

12/16

Eddie Que, Apple

- Phono / iTunes + App Store
- Kevin Saal - Business Affairs
- Keith Moevler - TV, Audio, Podcasts

Want to go in but didn't have machines

- (Phones - love it - can
- Never talk future machines
- Not interested E-Readers
 - all color
 - all web enabled
 - all web browsers
 - all Touch

Not focused education / Focus =
 newspapers / Books
 or magazines

110 million credit card customers
 (50 mill iPhones → 100 million
 all Digital customers
 Bus over \$ 3 billion today

Build Geniusre engine into Books
 also support video + audio
 - can add to later

EXHIBIT
 Reidy - 15
 1-17-13

Pricing: has price flexibility
all items but single song
Not a million price points
Never sell at a loss

25% margin machines / single digit store

12.99 + 14.99 OK w/ them

Digital shd be less

Can't be less elsewhere

Need new releases - windowing
upsets customers
piracy

Want best b/c reader there is

* Fairplay DRM (what have used)

* Not interested lending outside
House - spouse or kids (5 machines)
DRM free in home

Rights only to Apple eco-system

No plans text to speech - won't launch

⊗ Launch in 90 days - US + Canada
10 products at once
then Int'l
Austr, Jap, T, S, G, U, K

Want ePub
would like enhanced eBooks
Wholesale relationship - we not set
prices

Eager to help develop to get pix books
- eBooks, art bks, etc. work
on screen

Recommend to friends at end
Buy backlist at end (color, click, etc.)

Wants to be biggest reseller in 6 mo.
Great daily reporting indiv title sales

Technical contact

Sample files

Can link from book to us
Certain rules - no ads
link only to bk material (directly related)

Can see customers by zip code (won't give name)
Can see if promos work instantly
market share info

Will be own destination a la app store
No money for placement - all editorial
on their part. Will be team works
w/ us + years of mktg. Do promos

Mkt what like

No free bks on bestseller charts

Co-marketing campaign

They do the campaign

TV + outdoor advertising / ^{not} online

Reading + eBooks

Wants \$100 mill - $\frac{1}{2}$ + $\frac{1}{2}$!!

Now two - kids + over 45 - who read
+ own their machines

Robinson Patman not apply
in Digital goods?

Send Pricing, etc to them

They send "terms" - next week
want to sign by mid-Jan
Metadata, etc.

90 days not movable

<Keep secret>

Early Jan for mktg links

like pre-orders, etc.

Macmillan - offer enhanced only to
follow screen + color (not Amazon)