

Subject: Fwd: Call @ 12:30 AM TONIGHT!!!
Date: Thu, 20 May 2010 18:35:48 -0700
From: Keith Moerer <kmoerer@apple.com>
To: Eddy Cue <cue@apple.com>
Message-ID: <1962D6DB-0527-4050-9C5F-C8D53FE873F0@apple.com>

Eddy--

For your call with Anthony tonight. . .

* Watson has been running Pan Macmillan, the UK's fifth largest publisher, for two years. A long-time industry veteran, he's also done a 9-year-stint as CEO of Penguin UK

* We've been down to one issue --price matching--for well over the week.

* He's spent surprisingly little time expressing enthusiasm for Apple entering the digital book business, negotiating for better pricing, or asking how Macmillan might reap rewards from our entry into the market.

* Instead, he's been fixated on his risk to "price matching to zero," convinced that others will drop their prices to near zero to punish him for working with us.

* To limit his exposure, he's repeatedly asked for minimum threshold prices, below which he wouldn't be asked to price match. He's proposed retail thresholds that are 50% of list price -- the wholesale he's getting for his physical and digital books.

* The keys to winning him over are

a) hitting him early and hard on how valuable being part of our launch will be in helping him develop a profitable and sustainable digital book business;

b) reassuring him that he won't be alone among UK publishers in participating (I've assured him, but it's reinforcing with him). He's particularly anxious that UK publishers bigger than Macmillan--Penguin, Harper, Hachette--are on board;

c) convincing him that his worst-case scenarios are unlikely to come to pass since no ebook retailer can afford to punish multiple major publishers for any meaningful amount of time;

e) reassuring him that, while we must remain price competitive, we have no desire or practical intention of truly price matching to zero since it's not in our interest to de-value a £9.99 book--and every other book with this price point in our store--by pricing it at 99p.

Thanks for making this call. Good luck and let me know how it goes.

Keith

Begin forwarded message:

EXH. NO. 6 FOR I.D.
DATE: 2-19-13
WITNESS: *[Signature]*
PATRICIA L. HUBBARD
CSP NO. 3409

From: Pam Johnson <pam@apple.com>

Date: May 20, 2010 2:03:02 PM PDT


To: Eddy Cue <cue@apple.com>

Cc: Keith Moerer <kmoerer@apple.com>

Subject: Call @ 12:30 AM TONIGHT!!!

Anthony Forbes Watson

MacMillan

Call him at 

----- end message -----