
From: Theresa Horner
To: Heffernan, Dick
Sent: 6/23/2010 2:52:40 PM
Subject: RE: A question

Hello Dick,

We've had several internal emails about this and we, of course understand your position and don't disagree. I believe William will be speaking with David about this but here's what the issue is.

We are doing a lot of advertising and marketing and it became onerous and, quite frankly, difficult to clear permissions with each publisher for each title every time we wanted to do an ad. Typically we are on tight timelines, etc. We asked all the publishers if we could get a preapproved list of titles for the purposes of advertising and marketing that we would update periodically to keep current.

Penguin told us they could not do that and so we ended up using those publisher's titles that we have readily available. Obviously this approach had unintended consequences but I'm sure we can figure this out and we will be more sensitive to the titles we choose.

I'm on the road today but let me know if you have further questions or would like to discuss this further.

Theresa

From: Heffernan, Dick [mailto:Dick.Heffernan@us.penguin.com]
Sent: Tue 6/22/2010 12:21 PM
To: Theresa Horner
Subject: A question

Theresa,

Hi, it has been a while since we spoke. Hope all is good with you.

I am writing to you after seeing your nice full page ad in the Times today for the Nook. It has been exciting seeing your sales increase each week on our titles and now with this great new price, I am sure you will sell a ton in the upcoming months.

Not to be a nudge but the ad prominently showed 5 titles, 3 of which were Random House. I don't understand why you would advertise a publisher who has not gone to an agency model. B&N actually loses money on each sale of these books at the \$9.99 price so advertising them rather than so many other great profitable books makes no sense to me.

Penguin went to an agency model to help support booksellers like B&N where the retailer can raise the price and perceived value of a book and make the retailer a profit. To have B&N support the one publisher who didn't do that in this ad makes us feel like our efforts to make our industry stronger are not appreciated by the biggest book account in the country.

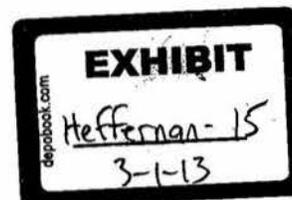
I hope in the future you would pick 3 Penguin titles among some other agency model publishers. Certainly we have many great bestselling books and authors which the public would recognize to show how great the Nook is as a reading device.

Regards

Dick

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