INGRAM®

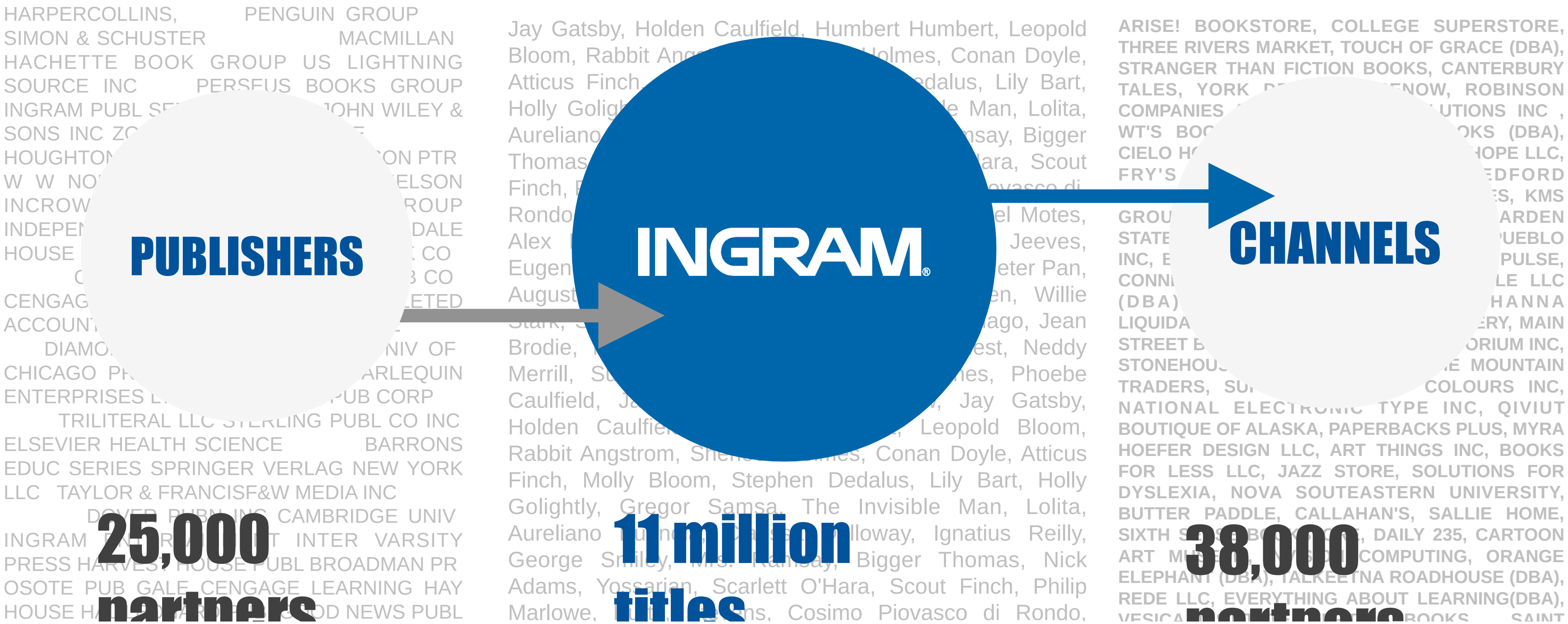
Shawn Everson, Chief Commercial Officer

Our Mission

Helping Content Reach its Destination

Our Market Position

The world's largest and most trusted distributor of physical and digital content



Our Footprint

Experience, technology, manufacturing and logistics

connecting content and people around the world faster and more efficiently than ever before

Our Numbers

Over 45 years in the publishing industry

3,000 associates worldwide

Distribution to 195 countries on 6 continents

8.6 million global direct-to-consumer shipments in 2011

2.1 million books printed each month across four facilities

Over 13.5 million digital distributions in 2011

More than 2.2 million VitalSource users on 6,000 campuses

More than 25,000 publishers served

Ship to more than 82,000 retailers, libraries, institutions and more

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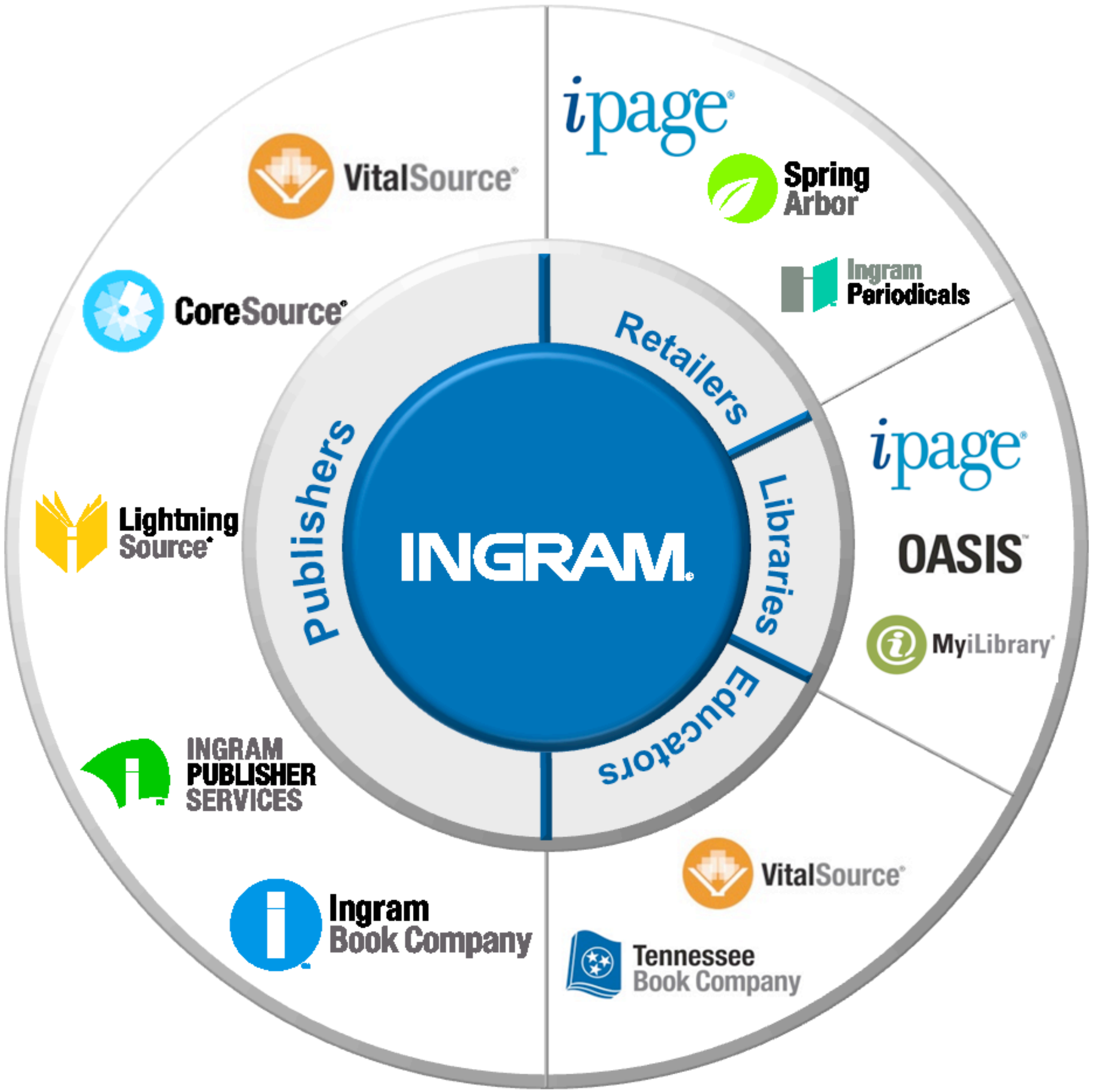
Our Services

INGRAM

Experience
Technology
Manufacturing
Logistics



U.S. Market

Shawn Everson | Chief Commercial Officer

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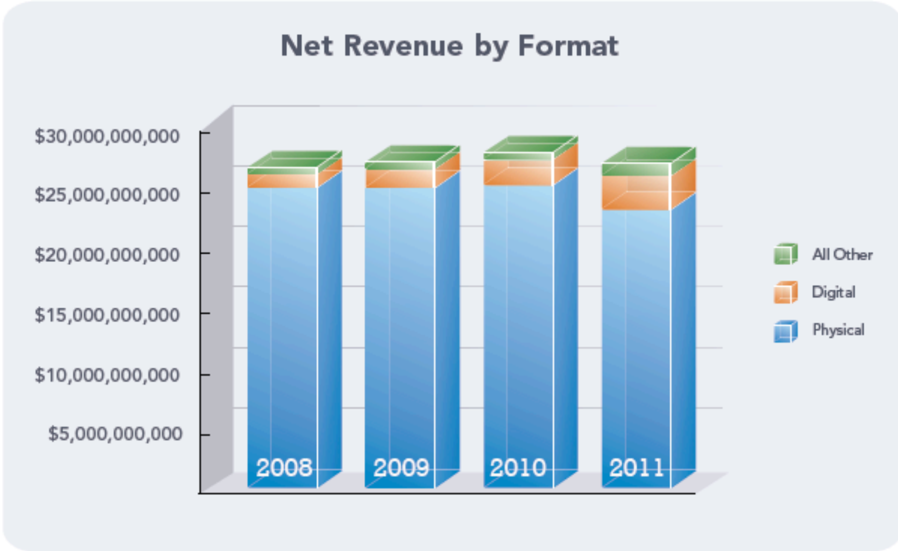
Overall Publishing Revenue 2008 – 2011

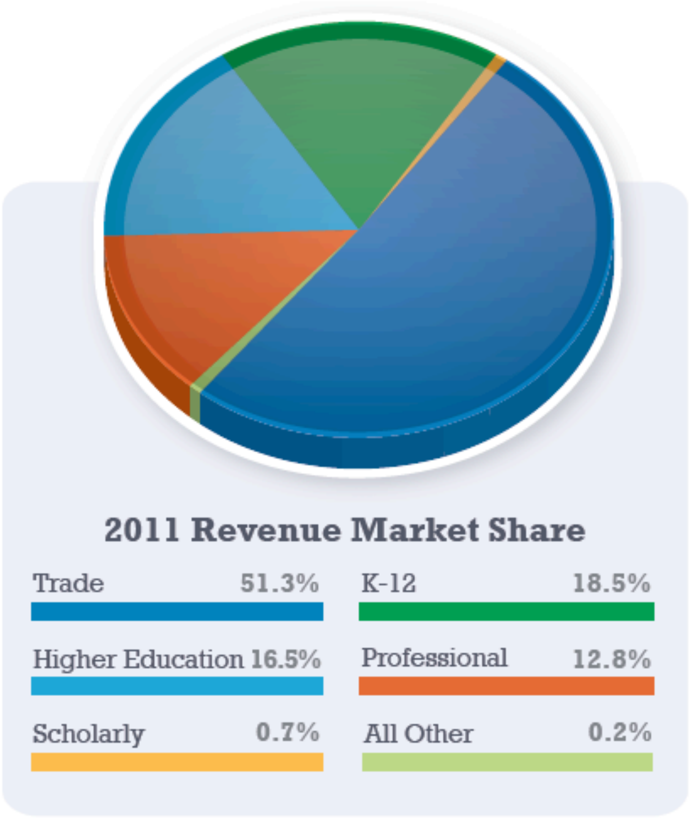


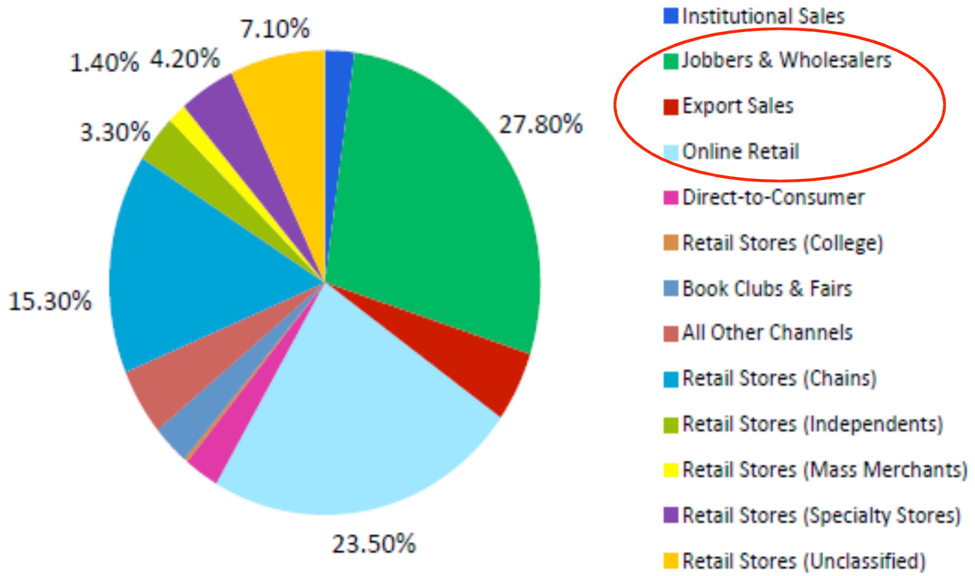
Book Industry Study Group

- Large >$100M 24
- Med $5M - $99M 74
- Small $500k - $5M 203
- Very Small < $500k 1676

- eBook sales rose 210% from 2010 to 2011

2011 Share breakdown





Changes between 2010 & 2011

- Brick & Mortar has dropped 12.2%
- Online sales have risen 35%

2012 vs. 2011
from Nielsen Bookscan (U.S.)

Total Unit Sales of Print Books, 2011, 2012

	2011	2012	% Change
	651,233,000	590,840,000	-9.3%

Unit Sales of Print Books by Category, 2011, 2012

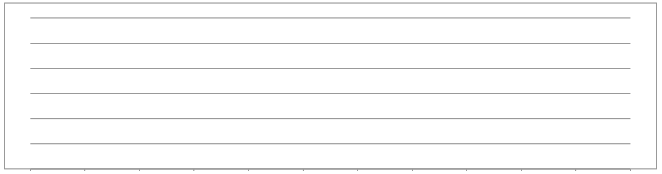
	2011	2012	% Change
Adult Nonfiction	267,061,000	232,411,000	-13.0%
Adult Fiction	162,919,000	145,469,000	-10.7
Juvenile Nonfiction	36,273,000	38,258,000	5.4
Juvenile Fiction	145,599,000	142,415,000	-2.1

Unit Sales of Physical Books by Format, 2011, 2012

	2011	2012	% Change
Hardcover	166,791,000	157,228,000	-5.7%
Trade Paperback	356,433,000	325,789,000	-8.6
Mass Market Paperback	83,576,000	66,403,000	-20.5
Board Books	17,065,000	17,612,000	3.2
Audio	5,400,000	5,018,000	-7.0

Excludes: Audiobooks, Maps, Calendars,

US Book Industry Projections



2011

Historical: AAP & Bookscan

Prediction is very difficult,
especially about the future.

Niels Bohr
Danish physicist (1885-1962)

10 Years of E-book Predictions

2002

PREDICTION: PCs and eBook devices will offer screens that are as sharp as paper, with 200 dpi physical resolution.

FACT: The first commercially-available devices with higher than 200 dpi were only widely-released within the last year.

2003

PREDICTION: eBook devices will weigh less than a pound and run for eight hours on a charge. Costs run from $99 for a simple black and white device to about $899 for the most powerful, color magazine-sized machine.

FACT: The first sub-$99 Kindle and Nook (basic B&W) just became available within the last year. The higher-priced iPad tops out at $799.

2004

PREDICTION: The Tablet PC will become a mainstream option for computing. It is a pad-sized device that supports writing as well as eBook reading, and runs powerful computer applications in a slate form factor.

FACT: Not until the iPad debuted in 2010 did the tablet become mainstream.

10 Years of E-book Predictions

2005

PREDICTION: eBook title and ePeriodical sales will top $1 billion. Many serial publications are given away free with advertising support that will also total more than $1 billion.

FACT: Total eBook revenue did not top $1 billion until 2010 while the ad revenue for ePeriodicals is growing very slowly and still only predicted to be around $320 million in 2012. Total periodical revenue has actually declined.

2006

PREDICTION: eNewstands (kiosks) will proliferate on street corners, airports, etc. As usual, airlines offer customers old magazines on the flight, but the magazines are now downloaded to eBook devices.

FACT: eBook kiosks exist in a few places, and airline magazines are still paper.

2008

PREDICTION: eBook titles will begin to outsell conventional volumes in most countries. The price of a new bestseller title will be about $8-$10.

FACT: Not quite…unless you count Amazon as a country.

10 Years of E-book Predictions

200
9
201
0
201
-

PREDICTION: Several top authors will publish directly to their audiences, many of whom subscribe to their favorite authors rather than buy book-by-book.

FACT: This is still a rarity, but as more authors find success with this model (a la Seth Godin), there will be those who follow.

PREDICTION: Popular eBook devices will weigh eight ounces, run for more than 24 hours, offer beautiful non-backlit displays, are available in flexible/foldable form factors, and hold more books and magazines than most university libraries. They cost less than $100 and are often given away free with the purchase of several books or a magazine subscription.

FACT: The smallest, lightest Kindle is less than 6 ounces, has about 15 hours of reading time in a single charge, will hold 1,400 books and has lots of innovative features (fold-ability still not available).

PREDICTION: Advances in non-volatile chip storage will allow eReaders to store 4 million books - more than many university libraries - or every newspaper ever printed in America.

FACT: Not quite. Capacity for Kindle 3 is closer to 3,500.

A bit of reality…

E-books

We'll never see the kind of rises we saw from 2008-2011 again. We can't. Take-up was doubling and tripling each year.

(Mike Shatzkin, The Idea Logical Company, January 18, 2013)

201

PW Daily…..

“eBooks will coexists comfortably with traditional print books”

Liz Mohn (Bertelsmann)

Dedicated ereaders will tumble 36% in 2013 and another 27% in 2014 to move from 24 million to under 10 million.

Tablets will rise dramatically to 340 million by 2016, up from their current 120 million in 2012.

CNET (IHS iSuppli study)

2012 : Beyond Disruption

Publishers Weekly – January 7, 2013

A Conspiracy to Fix eBook prices?
- Four settled, Macmillan & Apple fight

The “Big Four”?
- From the “Big 6”, to the “Big 5”, Is the “Big 4” a possibility

Tablets Emerge
- Four years in since the Kindle arrived, 2012 begins the age of the Tablet

B&N Partners with Microsoft
- Microsoft gets to participate in digital hardware, B&N gets cash infusion

Indie Bookstores Rally, sign Kobo deal
- The collapse of Borders + selling ebooks & devices

2013 Predictions

Forbes - December 27, 2012 (Jeremy Greenfield)

1.

PREDICTION: Goodreads becomes a bookseller.

- Massive Social network dedicated to books and readers
- 12 million registered users
- Currently drives book sales to partner retailers through affiliate links

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2 .

PREDICTION: eBook marketplace gets dynamic and goes beyond discounting

- Insiders say the end of agency pricing means the end of everyone except Amazon in the ebook space (Kobo, B&N, Apple, etc. are getting devices into the hands of consumers.
- Smaller players can now get creative with the removal of discount restrictions.

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3 .

PREDICTION: Major publishers will form back-list marketing divisions

- 40% of revenue is back-list sales
- Mostly comes from print books seen in stores & online
- Currently only 1% of marketing is spent on back-list
- Publishers will figure out how to profitably market back-list titles

INGRAM Opportunities

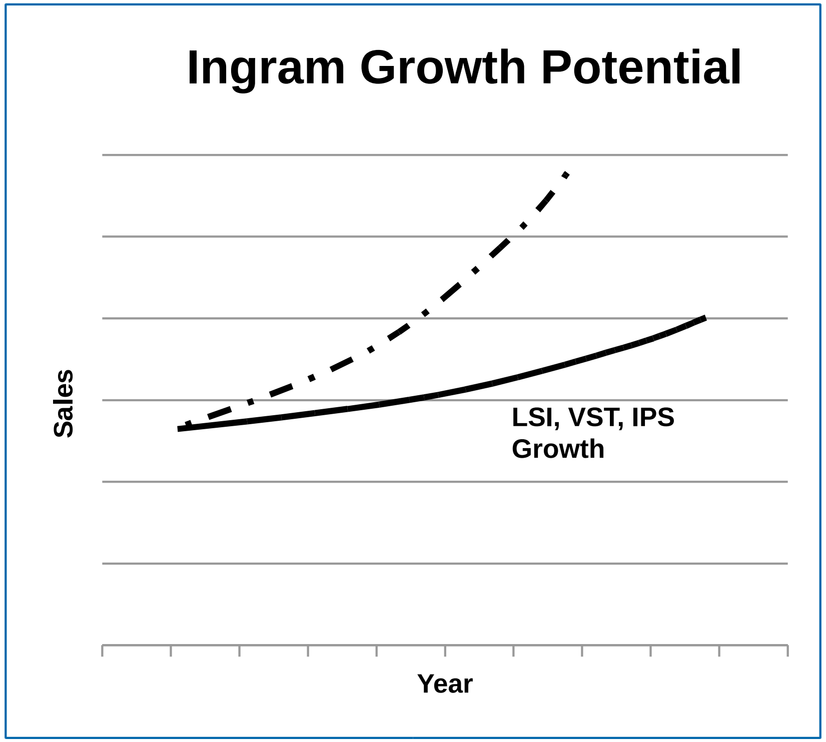
Lightning Source

Vital Source

Publisher Services

International Exports

Textbooks



1 **DISTRIBUTION** is ubiquitous.
Because discovery is consumer-driven, having books in the most channels is key to success.

2 Helping bookstores **DISCOVER** what sells in their market and creating tools to help them deliver