From: Steve Jobs <sjobs@apple.com>
To: ET <et@group.apple.com>
Subject: Macmillan
Received(Date): Sun, 31 Jan 2010 10:47:52 -0800

We have definitely helped stir things up in the publishing world.

Steve

Sent from my iPhone

Begin forwarded message:

> **From:** Eddy Cue <cue@apple.com>
> **Date:** January 31, 2010 7:57:47 AM PST
> **To:** Steve Jobs <sjobs@apple.com>, Kevin Saul <ksaul@apple.com>, Keith Moerer <kmoerer@apple.com>
> **Subject: Fwd: FW:**
>
> Sent from my iPhone
>
> Begin forwarded message:
>
>> **From:** "Sargent, John" <John.Sargent@macmillan.com>
>> **Date:** January 31, 2010 10:18:22 AM EST
>> **To:** cue@apple.com
>> **Subject: FW:**
>>
>> Morning Eddy. Sometimes it is not good to be CEO and VP Corporate Communications. Just to make sure you are in the loop. Lots of noise this morning...
>>
>> To: All Macmillan authors/illustrators and the literary agent community
>> From: John Sargent
>>
>> This past Thursday I met with Amazon in Seattle. I gave them our proposal for new terms of sale for e books under the agency model which will become effective in early March. In addition, I told them they could stay with their old

terms of sale, but that this would involve extensive and deep windowing of titles. By the time I arrived back in New York late yesterday afternoon they informed me that they were taking all our books off the Kindle site, and off Amazon. The books will continue to be available on Amazon.com through third parties.

I regret that we have reached this impasse. Amazon has been a valuable customer for a long time, and it is my great hope that they will continue to be in the very near future. They have been a great innovator in our industry, and I suspect they will continue to be for decades to come.

It is those decades that concern me now, as I am sure they concern you. In the ink-on-paper world we sell books to retailers far and wide on a business model that provides a level playing field, and allows all retailers the possibility of selling books profitably. Looking to the future and to a growing digital business, we need to establish the same sort of business model, one that encourages new devices and new stores. One that encourages healthy competition. One that is stable and rational. It also needs to insure that intellectual property can be widely available digitally at a price that is both fair to the consumer and allows those who create it and publish it to be fairly compensated.

Under the agency model, we will sell the digital editions of our books to consumers through our retailers. Our retailers will act as our agents and will take a 30% commission (the standard split today for many digtal media businesses). The price will be set for each book individually. Our plan is to price the digital edition of most adult trade books in a price range from $14.99 to $5.99. At first release, concurrent with a hardcover, most titles will be priced between $14.99 and $12.99. E books will almost always appear day on date with the physical edition. Pricing will be dynamic over time.

The agency model would allow Amazon to make more money selling our books, not less. We would make less money in our dealings with Amazon under the new model. Our disagreement is not about short term profitability but rather about the long-term viability and stability of the digital book market.

Amazon and Macmillan both want a healthy and vibrant future for books. We clearly do not agree on how to get there. Meanwhile, the action they chose to take last night clearly defines the importance they attribute to their view. We hold our view equally strongly. I hope you agree with us.

You are a vast and wonderful crew. It is impossible to reach you all in the very limited timeframe we are working under, so I have sent this message in unorthodox form. I hope it reaches you all, and quickly. Monday morning I will fully brief all of our editors, and they will be able to answer your questions. I hope to speak to many of you over the coming days.

Thanks for all the support you have shown in the last few hours; it is much appreciated.

All best, John