
From: Close, Amanda
Sent: Friday, January 15, 2010 10:29 PM
To: Mcintosh, Madeline; Malaviya, Nihar; Fischbach, Kelly; Thompson, David; Updike, Jaci; Von Moltke, Nina; Shatz, Matt; Vaughn, Chelsea; Dohle, Markus; Weber, Andrew; Martin, Matthew; Demayo, Joan; Sarnoff, Richard
Subject: Privileged & Confidential: Apple Call Update / prtd

Hi All –

Here are the notes from our call with Keith Apple this afternoon - Madeline laid out the key points below and then we got into a discussion. Here is a summary of the observations, questions and answers that we discussed.

- 1.) Apple first reiterated that they are all looking to build a long-term, sustainable business that is profitable to both parties.
- 2.) Is Apple willing to consider agency only for new releases?
 - a. Yes.
- 3.) Is Apple willing to consider an agency model for RH even if no other retailers also convert to agency?
 - a. Yes, but they expect to be treated the same way that retailers are treated.
- 4.) Is Apple willing to work with us on a wholesale model for titles that are not yet available on eBook?
 - a. Yes, but they really want and prefer the entire list.
- 5.) Was the agency model received well by other publishers?
 - a. Yes, slightly more warmly received by other publishers, but with quite a bit of feedback.
 - b. They are examining and refining the model to allow more flexibility and high price tiers now.
 - c. Almost all publishers are willing to discuss the agency model for new releases, but they also acknowledge that the wholesale model does work for books that are already in MM or TP formats.
- 6.) Would Apple be willing to do a wholesale model on everything except HC new releases?
 - a. Unclear if this would be acceptable; this is really a decision for Eddy if this becomes a serious consideration.
 - b. The preference is to launch with new releases and BL under one simple model, but may look at a split deal if there is no other way to move forward.
- 7.) Would Apple consider a wholesale deal for BL and books that are not yet in eBook form?
 - a. Yes, but they are not clear on how wholesale terms are the same for digital and physical business.
 - b. Our current terms as defined would not be acceptable to them.

The next step is a meeting next week in New York with Madeline, Markus, Eddy, Keith and Kevin (if scheduling allows), otherwise a follow up with Madeline, Amanda, Eddy and Keith when they are in town. The goal here is to keep the conversation moving forward – and as you can see, there is clearly more room to explore how our partnership could look.

Madeline, please jump in if I have neglected to include any important points.

Have a lovely weekend all!
Amanda

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From: Mcintosh, Madeline
Sent: Thursday, January 14, 2010 8:56 PM
To: Close, Amanda; Malaviya, Nihar; Fischbach, Kelly; Thompson, David; Updike, Jaci; Von Moltke, Nina; Shatz, Matt; Vaughn, Chelsea; Dohle, Markus; Weber, Andrew; Martin, Matthew; Demayo, Joan; Sarnoff, Richard
Subject: privileged & confidential: Apple talking points

Matthew, please provide your counsel.



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Thoughts?