

Standard Operating Statement

Report as of: 5/31/09

| | Current Month | Year to Date |
|--------------------------------|---------------|--------------|
| Income | | |
| Net Sales | 412,803.10 | 1,891,602.99 |
| International Commissions | 1,297.47 | 6,352.26 |
| Other Publishing Income | 319.91 | 610.83 |
| Subsidiary Rights Income | 52,168.61 | 241,443.03 |
| Digital Income | 42,887.14 | 130,766.04 |
| Sub Rights Services (MPC) | 0.00 | 760.00 |
| Website (MPC) | 187.62 | 2,150.41 |
| | <hr/> | <hr/> |
| Total Income | 509,663.85 | 2,273,685.56 |
| Cost of Sales | | |
| Cost of Goods Sold | 122,780.58 | 500,872.69 |
| Cost of Sales - Digital | 0.00 | 6,129.50 |
| Royalty Expense - Publications | 48,528.19 | 230,453.38 |
| Royalty Expense - Rights | 24,773.68 | 110,306.44 |
| Royalty Expense - Digital | 7,904.61 | 24,274.63 |
| Inventory Adjustment | 3,635.43 | 1,906.48 |
| Inventory Write Off | 162.40 | 3,719.82 |
| | <hr/> | <hr/> |
| Total Cost of Sales | 207,784.89 | 877,662.94 |
| | <hr/> | <hr/> |
| Total Gross Profit | 301,878.96 | 1,396,022.62 |
| Expenses | | |
| Editorial | | |
| Author Assistance | 1,729.85 | 3,477.06 |
| Consulting Services | 42.51 | 3,048.25 |
| Book Club | 0.00 | 4,951.08 |
| Editorial Promo Copies | 265.90 | 1,641.93 |
| Trade Shows-Conferences | 1,838.19 | 5,479.19 |
| Author Co-op Expenses | 0.00 | 2,400.00 |
| External Hosting Fees | 300.00 | 2,930.68 |
| Video / Audio Services | 0.00 | 592.15 |
| Web 2.0 Tools | 0.00 | 1,799.00 |
| Postage & Delivery | 392.61 | 1,853.04 |
| Legal Services | 0.00 | 1,025.00 |
| Memberships & Dues | 20.00 | 2,829.00 |
| Subscriptions & Books | 0.00 | 28.00 |
| Training & Education | 50.00 | 632.70 |
| Staff Costs | 44,047.19 | 214,147.87 |
| Health Savings Account Contrib | 750.00 | 3,882.50 |
| Travel - Out of Town | 2,397.59 | 5,769.21 |
| Travel - Local | 33.60 | 222.35 |
| M & E - Local | 75.87 | 507.27 |
| M & E - Out of Town | 122.63 | 535.30 |
| Miscellaneous | 85.64 | 240.37 |
| Outside Copying Costs | 0.00 | 225.07 |
| | <hr/> | <hr/> |
| Total Editorial | 52,151.58 | 258,217.02 |
| Marketing | | |
| Promotional Materials - Non DM | 454.87 | 4,434.68 |

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| Author Fliers | 0.00 | 312.38 |
| Catalog Postage | 3,596.35 | 4,736.39 |
| Catalog Printing | 7,446.26 | 19,096.79 |
| Catalog Mailing Services | 0.00 | 69.10 |
| Catalog Shipping | 3,949.81 | 3,949.81 |
| Catalog Copywriting | 0.00 | 325.12 |
| Promotional Fliers | 1,331.71 | 1,081.95 |
| Rights & Int'l Galleys | 0.00 | 142.66 |
| Advertising | 4,683.83 | 41,247.94 |
| Other Trade Distribution Costs | 0.00 | 3,584.93 |
| Trade Galleys | 0.00 | 438.94 |
| Publicity Expenses | 748.02 | 14,593.58 |
| Free Copies | 7,133.44 | 34,314.95 |
| Trade Show Costs | 7,221.18 | 7,202.70 |
| London | 1,347.22 | 5,470.70 |
| Int'l Sales Conferences | 75.90 | 901.08 |
| Int'l Dist Trade Co-op Cost | 0.00 | 1,345.59 |
| Rights Expense - Commissions | 560.68 | 12,179.93 |
| Online Marketing | 2,259.79 | 7,246.73 |
| Postage & Delivery | 1,737.36 | 8,645.10 |
| Postage & Delivery | 801.57 | 3,550.79 |
| Postage & Delivery - Rights | 272.87 | 3,441.15 |
| Postage - Int'l Sales | 729.80 | 2,745.02 |
| Postage - Special Promo | 29.07 | 604.67 |
| Bank Charges - Rights | 76.18 | 1,480.62 |
| Bad Debt Exp - Rights | (2,000.00) | 0.00 |
| Memberships & Dues | 0.00 | 290.00 |
| Training & Education | 35.00 | 245.00 |
| Staff Costs | 48,805.77 | 241,268.62 |
| Health Savings Account Contrib | 1,650.00 | 8,580.00 |
| Travel - Out of Town | 1,048.15 | 3,697.38 |
| M & E - Local | 0.00 | 65.22 |
| M & E - Out of Town | 0.00 | 79.32 |
| M & E - Trade Shows | 61.44 | 61.44 |
| M & E - Int'l Sales | 12.45 | 42.75 |
| M & E - Rights | 90.00 | 305.05 |
| Miscellaneous | (1,277.55) | (47.52) |
| Misc. Production Fee Offset | 0.00 | 542.50 |
| Award Entry Fees | 0.00 | 1,325.00 |
| Total Marketing | 92,881.17 | 439,598.06 |
| Production | | |
| Production Comp Copies | 84.98 | 593.08 |
| Book File Archive | 48.59 | 48.59 |
| Storage | 178.00 | 858.00 |
| Postage & Delivery | 57.54 | 95.37 |
| Training & Education | 0.00 | 150.00 |
| Staff Costs | 18,474.70 | 80,952.54 |
| Health Savings Account Contrib | 300.00 | 1,540.00 |
| M & E - Local | 0.00 | 219.36 |
| M & E - Out of Town | 0.00 | 61.26 |
| Total Production | 19,143.81 | 84,518.20 |

Finance & Operations

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| IPS Misc Fulfillment Fees | (795.75) | 5,745.95 |
| Fulfillment Replacement Copies | 0.00 | 10.13 |
| AIDC Fulfillment-Other Fees | 1,228.15 | 14,895.74 |
| Printer Fulfillment Fees | 904.08 | 2,414.98 |
| Storage - AIDC | 464.07 | 1,808.46 |
| Storage - IPS | 2,836.48 | 4,945.14 |
| S & H Reimbursement | (7,873.08) | (36,579.14) |
| Freight Out - Invoiceable | 7,432.22 | 30,925.92 |
| Freight - Inter Warehouse | 296.99 | 3,138.49 |
| Freight Out - Non Invoiceable | 2,943.83 | 12,919.37 |
| Freight Out IPS (free frt) | 1,079.45 | 4,078.21 |
| Facilities | 14,864.12 | 74,034.58 |
| Office Expenses | 1,952.83 | 8,931.05 |
| Supplies - General Office | 2,068.69 | 6,237.45 |
| On-Line Communications Fees | 605.09 | 3,407.11 |
| Postage & Delivery | (181.52) | 772.82 |
| Stationery | 0.00 | 449.61 |
| Computer Expenses-Non-Capital | 2,993.04 | 18,717.64 |
| Software - Non-Capitalized | 770.00 | 5,339.80 |
| Equipment Expenses-NonCapital | 1,599.42 | 7,590.24 |
| Equipment Incidentals | 0.00 | 427.50 |
| Professional Services | 900.00 | 2,685.00 |
| Audit Expense | 0.00 | 28,424.00 |
| Tax Preparation | 613.00 | 613.00 |
| Business Insurance | 3,795.02 | 18,755.18 |
| Taxes | 0.00 | 11,400.02 |
| Bank Charges | 1,164.29 | 8,650.02 |
| Credit Card Expense | 2,196.20 | 7,001.15 |
| Bad Debt Expense | 2,000.00 | 2,125.26 |
| Staff Development | 0.00 | 720.15 |
| Payroll Service | 185.76 | 1,107.11 |
| Staff Costs | 37,829.03 | 189,094.81 |
| Health Savings Account Contrib | 1,160.00 | 6,225.00 |
| Staff Costs - Corporate | 300.00 | 3,203.77 |
| Travel - Local | 0.00 | 66.00 |
| M & E - Local | 392.18 | 2,504.41 |
| Miscellaneous | 91.44 | 6,652.54 |
| Total Finance & Operations | 83,815.03 | 459,438.47 |
| Distribution Fees | | |
| Fulfillment Fee - IPS | 29,128.54 | 152,517.27 |
| Returns Restocking Fee - IPS | 1,070.60 | 6,246.00 |
| Sales Fee - IPS | 4,490.32 | 20,016.51 |
| Fulfillment Fee - AIDC | 8,127.50 | 36,035.94 |
| Total Distribution Fees | 42,816.96 | 214,815.72 |
| Subsidiary Rights Services | | |
| Sub Rights Services (MPC) | 0.00 | 87.14 |
| Total Subsidiary Rights Services | 0.00 | 87.14 |
| Other Expenses | | |
| Loan Fee Amort Expense | 0.00 | 1,199.38 |
| Depreciation - Furniture | 72.64 | 363.20 |

The Berrett-Koehler Group, Inc.

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| | Current Month | Year to Date |
|-----------------------------|----------------------|---------------------|
| Depreciation - Computers | 1,541.06 | 6,933.20 |
| Depreciation - Office Equip | 86.08 | 430.40 |
| Depreciation - Software | 749.05 | 3,595.35 |
| Total Other Expenses | <u>2,448.83</u> | <u>12,521.53</u> |
| Total Expenses | <u>293,257.38</u> | <u>1,469,196.14</u> |
| Operating Profit (Loss) | <u>8,621.58</u> | <u>(73,173.52)</u> |
| Other Income | | |
| Interest Income | 0.06 | 2.36 |
| Interest Expense | <u>(8,314.16)</u> | <u>(30,945.62)</u> |
| Total Other Income | <u>(8,314.10)</u> | <u>(30,943.26)</u> |
| Net Profit (Loss) | <u>307.48</u> | <u>(104,116.78)</u> |