR WORK under paragraph 8G, we shall make reasonable effort to notify you and afford you the opportunity to purchase all or part of such overstock at the remainder price.

17. YOU SHALL EXECUTE AND DELIVER TO US whatever documents and assignments of copyright or other papers as may be necessary to fulfill the terms and intent of this agreement.

18. IF WE ARE ADJUDICATED A BANKRUPT by a court of competent jurisdiction or if we make an assignment for the benefit of creditors, then this agreement shall terminate and all of the rights granted by you hereunder shall revert to you and the provisions of sub-paragraphs b and c of paragraph 15 shall be applicable.

19. ANY RIGHTS IN YOUR WORK not specifically granted to us hereunder are reserved to you. You agree, however, not to exercise or dispose of any of your reserved rights in such a way as to affect adversely the value of any of the rights granted to us under this agreement.

20. THIS AGREEMENT shall be deemed made in, and shall be in all respects interpreted, construed and governed by the laws of, the State of New York, and the parties agree to litigate any controversy, claim or dispute arising out of or in connection with this agreement or the breach thereof solely in Supreme Court of the State of New York, New York County, which the parties agree shall have exclusive jurisdiction to which the parties hereby submit.

21. ANY NOTICE CALLED FOR in this agreement shall be sent by mail to you or to us at the addresses set forth above. Either of us may designate a different address by notice given in the same manner.

22. THE WAIVER of a breach of, or of a default under, any of the terms of this agreement shall not be construed a waiver of any subsequent breach or default. No waiver or modification of this agreement shall be valid unless in writing and signed by both of us.

23. THIS AGREEMENT shall inure to the benefit of and be binding upon you, your heirs, personal representatives and assigns and upon us, our successors and assigns. We shall not assign this agreement without your consent, except that no consent shall be required if such assignment is made in connection with the transfer of all or a substantial part of our business.

24. We shall pay to you upon signing this agreement the sum of fifteen hundred dollars (\$1,500.00), said sum to be your advance against monies earned under the terms of this agreement.

IF THE FOREGOING correctly states your understanding of our agreement, please sign the enclosed copy of this letter where indicated below and return it to us, whereupon it will constitute a binding agreement between us.

Very truly yours,

By Margaret K. McElderry  
ATHENEUM PUBLISHERS INC.  
Margaret K. McElderry  
Consulting Editor and Director  
of Margaret K. McElderry Books

Accepted and Agreed to: \_\_\_\_\_

Date \_\_\_\_\_

Social Security No. \_\_\_\_\_