

From: Reidy, Carolyn <Carolyn.Reidy@Simonandschuster.com>
Sent: Monday, January 18, 2010 7:15 PM
To: Moonves, Leslie <leslie.moonves@cbs.com>
Subject: Apple

Just to give you an update:

A representative of Apple (not the head guy, but one of his minions) came to New York at the end of week before last to meet with all the major publishers. We were the last to meet with him (we planned the meeting for after our meeting with you) and he told us that what we said to him was exactly what all the other publishers had said: the pricing was too low and we needed more variation possible. In addition, the 30% fee was too high and we needed some relief, at least on some of our frontlist volume. From the way he spoke, we were hopeful they'd come back with a new proposal. We also gave them reactions to their contract, which they had sent and which had in it many provisions we found difficult to sign.

They then called on Friday to make meeting appointments for tomorrow and Wednesday, saying they are bringing lawyers and hope to really get a deal done. Last night I received an email I assume went to everyone, which sticks to the 30% fee, with no give at all, and adds higher price points only for books at \$28 and over.

CBS, by the way (I spoke to Bruce Taub), does not sell on the Agency model but on the straight 70/30 split. Paramount has traded phone calls with me and I'm still hopeful that they have a more generous deal for first run movies that I can use as negotiating leverage. (Even their own representative said they had a different deal for first run movies.)

We shall see how the meetings go this week. They want to "decide by Thursday" if they are going ahead with the bookstore or leaving books to be sold through the App store, as they are now (through Apps for Amazon, B&N, and other retailers). It will be very disappointing if the later happens and I certainly hope that won't be the outcome. We aren't that far apart, if they will listen/talk.

Carolyn

