

Subject: a few thoughts  
Date: Fri, 18 Dec 2009 10:40:53 -0800  
From: Keith Moerer <kmoerer@apple.com>  
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Eddy--

A few thoughts to keep in mind when reaching out to publishers. Every publisher we met with agreed that digital prices should be less than physical --20% or 30% being the commonly expressed range.

The wholesale price for Dan Brown, Sarah Palin, and other very top-tier NYT bestsellers is currently \$15. (The wholesale for Stephen King's new novel is \$17).

For NYT bestsellers with a \$12 wholesale in physical (admittedly the majority of titles), a \$9 digital wholesale is both appropriate and should be acceptable to everyone.

However, if you can sell publishers on a \$9 wholesale for Brown, Palin and King, great -- I'll buy your next five dinners at Ruth's Chris Steakhouse.

If not, why not adopt an across-the-board 25% discount off physical wholesale for all books? The wholesale for Dan Brown would be \$11.25; the wholesale for even the highest priced titles like King would be about \$12.50.

While not as simple on the surface as the proposal you mentioned this morning, this approach is a) scaleable across the entire book catalog, b) a much easier sell to publishers, and c) could ultimately work well for both of us.

Keith

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**Exhibit 15**  
**Cue**  
**03/12/13**

**K. Schroeder**  
csr, rpr, ccrr