

Subject: Re: New Info Today
From: Keith Moerer <kmoerer@apple.com>
Cc: Kevin Saul <ksaul@apple.com>
To: Eddy Cue <cue@apple.com>
Date: Thu, 17 Dec 2009 05:57:39 -0800

Couple of other things I just thought of. . .

Harper:

- * CEO is currently unrealistic on new release prices, would like to see \$18-\$20 retail price
- * expects 50 of HarperCollins' 150 monthly new releases as subject to holdbacks, needing enhanced versions

On Dec 17, 2009, at 5:44 AM, Keith Moerer wrote:

Kevin captures many of the key points below, but here are a few others. . .

MacMillan:

- * CEO knows that holdbacks a terrible, self-destructive idea. Views enhanced version (color, audio, video) as best way to deliver ebooks at same time as hardcover release.
- * MacMillan already produces a lot of this bonus content so providing to us no problem
- * MacMillan has only four or five surefire New York Times bestsellers in the first half of 2010, subject to holdbacks
- * CEO was one of the chief negotiators for the book industry in its four-year-long lawsuit and proposed settlement with Google over book scanning
- * MacMillan is a big player in educational space when we're ready to move into this area

HarperCollins

- * A clarification to Kevin's note below: HC has 6.5k ebook titles now, and expects to add another 9k by middle of next year for a total of 15k +
- * WW rights for 4k of 6.5k so far
- * Have lots of cookbooks, travel books, and kids' picture books that have not been converted to ebooks yet
- * production is done in-house, has team of 8-10 already working on enhanced book ideas. should be key partner in developing strong model for these.

Exhibit 14
Cue
03/12/13
K. Schroeder
CSF, rpr, ccr



- * their ebook business has tripled in 2009
- * views iTunes as a great vehicle to reach 30 million casual, many of them younger, not served by Kindle's older, dedicated book reader
- * Catalog represents 55% of HC ebook sales, higher than physical, attributable in part to not every book being offered in ebook form
- * very interested in working with iTunes to create lower priced, digital version of mass market paperbacks in the \$3-\$5 range. big opportunity here.

Simon & Schuster

- * CEO doesn't view bonus content as something customers willing to pay extra for.
- * has turned text to speech off on all their books
- * prefers our approach to home sharing over book lending
- * big in children's books not well served by ebooks to date.
- * only publisher to bluntly mention loss of Oprah as big driver of book sales--and absence of anything to replace her yet
- * as physical book tours dry up due to stores closing, have to rely more on electronic press tours and external media (NPR, etc.)
- * in addition to author interviews in ebook file, why not include author readings of excerpts as they would on tour? -bring the book tour to customers 1-1

On Dec 17, 2009, at 4:50 AM, Kevin Saul wrote:

My notes:

Mcmillan

Good guys

Intent is ebook discounted from physical, even though not shown in today's list price (20-30% less)

Liked idea of 14.99 retail price for new releases

Needs ability to turn off certain territories

Okay with US and CA launch

Text to speech sticky b/c audio business but current form not a problem b/c not good.



Generally turned on unless contractual issue. Small issue for them.

Book lending - they allow it subject to rights constraints, 1 lend at a time. We spoke about household lending, ie, our DRM ecosystem.

5k books in ebooks

mobi, epub file most often (everything in that) - send through Ingram

excited about launch

AAP best bet for advertising idea

They really worried about piracy and like apple b/c DRM that will get us to day and date

Worried about library players

First to talk about withdrawal rights, because of reversion rights to authors

HarperCollins

Interested in agency model to fix Amazon pricing (we said no)

They have lots of ww rights (compared to others)

Rights and Publishing Overview page in their prezo has other info like 6 400 ebooks (400+ ww rights)

9 000 ebooks by July 2010

interested in "enhanced" ebook at same time as hardcover

Simon and Shuster

Great meeting

Tried to meet with us for a long time. Very happy we're there

Impossible to participate at those numbers re advertising idea (total budget 25m for year), and thought AAP is conservative and didn't think could do either

Most aggressive of publishers

Very interested in doing lots of linking from books, upsell etc. (will be good partner)

They hate Amazon pricing



They agreed with most everything you said

Said their lawyers are okay with minimum resale price maintenance for indefinite period of time [Redacted]

[Redacted]

They do encoding etc. in-house

On Dec 17, 2009, at 12:41 AM, Eddy Cue wrote:

Can you please send me an update on the 3 publishers we saw today - total book count, new learnings - pub society, can't sell under cost contract, etc?

I want to send SJ an update. Thanks.

Eddy

