IDPF Digital Book
May 24th, 2011
Baker & Taylor is a premier provider of physical and digital media and value added services for publishers and customers into a worldwide retail, library and educational marketplace.

- Headquartered in Charlotte, NC
- Revenues of $1.7B for fiscal year 2010, 3,000+ employees worldwide
- 8 distribution centers - 5 US and 3 International for consumer direct fulfillment (CDF) and bulk orders for retailers, libraries and educational institutions
- More than 40,000 customers in over 120 countries, including 16,300 retail and 23,900 library/education customers
- Platform for e-books aggregation and delivery for distribution channel with device manufacturers and mobile carriers
- Worldwide consumer direct fulfillment network servicing online retailers
- Owned by Castle Harlan, Inc. — a leading private equity investment firm headquartered in New York
Supporting our Publishing Partners and Customers Worldwide

• Work directly with publishers to distribute their digital, as well as physical content, and provide value added services to a worldwide multi-channel distribution network

• Study industry trends in order to better understand what the marketplace looks like in order to better serve our publishing partners and distribution channels

• Support existing distribution channels with digital content distribution and services worldwide – retail, library and education

• Launched Blio – revolutionary e-reading software application along with comprehensive digital media storefronts – 25+ Million pre-loads in 2011

• Developed new revenue channels for publishers, device manufacturers and mobile carriers to get digital content to consumers via multi-function device of choice

• Developed and executing partner/channel marketing efforts to drive sales of publishers’ content
Total U.S. Book Market – 6% CAGR

Revenue by Product Line

Estimated Market Size Based on Department of Commerce Data
Print to Digital Shift 2010 -2013 - $7 Billion by 2013

- Mix of print and digital revenues will shift over the course of the next three years with most significant shifts taking place in Higher Education, Trade and Professional publishing.

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<thead>
<tr>
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<th>2010</th>
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<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td></td>
<td>Print</td>
<td>Digital</td>
<td>Print</td>
<td>Digital</td>
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<tr>
<td>Trade</td>
<td>92%</td>
<td>8%</td>
<td>83%</td>
<td>17%</td>
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<td>El-Hi</td>
<td>95%</td>
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<td>95%</td>
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<tr>
<td>College</td>
<td>85%</td>
<td>15%</td>
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<td>18%</td>
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<td>Professional</td>
<td>79%</td>
<td>21%</td>
<td>77%</td>
<td>23%</td>
</tr>
<tr>
<td>Total</td>
<td>89%</td>
<td>11%</td>
<td>86%</td>
<td>14%</td>
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- Digital content growth will be spurred:
  - Proliferation of tablets and other multi function reading devices
  - New Publishing categories in addition to Bestsellers – Children's, Education, etc.
  - Enhanced Content Creation by Publishers
Sales By Retail Channel – Consumer Trade Books ( $13 B )

2010
- eCommerce: 38%
- Bookstores: 28%
- Mass Supermarkets: 16%
- Clubs: 10%
- Other: 8%

2013
- eCommerce: 55%
- Bookstores: 18%
- Mass Supermarkets: 14%
- Clubs: 8%
- Other: 5%

Estimated Market Size Based on Department of Commerce Data
Most Popular Devices to Read an e-book

“How do you read eBooks?”

- On a laptop: 35%
- On a Kindle eReader: 32%
- On an iPhone: 15%
- On a Sony eReader: 12%
- On a netbook: 10%
- On a NOOK eReader: 9%
- On an iPad: 9%
- On some other eReader: 8%
- On another cell phone: 6%

On average, eBook readers read on just 1.4 devices.

Source: Forrester Research 2011
Worldwide Digital Device Shipments by Category

- **Desktops, Laptops, Netbooks**
  - 367.8 Million in 2010
  - 390 Million in 2011

- **Smartphones**
  - 362.7 Million in 2010
  - 375 Million in 2011

- **Tablets**
  - 19.5 Million in 2010
  - 80-100 Million in 2011

- **Dedicated E-Readers**
  - 6.6 Million in 2010
  - 20 Million in 2011

Data from Gartner, Inc. 2010 (www.gartner.com)
BAKER & TAYLOR DIGITAL MEDIA & E-COMMERCE SUPPORT STRATEGY
E-Commerce and Value Added Services

- Consumer direct fulfillment support for online media transactions
- Content aggregation, conversion, management and delivery
- Ereading software – Blio - for Multiple platforms and multiple devices
- Web-hosted or “in-application” storefront infrastructure – fully merchandised for both digital and physical books
Web Hosting and Consumer Direct Fulfillment
For Internet Booksellers

• Largest provider of CDF services for the book and entertainment product market, from inventory or POD

• Provide Cover Art, Metadata, Reviews, Pick, Pack, and Ship Direct to the Consumer

• Only distributor that ships books, music and media to customers in a single box to end-consumers

• Able to deliver 60% of products in one day, 99% in two days to U.S. customers via ground through Company’s distribution network

• Web hosting provides cost effective services to customers and customers’ end users
Content Via Blio On Multiple Devices & Multiple Platforms
Digital Media Platform
Blio- Next Generation E-Reading Software Application

- Developed by K-NFB Reading Technologies, Inc.
  - Headquartered in Boston, Massachusetts
  - Company founded by Ray Kurzweil
- Operating Platforms Support
  - Windows for PC – live 2010
  - Android, iOS – Development Completed
  - Window Phone 7 – Coming 2011
- Device agnostic, free software download
- Highly interactive, immersive e-reading experience
- Full DRM protection
- Customizable skin available to support product line, retailer, or publisher as required
- Addresses major accessibility issues – solution developed in partnership with National Federation for the Blind
Device Manufacturers and Mobile Carriers Channel Network

New Online Retail Digital Storefronts – To Sell Books and other media

25+ Million Blio “pre-loads” in 2011

**TOSHIBA**
- Launched September 2010
- 20M devices shipped globally
- Laptops, netbooks, tablets
- Digital and physical books

**DELL**
- Launched December 2010
- 40M devices shipped globally
- Desktops, laptops, netbooks, tablets, smartphones
- Digital and physical books

**HP**
- Launched January 2011
- 50M devices shipped globally
- Desktops, laptops, netbooks, tablets
- Digital and physical books

**T-Mobile**
- Projected launch June 2011
- 10M devices shipped in U.S.
- Smartphones and tablets
- Digital and physical books

100+ Million Units Shipped Worldwide
Libraries and Universities
Online Physical and Digital Media Branded Retail Storefronts

My Books and More – customized marketing and retail online bookstore program for universities and colleges (2,000+)

Textbooks plus Consumer Titles Storefront
BLIO DEMONSTRATION- ENHANCED CONTENT
PUBLISHER VALUE ADDED SERVICES & MARKETING SUPPORT
Publisher Self Authoring Tools

Quark Publishers

Baker & Taylor Content Repository
- E-books
- Audio books
- Newspapers/magazines/periodicals
- Corporate

B&T Digital Distribution Infrastructure
- Procure
- Transform/store content
- Manage DRM
- Deliver to consumer

Digital Publishing 2.0
Content-to-Consumer Model

Worldwide Distribution Channel
- Device Manufacturers
  - Publisher Direct
  - Retail
  - Library & Education

More than 40,000 customers in 120 countries

Consumer Devices

E-reader Software

Baker & Taylor
The future delivered
Value Added Marketing Support - Devices Manufacturers
Value Added Marketing Support - Devices Manufacturers
THANK YOU