A LEAN START-UP:

Building Engage Books as a Publisher in the 21st Century

By

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Abstract

Engage Books LTD is a publishing company that I created while in debt, halfway through my Masters program. This paper follows my initial plan to start this company through to the end of my first 14 months in business. I will demonstrate how I began Engage Books as a lean start-up company and built it from the ground up, with the goal of building a list of classic titles that will fund a larger investment in new titles. Furthermore, I will explain how print on demand technology, and world wide distribution have made this possible. I will also examine what the company has accomplished through book sales, events, internet marketing, and the brand that Engage Books has begun to cement in its first year of business. Lastly, I will take a look at where Engage Books stands as a company, and what will take to move it forward.

Dedication

For my wife Dayna

Acknowledgements

Throughout my MPub studies, I was fortunate to have direction from amazing teachers, and the many professionals who graced our classrooms. A special thank you to Professor Roberto Dosil for all of his help and encouragement in design strategy and his encouragement in building a publishing company with classic titles, and to Professor John Maxwell, who was an amazing source for technical advice and was instrumental in shaping the topic and focus of this paper.

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A special thanks to Paschal Ssemaganda for all of his help in building an online strategy. Without his help engagebooks.ca would not be what it is today.

Also I would like to thank my parents Victoria Roscoe-Roumanis and Christos Roumanis, and Rick and Pat Martin for all of their encouragement in continuing with my education, and in building a company. I would also like to thank my wife Dayna Roumanis, who has encouraged me more than anyone in following my path through university, and who has always believed in me, even when I didn't believe in myself.

Contents

| Approval Abstract Dedication Acknowledgements Table of Contents List of Figures | |
|---|-----------|
| Part 1: Introduction | |
| a. Building a Lean Start-up Company | 1 |
| b. Getting off the Ground and Plans for Future Growth | 2 |
| Part 2: Background Strategies | |
| a. Engage Books: Background and the Four Imprints | 5 |
| b. Building a Brand | 11 |
| - Branding Engage Books and its Four Imprints | 13 |
| c. Building a Backlist with Public Domain Titles | 23 29 |
| - Adding Value to a Classic Title | 29 |
| Part 3: Background Tactics | |
| a. Print on Demand | 33 |
| b. Lightning Source INC (LSI)—POD Provider of Choice | 35 |
| c. Distribution through Ingram, Returns, Warehousing and | 40 |
| Shipping | |
| Part 4: Marketing | |
| a. How the Online Environment Affects Design & Marketing | 45 |
| b. Marketing on Amazon.com | 49 |
| Part 5: Analysis | |
| a. Sales: Monthly Analysis of Sales & Trends | 58 |
| b. Projecting Future Sales | 62 |
| Part 6: Conclusions | 70 |
| Part 7: Appendix | |
| a. Website and Google Analytics | 74 |
| b. Events | 82 |
| c. Monthly Sales Reports | 84 |
| | |
| Bibliography | 105 |

List of Figures:

| Figure 1: Engage Books Colour Scheme | |
|---|-------|
| Figure 2: Engage Logo's | 16 |
| Figure 3: Double Page Spread of an AD Classic Title | 17 |
| Figure 4: AD Classic Cover Images | 18-19 |
| Figure 5: AD Classic Bookspines | 20 |
| Figure 6: SF Classic Cover Spread | 21 |
| Figure 7: Edition Comparison | 30 |
| Figure 8: AD Classic Earnings | 37 |
| Figure 9: SF Classic Earnings | 38 |
| Figure 10: Amazon.com Promotional Email 1 | 50-51 |
| Figure 11: Amazon.com Promotional Email 2 | 51-52 |
| Figure 12: Books Sold Per Title in the US and Canadian Markets | 59 |
| Figure 13: Books in Print | 62 |
| Figure 14: US and Canadian Sales in US Dollars | 63 |
| Figure 15: Monthly Combined Average Earnings Divided by All Titles in Print | 64 |
| Figure 16: Projected Backlist Earnings in US and Canada Based on the Number of Titles in Print | 66 |

Part 1: Introduction

a. Building a Lean Start-up Company

This paper explores the strategies and tactics which enabled me in 2008 to establish Engage Books as a publishing company with four imprints. I will discuss the branding strategies for each imprint, and the company as a whole. I will explain how I used works from the public domain and print-on-demand production technology to build Engage Books as a lean start-up company with very little initial investment. I will examine my experience marketing Engage Books, with a focus on how marketing online affects the physical design of a book, and how to successfully market on Amazon.com. Finally I will analyze Engage Books' monthly sales and trends in order to demonstrate where the company is today, and to project where the company will be in the future. I will also explain how the earnings generated from Engage Books' backlist will help fund new books which require a larger initial investment. But first I'll discuss how the idea for Engage Books began.

b. Getting off the Ground and Plans for Future Growth

When I first decided to start a publishing company in Vancouver, BC, it was because I saw an open opportunity in the market. Vancouver has over thirty book publishing companies, and not one of them publishes science fiction.

Vancouver has a prominent and vibrant science fiction community: various television series such as *The Outer Limits, X Files, The Dead Zone, Andromeda, 7 Days, Stargate Atlantis,* and *Battlestar Galactica* are filmed here, as are movies like *The 6th Day, Twilight, X-Men, Watchmen,* and resident authors such as William Gibson, Spider Robinson, and Sean Russell all call Vancouver home. While I was confident that a Vancouver based science fiction publisher would fit nicely in this diverse community, I expected that I would need about \$100,000 and the expertise to make this a reality. As I didn't have anything close to \$100,000 I decided to first search for a school that could provide me with the skills I needed.

It just so happened that the preeminent publishing program in Canada, the Master of Publishing (MPub) program at Simon Fraser University (SFU), was also located in Vancouver. As I didn't have any experience in publishing, I knew it would be difficult getting into a competitive program, and with only a month before the application deadline, I worked hard at putting together the best application I could manage. On my twenty-fourth birthday, a letter arrived from MPub. It turned out that there were sixteen other candidates with more experience in publishing, and who were better suited for the program, and my application was rejected. Soon after this, I set up a meeting with three MPub

instructors: Rowland Lorimer, John Maxwell and Ron Woodward, and asked how I could create a successful application over the following twelve months. The consensus was that I needed experience in publishing, either by getting an entry level job, volunteering, or taking courses. I immediately enrolled in two publishing courses through SFU over the following summer semester, and I sent out applications to all book publishers in the Vancouver area. After several rejections I was contacted by Ron Hatch at Ronsdale Press for a Volunteer position, which I immediately accepted. I learned a great deal from Ron, and was impressed that he was able to run a successful publishing company from his home in Vancouver. In the fall I took a design course in publishing, and eventually I was offered a job as a Pagination Specialist at Canpages, a publisher of telephone directories. At the time of my second application, I had taken three publishing courses, volunteered, and gained entry level experience in publishing. Lo and behold, on my twenty-fifth birthday I was accepted into the MPub program.

Throughout my studies in MPub I had focused many of my assignments on how best to start a publishing house, developing a strategy, tactics, and a brand for the company. Towards the end of my second semester I was working on the layout and design of my first title, *The War of the Worlds* by H. G. Wells, with the help of my design instructor and director of the CCSP Press, Roberto Dosil. The release of this title occurred at the start of my third semester, on May 31, 2008. In order to make this release possible, I developed a business strategy that would allow for me to create a lean start-up company, build it from the ground up and

to create a strong backlist of classic titles, with room for future growth through the release of new titles.

Part 2: Background Strategies

a. Engage Books: Background and the Four Imprints

When I first envisioned starting a publishing company it was with the goal of producing original science fiction titles with both new and established authors. During my time in the MPub program, this vision grew into a multifaceted company that would allow me to publish a variety of genres through the use of several imprints acting symbiotically for one another and for the larger company. While learning about publishing history, I saw how publishers since the time of Gutenberg in the fifteenth century had built their companies without the costs involved in developing new titles and paying authors. In fact, these early publishers were not restricted by modern copyright laws that protected creative works for a specified period of time. Even when copyright laws were developed some publishers started their companies by first publishing titles whose copyright had expired and were now in the public domain.

With this knowledge in mind, my overall strategy was to set Engage Books up as the parent company of four imprints. *AD Classic Books* represents the greats from the past two thousand years, such as Machiavelli and Mary Shelley. Each book includes illustrations from one or two artists. *BC Classic Books* showcases the legends from the time of Homer and Plato. Each book will also include illustrations. *SF Classic Books* are stories from the heroes in science fiction such as H.G. Wells and Jules Verne. These books include classic illustrations from various illustrators, maps, original reviews, author forewords, letters and biographies. This line of books has launched with *Journey to the*

Center of the Earth with an introduction by science fiction author Mark Rich. *Engage SF* publishes new titles by today's leaders in the science fiction field.

With multiple imprints I would be able to repackage titles, as I have done with Journey to the Center of the Earth, currently published by AD Classic and SF Classic, and in the future publish it again through the parent company, Engage Books. Repackaging a title gives me the ability to sell the same title with multiple price points, and with different levels of added material, such as illustrations, forewords and biographies. Multiple imprints would also give me the ability to build a distinctive brand for each imprint. The philosophy behind this decision is similar to that of Random House, which originally published anything that was of interest to the company without keeping to one specific genre. However my plans differed from Random House with my decision to start my operations with multiple imprints. The decision to follow this route took my idea of creating a strictly science fiction publishing house in a new and dynamic direction, one that would allow me to publish any title across any genre. In fact, I have taken advantage of this decision by publishing two titles through the parent company, Engage Books. The first title was a lined journal (9.25" x 7.5", 108 pages) that I published as a fundraiser for my 60km walk for the Weekend to End Breast Cancer in August of 2009, with all proceeds going to the BC Cancer Foundation. My second Engage title was a cookbook (9.25" x 7.5", 108 pages) entitled Criminal Desserts: Cops for Cancer Cookbook, with all proceeds going to the Canadian Cancer Society.

Developing Engage Books with the flexibility to produce multiple titles in different editions gave me the freedom to publish two titles that would have

otherwise had no place amongst a list of science fiction titles, and it provides an umbrella brand for the four imprints AD Classic, BC Classic, SF Classic and Engage SF. While Engage Books has the freedom to publish any title of interest to me, such as the two aforementioned books, the four imprints each have a distinctive mandate.

The first two imprints, AD Classic and BC Classic, were created with the idea of providing Engage Books with a strong backlist of classic titles currently in the public domain. BC Classic would publish classic titles from the time of Homer, Plato and Aristotle, until the year 1 BC, while AD Classic would initially publish any classic title from the year 1 AD until the late nineteenth and early twentieth century, when copyright takes effect. I say initially because AD Classic has the potential of signing contracts with authors or estates that hold copyright to specific titles that are widely considered to be classic literature. The first AD Classic title published was H. G. Wells 1898 novel *The War of the Worlds* on May 31, 2008. While I was unable to gain permission from the estate of Wells to publish this title in the UK as copyright does not expire until January 1st 2017, I was able to publish the novel in Canada and the US, copyright having already expired in these two countries.

With a publishing mandate in place, I had to decide who my target markets would be, and what trade discount would be optimal in order to reach retailers who serviced those markets. I intended for both AD Classic and BC Classic to be marketed towards libraries, schools and online to individual

consumers, with each title being sold at a 25% trade discount as libraries, school bookstores and online retailers will buy books at this percentage¹.

The idea behind SF Classic is very similar to that of AD Classic and BC Classic, in that the titles published would initially come from classic titles in the public domain, with the potential for future growth through the inclusion of science fiction works that are considered to be modern classics, such as Orson Scott Card's 1974 novel, *Ender's Game*.

The distinction with SF Classic is that a science fiction title published by AD Classic would be repackaged with the inclusion of title-specific supplementary material. Science fiction and its surrounding culture has an established history of collecting merchandise, especially if there is a perceived value attached to an otherwise common item. With respect to books, science fiction fans tend to actively look for collector's editions, and it is often the inclusion of title-specific additional content that makes an otherwise common book into a collectable. The first SF Classic title published on June 1, 2009 was a repackaged edition of AD Classic's 184-page edition of A Journey to the Center of the Earth. The SF Classic edition is 260 pages with 50 full-page illustrations by Édouard Riou, several historical reviews ranging from 1871 to 1990, a biography of the author, a poem of tribute written after Verne's death in 1905, a 10-page interview article on Verne published by Strand Magazine in 1895, and a commissioned introduction by science fiction author Mark Rich.

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¹ Dan Poynter, <u>The Self-Publishing Manual: How to Write, Print and Sell Your Own Book</u> (Santa Barbara, CA, Para Publishing, 2003) 146

Since each edition would have a similar assortment of added items, I had to decide how to best reach my target market of science fiction enthusiasts, and what trade discount would be optimal in order to reach them. I decided that Engage SF would be best suited to bookstores, where shoppers could flip through the book and see the supplemental content, which is difficult to do on websites like Amazon.com, where books have a limited search ability through Amazon.com's Search Inside the Book program. In order to reach bookstores, I made the paperback available at a 40% trade discount, with a 1,000 copy limited edition hardcover available at a 20% trade discount and targeted to online consumers. (For information on trade discount choices see Part 3: c) The hardcover edition is not marketed through bookstores because only 1,000 copies are available, and the profit margin of selling through online retailers is much higher at 20%.

Engage SF would begin by publishing new science fiction titles. While envisioning the company as a whole, I knew that the establishment of the AD Classic, BC Classic and SF Classic imprints would be important for the imprint Engage SF to be able to begin publishing new authors. My goal here was that the backlist created by the first three imprints would create enough income to fund Engage SF. The first three imprints also provides Engage Books with three critical qualities: commitment, consistency and credibility, all of which I needed to achieve before Engage SF could launch. The act of setting up the other imprints and successfully producing quality products establishes my commitment, while the act of releasing titles on a regular basis creates consistency. Both of these

elements together builds the credibility that is needed to launch Engage SF.² My goal is to have a sound distribution network in place with fulfillment through Ingram (For information on Ingram see Part 3: c), a credible sales force that can successfully market Engage SF to bookstores, while my own marketing gets consumers into bookstores and, at the same time, attracts authors through Engage Books' established credibility.

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² Thomas Woll, <u>Publishing For Profit: Successful Bottom-line Management for Book Publishers</u>, Third Edition, (Chicago Illinois, Chicago Review Press, 2006) 3-5

b. Building a Brand

Building a publishing company's identity is important in order for consumers, authors, business partners, and retailers to associate its imprints and books with the company's reputation and credibility. This in itself will encourage repeat business as people will come to recognize the Engage Books brand. When building Engage's credibility for the quality of its books, it is important that subsequent books, on bookshelves or in a catalogue, can be seen as belonging to the same line of books. This is necessary in order to promote repeat business. Creating an identity is done through effective branding, consistently implementing logos, colours and fonts, which I knew I needed to develop in order to support a series of books that people would recognize after only having bought or read their first Engage Books title. I knew it would be important to look at how other publishers have branded a series of books, and why branding is important among classic titles when there are various editions of the same title all vying for market share. For Engage Books and its imprints I will examine how and why I developed a particular colour scheme, a set of logos, the choice of an interior font and the cover design. All of the elements I will discuss are visible both online and in bookstores. I will not discuss physical attributes like die-cuts, type indents on the cover and other tactile responses, which are only available to browsers in a bookstore. Before we look at what I have done with Engage Books it is important to look at the strategies that other publishers have already implemented.

Many publishers try their hand at making a profit on public domain classics.

Works by authors such as Shakespeare, Dickens, and Melville have been

reprinted by numerous publishers ever since they have entered the public domain. To illustrate this, when F. Scott Fitzgerald's novel, *This Side of Paradise*, went into the public domain in 1996, nine new editions were published by nine different publishers, with some at bargain prices.³ While studying the various editions of classic titles by different publishers, I found that the successful publishers were those who understood the importance of grouping titles in a recognizable series. In 1957 McClelland & Stewart created the New Canadian Library in order to brand their collection of classic Canadian literature, which resulted in an increase in sales for each titles added to the series.⁴ Other publishers of classics have created their own recognizable series, including: Random House's trio of Modern Library, Everyman's Library and Bantam Classics, Oxford University Press' World Classics, Barnes & Noble Classics and the recent launch of BookSurge Classics by Amazon.com. With all of these imprints fighting for market share, I felt it was important that AD Classic and BC Classic be distinctly recognizable, so that consumers would want to collect the series as a whole.

Penguin Classics has had tremendous success at branding their series of over 1,300 titles, all of which were repackaged in 1985 by "making the books look cleaner, with more appealing art [ensuring] all the books will have a uniform look." In order to be successful in this market, I designed a uniform line of books paying particular attention to trim size, colour, and art. Creating and branding a

³ Stephen Fishman, <u>The Public Domain: How to Find & Use Copyright-Free Writings, Music, Art & More,</u> 3rd Edition, (Berkley California, Nolo Press, 2006) 12

⁴ Medbh Bidwell, <u>New-Format Reprints: Creating McClelland & Stewart's Emblem Editions out of</u> Backlist Titles, Book Publishing 1, (Vancouver British Columbia, CCSP Press, 2005) 139

⁵ Michael Rogers, <u>Book Reviews: Classic Returns</u>, (Library Journal, November 1, 2002) 134

recognizable line would demonstrably enhance my chances of success. With "a line or series of books, a publisher can increase the likelihood of sales of its books by decreasing the uncertainty consumers experience when making purchasing decisions." This was accomplished by McClelland & Stewart's Emblem Edition, which repackaged their own backlist titles as "a 1996 title, which averaged 500 copies in net sales in each of the four years before it was given an Emblem edition, averaged net sales of 8,000 copies per year in the two years following being made part of the line," demonstrating the power of a book's inclusion into a branded series. I understood that the success of a series would revolve around branding and how I applied this to my imprints.

Branding Engage Books and its Four Imprints

A comprehensive branding strategy is important for any company to succeed. This section explores the many branding strategies I have implemented for Engage Books and its imprints. I will discuss how I chose a colour scheme, logo design, interior design, cover design, and chose a unique method of cataloguing books on a shelf.

When deciding on a brand for Engage Books and its imprints, I first decided on a colour scheme that would give each imprint a distinctive colour, including a neutral complementary colour that would perform well as a

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⁶ Medbh Bidwell; 139

⁷ Ibid; 152

background when all of the colours are placed together. To create a colour scheme, I used the website kuler.adobe.com which allows users to modify the CMYK values to a grouping of five colours and import them into Adobe Creative Suite. I decided on using orange for AD Classic as it is reminiscent of the original 1946 to 1961 line of Penguin Classics, and gave my series a modern classic feel.

With BC Classic I wanted a colour that could speak for the period prior to 1 BC. In ancient times the sun was worshiped as a solar deity and was a major part of mythologies in Greece and Rome, monuments were constructed to track the passage of the sun in the sky from stone megaliths in Egypt, Stonehenge in England, and the pyramid of El Castillo in Mexico. The importance of the sun in ancient times was a deciding factor for choosing yellow, and it complements the orange used in AD Classic.

For Engage Books, Engage SF and SF Classic, I decided to use two different tones of red. Since SF Classic would be publishing classic titles, I felt that a dark rust would be indicative of an older title. In addition, the colours used in the classic lines, ranging from yellow and orange to rust, go from light to dark in a linear progression based on the time periods in which they were written. Science fiction comes last in this linear range as it has its roots in the nineteenth century with authors like Shelley, Verne and Wells. As Engage Books and Engage SF would be publishing new titles, I felt that a vibrant red would make these titles stand out from the muted colours used in the classic imprints. The colour scheme can be viewed on the kuler website, and is labelled Engage.

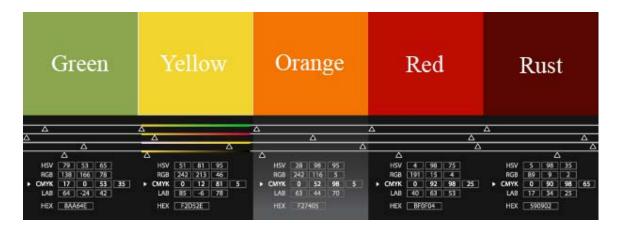


Figure 1: Engage Books Colour Scheme

With a colour scheme selected, my next task was to create a series of logos for Engage Books and its imprints in a way that would tie them together as a cohesive whole. I wanted Engage Books to have a simple design, and I found that the typeface News Gothic, designed by Morris Fuller Benton and released by the American Type Founders in 19088, spaced open would work with the imprint logos I had in mind. AD Classic and BC Classic were both set in Minion Pro, designed by Robert Slimbach and released by Adobe in 1990. It was "inspired by classical, old style typefaces of the late Renaissance, a period of elegant, beautiful, and highly readable type." Minion Pro would establish both imprints visually as classic lines with an ease of legibility that is beneficial for a shrunken logo on a book spine. With SF Classic I envisioned a different classic look, and I stumbled on Space Woozies, a typeface developed by Omega Font Labs, which I felt would appeal to a science fiction audience while at the same time resembling the typefaces used in early twentieth century science fiction pulp magazines. I

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^{8 &}quot;News Gothic," Wikipedia, available from http://en.wikipedia.org/wiki/News Gothic accessed on Oct 13, 2009

⁹ "Minion Pro," *Adobe Font* (Adobe Systems Incorporated) available from http://store1.adobe.com/cfusion/store/html/index.cfm?store=OLS-US&event=displayFontPackage&code=1719 accessed on June 8, 2009

decided to create a new font for Engage SF since this imprint would be publishing stories set in future time periods, and I felt that it needed a uniqueness that would set it apart from the established history invariably provided by other fonts. Lastly, I set each imprint's name inside a box with rounded corners, colour coded according to each imprint, which unified the imprints in a definitive way that is clearly recognizable when placed side by side.b

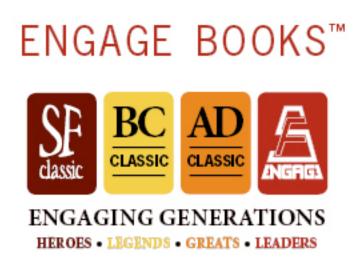


Figure 2: Engage Logo's

When it came to establishing a design for the interior of the books, I had the help of my design instructor from the MPub program, Roberto Dosil. Not only was Minion Pro a fitting font for the logos of AD Classic and BC Classic, it was also used to set the text throughout the series as it is "in the typographic sense, remarkably economical to set. That is to say that it gives, size for size, a few more characters per line than most text faces, without appearing squished or

compressed."¹⁰ I felt that the ability to fit more words on a page was vital for a classic series, as many classics are quite long, and it is important to keep the page count down in order to price a title competitively among other editions in the market.

CHAPTER EIGHT

Serious Preparations for Vertical Descent

ALTONA, WHICH IS BUT A SUBURB OF HAMBURG, is the terminus of the Kiel railway, which was to carry us to the Belts. In twenty minutes we were in Holstein.

At half-past six the carriage stopped at the station; my uncle's numerous packages, his voluminous impedimenta, were unloaded, removed, labelled, weighed, put into the luggage vans, and at seven we were seated face to face in our compartment. The whistle sounded, the engine started, we were off.

Was I resigned? No, not yet. Yet the cool morning air and the scenes on the road, rapidly changed by the swiftness of the train, drew me away somewhat from my sad reflections.

As for the Professor's reflections, they went far in advance of the swiftest express. We were alone in the carriage, but we sat in silence. My uncle examined all his pockets and his travelling bag with the minutest care. I saw that he had not forgotten the smallest matter of detail.

Amongst other documents, a sheet of paper, carefully folded, bore the heading of the Danish consulate with the signature of W. Christiensen, consul at Hamburg and the Professor's friend. With this we possessed the proper introductions to the Governor of Iceland.

I also observed the famous document most carefully laid up in a secret pocket in his portfolio. I bestowed a malediction upon it, and then proceeded to examine the country.

It was a very long succession of uninteresting loamy and fertile flats, a very easy country for the construction of railways, and advantageous for the laying-down of these direct level lines so dear to railway companies.

- 52 -

Serious Preparations for Vertical Descent

I had no time to get tired of the monotony; for in three hours we stopped at Kiel, close to the sea.

The luggage being labelled for Copenhagen, we had no reason to look after it. Yet the Professor watched every article with jealous vigilance, until all were safe on board. There they disappeared in the hold.

My uncle, notwithstanding his hurry, had so well calculated the relations between the train and the steamer that we had a whole day to spare. The steamer Ellenora, did not start until night. Thence sprang a feverish state of excitement in which the impatient, quick tempered traveller devoted to cursing the railway directors and the steamboat companies and the governments which allowed such intolerable slowness. I was obliged to act chorus to him when he attacked the captain of the Ellenora upon this subject. The captain disposed of us summarily.

At Kiel, as elsewhere, we needed something to while away the time. What with walking on the verdant shores of the bay within which nestles the little town, exploring the thick woods which make it look like a nest embowered amongst thick foliage, admiring the villas, each provided with a little bathing house, and moving about and grumbling, at last ten o'clock came.

The heavy coils of smoke from the Ellenora's funnel unrolled in the sky, the bridge shock with the quivering of the struggling steam; we were on board, and owners for the time of two berths, one over the other, in the only saloon cabin on board.

At a quarter past, the moorings were loosed and the throbbing steamer pursued her way over the dark waters of the Great Belt.

The night was dark; there was a sharp breeze and a rough sea, a few lights appeared on shore through the thick darkness; later on, I cannot tell when, a dazzling light from some lighthouse threw a bright stream of fire along the waves, and this is all I can remember of this first portion of our sail.

At seven in the morning we landed at Korsor, a small town on the west coast of Zealand. There we were transferred from the boat to another line of railway, which took us by just as flat a country as the plain of Holstein.

Three hours' travelling brought us to the capital of Denmark. My uncle had not shut his eyes all night. In his impatience I believe he was trying to accelerate the train with his feet.

At last he discerned a stretch of sea.

"The Sound!" he cried.

At our left was a huge building that looked like a hospital.

"That's a lunatic asylum," said one of our travelling companions.

- 53

Figure 3: Double Page Spread of an AD Classic Title

With my logos, colour scheme and interior typography decided on, my next task was to create a cover design solution to be applied consistently for both AD Classic and BC Classic, as these would be the first imprints to launch. I understood that AD Classic and BC Classic would need a uniform design that

¹⁰ Robert Bringhurst, The Elements of Typographic Style (Vancouver, British Columbia, Hartley & Marks Publishers, 1999) 225

spans both series, linking them together visually and thematically. In keeping with the simplicity of Penguin Classics, I decided to fill the top 80% of the cover with an image. The style of the cover images are primarily targeted to a university audience, with the use of cover art by well-known contemporary artists such as Caspar Friedrich, John Tenniel and Moretto da Brescia, as well as contemporary photographs that maintain this classic style. I decided to place the title and author name in the bottom 20% of the cover, encased in a simple and economical black box. The font size and dimensions of the box allows for a long title name, while at the same time creating leeway for the title to take up two lines if necessary. When the title is shrunk to a thumbnail, the font size remains legible, which is important because the target market of AD Classic and BC Classic are consumers looking at small thumbnails online, or library buyers browsing through an Ingram catalogue.

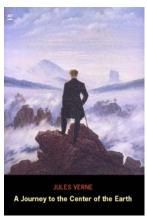










Figure 4: AD Classic Cover Images

The differences between AD Classic and BC Classic will be the font used for the book titles; where AD Classic uses the modern classic font Minion Pro, BC Classic will use a Greek style font that is indicative of the period in which they were written. The orange series logo for AD Classic and the yellow series logo for BC Classic will always be on the top right or left side of the front cover, depending on how it best fits with the cover image, and it will also appear at the bottom of each book's spine. Another design element that brands the series as a whole, and of which I am particularly proud of, is the inclusion of the year of original publication on the spine. This concept is what gave me the idea for the names AD Classic and BC Classic, as the year on the spine would immediately precede the AD or BC logo. During my research of other series I did not come across this design element, and I believe that it will not only set AD Classic and BC Classic apart, but it will organize the series in a visual way that has never before been accomplished. Instead of organizing classic titles by an author's last name or genre, both series can be organized and shelved by year. For the consumers who

adopt this type of categorization, they will be drawn back to AD Classic and BC Classic to fill their shelves.

| JOSEPH CONRAD Heart of Darkness | 1902 🔠 |
|--|--------|
| H.G. WELLS The War of the Worlds | 1898 🗐 |
| ARTHUR CONAN DOYLE The Adventures of Sherlock Holmes | 1892 🔠 |
| LEWIS CARROLL Through the Looking Glass | 1871 🔠 |
| LEWIS CARROLL Alice's Adventures in Wonderland | 1865 🔠 |
| JULES VERNE A Journey to the Center of the Earth | 1864 🔠 |
| ELIZABETH GASKELL Cranford | 1853 |
| CHARLES DICKENS A Christmas Carol | 1843 🔠 |
| MARY SHELLEY Frankenstein | 1818 |
| VOLTAIRE Candide | 1759 🔠 |
| DANIEL DEFOE Robinson Crusoe | 1719 🔠 |
| NICCOLO MACHIAVELLI The Prince | 1532 🔠 |

Figure 5: AD Classic Bookspines

The branding of SF Classic has some similar elements to those established with AD Classic and BC Classic, yet there are still quite a few differences. I felt it was important that I commission new artwork for the cover images, so that I could have complete control over each book in the series visually representing the pulps from the mid twentieth century. From a thematic standpoint, I felt that a resemblance to science fiction pulps would tie the series together visually, and that it would create a collectors feel. For my first title, *Journey to the Center of the Earth* I hired recent graduate from Emily Carr, Sanjini Mudaliar. With my direction and her creative freedom we were able to create an illustration that represented my vision. The type used on the front cover was also geared to reflect early science fiction pulp magazines, with a progressive change in font size. The

author's name was also enlarged as classic science fiction authors are well known among readers of the genre. The enlargement of the book title and author's name was important in ensuring that it would catch people's attention when browsing in bookstores. Since the artwork for this series was being done on commission, it allowed me to work with the artist in ensuring that a suitable space would be left for the title, author's name and other type used on the cover. As is the case with AD Classic and BC Classic, I placed the logo on the top right or left corner of the cover and on the spine. I also allowed for SF Classic to be shelved by year of publication, by placing the year on the spine. However I understood that science fiction fans are also used to collecting items in a numbered series, and to accommodate this I placed a starred number at the top of the spine.

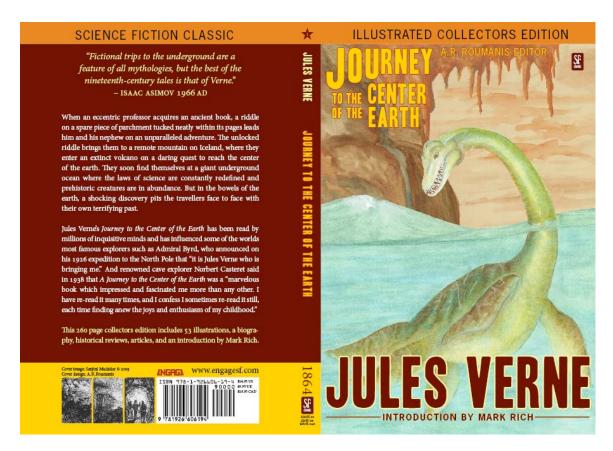


Figure 6: SF Classic Cover Spread

For the first book published under the Engage SF imprint, I have recently signed a contract with Chris Stevenson for the rights to publish his novel, *Planet Janitor: Custodian of the Stars.* However, as I have yet to publish an Engage SF title at the time that I write this project report, I will only be able to discuss the specifics of my vision for *Planet Janitor.* I envision a cover design which builds on past science fiction editions, but is also unique within the genre. I believe that this imprint should also have a collectors feel, attained by using the same numbering and dating system of SF Classic, as well as incorporating a design device that will be seen when several books are displayed spine out on a bookstore shelf. I also understand that "science fiction fans are probably the only category of readers who really care about the quality of art on their books. They know their artists and consider them heroes." With this in mind, I will ensure that a well known science fiction illustrator is commissioned for each title that Engage SF publishes.

It is my belief that the amalgamation and consistent implementation of these design strategies will help build brand recognition for Engage Books. Not only that, but the branding elements will help to create a readers and collectors loyalty for each imprint, which in turn will encourage repeat business from customers who have enjoyed their first experience with Engage Books.

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¹¹ Roy Paul Nelson, "Book Design," <u>The Publishing Process: Communication 372-4 Course Reader</u>, Comp. Jane Cowan. (Simon Fraser University: Center for Online and Distance Education, Spring 2005) 11.

c. Building a Backlist with Public Domain Titles

Copyright is defined as "the exclusive right to produce literary... work, given by law for a certain period."12 The public domain is a collection of works that are not protected by copyright, typically because the copyright term has expired. It is important to understand the different durations in various countries to determine if a title is still protected by copyright. Since Engage Books was going to start by publishing classic titles in the public domain, I also felt it was important to understand how various editions of the same title have done in the market. While publishers have always seen opportunity in publishing public domain books because of the minimal in-house costs of doing so, this creates a fair bit of competition. Although publishers generally print large quantities to lower the per-unit cost to stay competitive with other editions of the same title, it seemed to me that there was another way to attract consumer attention rather than through price point. This section explores the viability of starting Engage Books by publishing public domain books, while focusing on the strategies required to stand out as a company by adding supplementary material that complements the original work.

Before I could choose a list of classic titles to publish, I had to understand how the public domain works in the Canadian, US and UK markets. Various works that are part of popular culture, such as *The Lord of the Rings* trilogy, still retain copyright. However, due to the efforts of "a select group of copyright

16

Webster's Encyclopedic Dictionary of the English Language (New York. Lexicon Publications, 1988)

holders such as Disney, which actively lobbied for the US term extension to keep Mickey Mouse out of the public domain,"¹³ *The Lord of the Rings*, which was published in 1955, will enter the public domain in 2050 since the 1998 US copyright amendment increased the original copyright term for works published after January 1, 1923 "by an additional 20 years, providing for a renewal term of 67 years and a total term of protection of 95 years."¹⁴ However, for anything that was published prior to January 1, 1923, the maximum copyright term of 75 years has expired and the work is available for anyone to reproduce, amend, or create spin-off stories. While Great Britain amended their copyright duration in 1989 to a term that lasts for 70 years after the death of the author, Canadian copyright lasts for "the life of the author, the remainder of the calendar year in which the author dies, and a period of fifty years following the end of that calendar year."¹⁵ With these barriers in mind, it is possible to access a treasure trove of titles that would be of interest to the marketplace.

While the stories that Engage Books has initially published have already been around for decades, they continue to remain popular among both experienced and new readers who have an interest in broadening their experience, and also among readers who wish to relive stories they might have read as a child. There is also a desire to read books that have re-emerged in popular culture through movies, television and word of mouth. Keeping these preferences in mind, I understood that classic titles tend to provide publishers

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¹³ Michael Geist, The <u>Upcoming Copyright Clash: A Legal scholar argues for the public use over private</u> interest in Canadian Policy, (Literary Review of Canada, June 2005) 24

¹⁴ All About Copyrights, *stopfales.gov/smallbusiness* (First Gov), available from http://www.uspto.gov/smallbusiness/copyrights/faq.html, accessed on June 3, 2009

¹⁵ "Copyright Act (R.S., 1985, c. C-42)," *Department of Justice Canada*, available from http://laws.justice.gc.ca/en/C-42/section-6.html, accessed on June 3rd 2009

with a steady flow of income, rather than fast earners¹⁶ and that the classics I published would have to reflect this. I looked to Penguin Classics, which is considered the most successful¹⁷ at building a list of titles that will continue to earn a profit. According to Penguin Books president Kathryn Court: "we do want to feel the book has already stood the test of time... It's really about books we believe will be around 50 years from now."¹⁸ And so I began to create a list of titles that I believed would continue to be read in the distant and not so distant future.

I researched my first title, *The War of the Worlds*, in great detail to see if it had stood the test of time, looking at the many editions that have been published since it was first published in 1898. Even though the novel is science fiction, it should be noted that classics in this genre "have transcended their subject matter with universal themes that appeal to a wide and diverse audience." *The War of the Worlds* has been continuously in print for over 100 years in no fewer than 362 unique editions. There is no doubt that copyright had an influence on the number of publishers willing to publish H.G. Wells' stories. Wells died on August 13, 1946, which placed *The War of the Worlds* in the public domain in Canada on January 1, 1997, and in the US on January 1, 1972. Due to UK copyright extensions, *The War of the Worlds* won't enter the public domain in the UK until

¹⁶ Boyd Tonkin, News that stays news, New Statesman & Society 6.n260 (July 9, 1993) 42. Gale. Simon Fraser University, available from http://find.galegroup.com/itx/start.do?prodId=CPI, accessed on June 4, 2009

¹⁷ Edward Bradbury, <u>Literary Supplement: The Penguin Classics</u>, (Contemporary Review; July 1996, Vol. 269 Issue 1566) 49

¹⁸ Rachel Deahl, <u>Branding: Keeping the Classics Alive and Well</u>, Publishers Weekly, October 2, 2006

¹⁹ Marshall B. Tymn, <u>Science Fiction</u>; <u>A Teachers Guide and Resource Book</u>, (Mercer Island, Washington, Starmont House INC, 1988) ix.

²⁰ Chez Zews, <u>The War of the Worlds Book Cover Collection</u>, <u>http://drzeus.best.vwh.net/wotw/</u>, accessed on June 9, 2009.

January 1, 2017. However, the copyright expiration in the US in 1972 resulted in six editions of *The War of the Worlds* being published that year, three editions in 1973 and eight editions published in 1974. This is a significant rise in publication numbers over the three-year period between 1969-71, when only two editions were published.

With *The War of the Worlds* already established as a classic, and the clear fact that copyright expiration creates an increase in competition, I wanted to explore the different ways that some publications stood out from the many other editions already produced, and how I was going to set myself apart through my classic imprints. Since AD Classic and BC Classic are targeted to libraries, schools and an online market where the competition from other editions of the same title are many, I knew that price point would be a key factor. With this in mind, I decided to keep the page count low while adding value to the cover art, and including public domain illustrations in the interior. Since I have done the design myself I may be biased in my methods, but I believed that a large cover image, unobstructed by type, would appeal to this demographic. I also believed that the addition of illustrations in each AD Classic title would increase the value of the book over other editions of the same title.

I will spend more time discussing how the target market for SF Classic differs significantly from the target market of AD Classic, and BC Classic respectively. But before I can explain how a science fiction imprint that specializes in publishing classics is a viable way of competing with the other players in the market, I want to explore the culture of the genre. Classics are defined as works that have had a large impact on society: "trailing behind them

[are] the traces they have left in the culture."²¹ Science fiction classics are no different.

Science fiction has had a significant impact on popular culture ever since the genre truly began in 1818 with Mary Shelley's *Frankenstein*. ²² Since then popular culture has evolved the Frankenstein monster from a naive character to a corrupt one through several film adaptations. Science Fiction has also invented many of the words we take for granted, such as the word robot. Science Fiction writers have labelled artificial mechanical men with that term since Czech writer Karl Capek coined the term in the 1930's²³, so that when they were finally created they were called robots. Science Fiction in popular culture has been obsessed with looking at the way things could be through technological change, like robots, and their potential impact on society. It is this "change, continuing change, inevitable change, that is the dominant factor in society today," ²⁴ making the science fiction classics applicable to an understanding of the future that remains continuously relevant to modern readers.

Now that the science fiction genre is classified as being relevant to classic literature, I can identify the target market. Spencer and Weiss claim "the readers of Science Fiction and Fantasy are as varied as the population. They range from young to old and fans to scholars of fantastic literature themes and techniques."²⁵

²¹ Italo Calvino, Why Read the Classics?, (New York, Parthenon Books, 1999) 5

²² James Gunn, <u>The Road to Science Fiction: From Gilgamesh to Wells</u>, (New York and Scarborough Ontario, The New American Library, 1977) 13

²³ Orson Scott Card, <u>How to Write Science Fiction and Fantasy</u>, (Cincinnati Ohio, Writer's Digest Books, 2001) 39

²⁴ Isaac Asimov, <u>Asimov on Science Fiction</u>, (Garden City, New York, Doubleday & Company INC, 1981)

²⁵ Hugh Spencer and Allan Weiss, <u>Destination Out of this World: Canadian Science Fiction and Fantasy</u>, (Ottawa Ontario, National Library of Canada, 1995) 21

Not only does the science fiction market have a wide age range, but they tend to come from all walks of life. The reason that SF Classic would appeal to such a diverse audience lies in the reader's familiarity of a classic work through popular culture. Because of their impact on popular culture, classics "hide in the layers of memory disguised as the individual's or the collective unconscious"²⁶ therefore, readers are familiar with the work, even without having read it. In a book purchasing study conducted by Rowland Lorimer and Roger Barnes, "book purchasers made clear that they chose by author, subject and genre."²⁷ Science fiction readers love to explore within their chosen genre, and tend to read the classics that have had an impact both on popular culture and science fiction. These readers can also be classified as "bookish in that they do work at it. Sadly, few of them do so to the point of puncturing the comforting bubble of their favourite genre,"28 however, this trend is all a science fiction publisher could ask for. Since readers are unlikely to venture outside of the science fiction realm, they would not likely be drawn to Penguin's vast library or even AD Classic's for that matter. They would most likely purchase from a publisher who can show them a complete science fiction list that would interest them, while offering supplementary material pertinent to the title and genre across that publisher's line.

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²⁶ Italvo Calvino; 4

²⁷ Rowland Lorimer, 130

²⁸ John W. Silbersack, "Editing the Science-Fiction and Fantasy Novel" <u>Editors on Editing: What Writers</u> <u>Need to Know About What Editors Do</u>, Third Edition, (New York, Grove Press, 1993) 297

Adding Value to a Classic Title

As discussed earlier, adding value to a classic work is vital if it is to stand out among the various editions in the market. Many publishers underestimate that "the need to add value to basic information represents a continuing opportunity for publishers. It is only constrained by the imagination and determination of publishers."29 While science fiction publishers such as Tor, Del Rey and BenBella do publish classics, they are inconsistent in adding value to their titles, and seldom even go so far as to add a foreword. In order to understand the value that can be added to a classic, we will examine various current editions of *The War of the Worlds* that flood the market, and how they rank on Amazon.com. The daily snapshot that Amazon.com provides does not offer enough information to make a proper analysis. Therefore, I used a program called TitleZ³⁰ which was developed by Planning Shop president Rhonda Abrams which "has broken the [Amazon.com] sales history of titles into seven-day, 30day, 90-day and lifetime averages,"31 since November 2004. Through this software, we can look at the success of how added content to editions of *The War* of the Worlds has affected sales.

This comparison of *The War of the Worlds* supports Lorimer and Barnes' study that price point is secondary to content. The following three editions all contain supplementary material in varying amounts. The Penguin Classics edition includes four additional items: a biography on Wells, a list of further

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²⁹ Rowland Lorimer, 224

³⁰ http://www.titlez.com/

³¹ Jim Milliot, <u>Planning Shop's New Service Tracks Amazon Sales Rankings</u>, (Publishers Weekly, Vol. 254, Issue 13, 3/26/2007)

reading, detailed notes and a foreword by Brian Aldiss. It is priced at \$7.00 and has a lifetime sales rank of 199,595³². The Modern Library edition includes two additional items: the transcripts of Orson Welles' 1938 radio broadcast, and an introduction by Arthur C. Clarke. It is sold at \$5.95 and has a lifetime sales rank of 260,404.³³ The Scholastic Classics edition includes a foreword by Orson Scott Card, is sold at \$3.99 and has a lifetime sales rank of 651,862.³⁴ These figures (*Edition Comparison*) suggest that a book's marketplace value is increased with a greater amount of supplementary material, and can therefore be priced higher than books with less supplementary material, and still perform better in the marketplace.

| Edition Comparison | Items of interest | Price | Amazon Rank |
|-----------------------|-------------------|-------|----------------|
| Scholastic | 1 | 3.95 | 651,862 |
| Modern Library | 2 | 5.95 | 260,404 |
| Penguin | 4 | 7.00 | 199,595 |

Figure 7: Edition Comparison

Penguin books had good judgement in determining classic titles in 1946 when they first published *The War of the Worlds*. In order for SF Classic to compete in the marketplace with a title like *The War of the Worlds* it is important that content take precedent over everything else, including price. Therefore we will look at unique items that can be added to a title like *The War of the Worlds* to increase its marketplace value. A SF Classic edition will stand out by including an article 'Intelligence on Mars' from *The Saturday Review* on April 4, 1896 in

30

³² TitleZ, http://www.titlez.com/app/main.aspx, retrieved on December 4, 2007

³³ Ibid

³⁴ Ibid

which Wells "reasoned with great consistency about the probability of intellectual beings on Mars, and even argued that the Martians might be far in advance of the earthlings."³⁵ Also, Wells has written several letters regarding *The War of the Worlds* that were sent to friends, critics, and his publisher, which can be included in the SF Classic edition. In a letter to Elizabeth Healey in 1896, Wells wrote:

"...Also between ourselves I'm doing the dearest little serial for Pearson's new magazine, in which I completely wreck and destroy Woking - killing my neighbours in painfull and eccentric ways - then proceed via Kingston and Richmond to London, which I sack, selecting South Kensington for feats of peculiar atrocity." 36

Also, In 1898 there were nineteen reviews of *The War of the Worlds*, in which one critic wrote that "among the younger writers of the day Mr. Wells is the most distinctly original, and the least indebted to predecessors." Reviews like this would help increase the collectors value of the edition. While a foreword and biography are commonplace among editions of *The War of the Worlds*, SF Classic will also include the article by Wells on Martians, snippets of his letters, the most provocative reviews, a hand drawn sketch of a Martian in a copy of *The War of the Worlds* by Wells himself, 38 illustrations from the original 1898 publication, as well as illustrations from various artists, to make a total of seven *distinct* categories of supplementary items. Fans of the genre will be receptive to the added value, all of which can be done from the public domain.

The growth of Engage Books, with a backlist of public domain titles through AD Classic, BC Classic and SF Classic, is a concept that has been used

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³⁵ Ingvald Raknem, H. G. Wells and his Critics, (Oslo Norway, Scandinavian University Books, 1962) 401

³⁶ David C. Smith, <u>The Correspondences of H.G. Wells Volume 1 1880-1903</u>, (London, Pickering & Chatto, 1998) 261

³⁷ Ingvald Raknem; 400

³⁸ Leon Stover, <u>The War of the Worlds, A Critical Text of the 1898 London First Edition, with an Introduction, illustrations and Appendices,</u> Jefferson, North Carolina, 2001) 16

successfully by publishers in the past. This publishing model is in line with copyright, which is "to foster the creation of new works that will one day enter the public domain where they can be freely used to enrich everyone's lives."³⁹ Protecting the rights of the creator and their estate for a sufficient period of time is certainly necessary to encourage writers to create new works. And it should also be noted that the efforts by copyright holders to extend the original terms "will not foster further creative activity, it is not required under international intellectual property law, and it effectively constitutes a massive transfer of wealth from the public to a select group of copyright holders."⁴⁰

Building Engage Books by first publishing classics provides a cultural service. To illustrate this, when Verso Books launched a 150th anniversary edition of Marx and Engels' *The Communist Manifesto* it was reviewed "not only as a great work of literature but that, 150 years later, it still has much to teach us for the next millennium." The availability of public domain works will create competition among publishers, effectively reducing the price point to the consumer, which is possible because the work requires few in-house development costs and no royalties. My decision to publish public domain works is also "important in allowing the 'inspiration' so important to artistic success to flourish," and this type of mentality will ensure that authors will be available when Engage Books is ready to publish new titles in the future.

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³⁹ Stephen Fishman; 10

⁴⁰ Michael Geist; 24

⁴¹ Michael Rogers, Classic Returns, Library Journal 05/15/98, Vol. 123 Issue 9

⁴² Simon Stokes, <u>The Copyright System: Its Justification and History</u>, Revised Paperback Edition, (Portland Oregon, Hart Publishing, 2003) 19

Part 2: Tactics

a. Print on Demand

I founded Engage Books with the goal of providing a wide range of titles in an innovative way. All of Engage's books are printed on demand (POD), and available for short run orders through Lightning Source INC (LSI). This means that a single copy or multiple copies are printed within 24 hours of an order, and shipped to booksellers around the world. This section looks at why I decided to use POD for Engage Books, and how the technology has changed the publishing industry.

POD technology is responsible for the re-formation of the book market as single copies of books can be printed at a moments notice in various locations around the world.⁴³ What this means is that Engage Books would not have to produce books by printing hundreds or thousands of copies and warehousing them; rather it would use POD technology to have books printed where they will get to the consumer faster. POD would give Engage Books the "ability to print small quantities — even single copies — of books far more quickly and inexpensively than with traditional processes."⁴⁴ Producing books quickly to meet demand and at a low cost was important to me, since I didn't have money in the bank. POD would allow the company to reduce printing costs, inventory costs and shipping costs. Speed was also important to me, because in order to gain credibility with booksellers and consumers, I needed to get books shipped within

42

⁴³ Rowland Lorimer; 188

⁴⁴ Jim Wallace, Exploring IBM POD Technology, (Gulf Breeze Florida, Maximum Press, 1997) 82-83

hours of an order. The speed at which POD books can reach the consumer can be seen by Trafford Publishing's turnaround as "an order came in for one copy or ten copies, the books were printed that day and shipped out." According to Thomas Woll, the print-and-distribute method is ideal for a company because you are eliminating the risk of the transaction, with no money tied up in inventory and "every penny of gross margin will cover some part of your fixed overheads." This method will provide Engage Books with a relatively risk-free start, as very little capital is needed to start the company.

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⁴⁵ Rowland Lorimer; 208

⁴⁶ Thomas Woll; 292

b. Lightning Source INC (LSI)—POD Provider of Choice

With a POD model established for Engage Books, I needed to decide on a POD printer to fulfill my orders. It seemed to me that the cost of printing would be a major factor in this decision, with fulfilment and production being just as important.

Before I researched the cost of POD, I made a list of the companies that provide POD services. While researching this, I ran into critics who called the POD process vanity publishing, as the book hasn't gone through the traditional process, and are perceived to be of a lesser quality because some individuals who publish in this manner lack resources for editing and design, among other things. The vanity accusation assumes that the book is being printed through a subsidy publisher such as Arthur House, BookSurge, Lulu or iUniverse, which "make most of their money by selling publishing and distribution services." Their primary focus is not selling to bookstores, rather, they compete for authors *as* income.

I didn't want Engage Books to rely on a company who is more concerned with the upfront costs of setting up a title, than with the actual sale and distribution of the POD book. I wanted Engage Books to follow the same path that traditional publishers have taken to keep their out-of-print books in print and selling. Using this model ensures that "when a copy is ordered, a service such as Lightning Source INC (LSI), a division of the major book wholesaler, Ingram,

⁴⁷ Ann Haugland, <u>Opening the Gates: Print On-Demand Publishing as Cultural Production</u>, (Publishing Research Quarterly, Fall 2006) 5

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prints a single copy and sends it to the buyer or the bookstore."⁴⁸ When researching LSI, I found that major publishers, such as John Wiley & Sons, Hachette Book Group, Macmillan, McGraw-Hill, and Simon & Schuster were LSI clients, which increased LSI's credibility over BookSurge and Lulu in my mind. LSI also has a strict policy of not doing business with authors directly, because they want to deal with professionals who understand the publishing business, and these companies will grow their business at a much faster rate. I also learned that utilizing LSI would greatly reduce the shipping costs associated with traditional print-run publishing. "The economies here are that publishers can avoid single package mailing fees by being part of the large daily shipments between Lightning Source and Amazon.com," 49 and other retailers.

Lightning Source also provides distribution to various clients including libraries, universities, Ingram, Baker & Taylor, Chapters, and Barnes & Noble. Publisher clients of LSI "are paid the wholesale price of the book, less the printing charge for each book sold." ⁵⁰ The set-up cost per title is nominal for this service at \$75.00 US and a \$12.00 yearly catalog fee. When I first researched the potential of using LSI as a provider I examined POD costs for the different editions and discounts provided by the Engage Books imprints, AD Classic, BC Classic and SF Classic. My research considered the trade paperback and hardcover costs of printing a 6" x 9" copy of Engage's imprints AD Classic and BC Classic. Both of these imprints are marketed to libraries, university courses, and consumers

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⁴⁸ Ibid: 1

⁴⁹ Rowland Lorimer; 214

⁵⁰ <u>Lightning Source POD Publisher Operating Manual</u>, Version 4.5, 03/10/07, <u>http://3d.openmute.org/modules/mantis/file_download.php?file_id=1261&type=bug</u>, retretived on December 4, 2007

through online sales, and they are sold at a retail discount of 25% for both paperback and hardcover editions. I will examine AD Classic's 184-page paperback edition and 188-page hardcover edition of *A Journey to the Center of the Earth*, since they are both in print and more relevant than a made up number. Both editions provide a reasonable income per-copy, and can create a steady earner over time.

| AD Classic Earnings | Retail | Discount | Wholesale discount | Printing cost* | Profit |
|------------------------|---------|----------|-----------------------|----------------|--------|
| Paperback | \$6.95 | 25% | \$1.74 | \$3.29 | \$1.92 |
| Hardcover | \$16.95 | 25% | \$4.24 | \$8.44 | \$4.27 |

^{*}LSI Paperback flat charge of \$0.90 per unit and \$0.013 per page

Figure 8: AD Classic Earnings

Next I researched the trade paperback and hardcover costs of printing a 6" x 9" copy of a SF Classic title. I will demonstrate this research by looking at Engage's newest SF Classic title *Journey to the Center of the Earth (Illustrated Collectors Edition)* with a 40% discount and a 20% discount. The 40% discount is the paperback edition already published and is marketed to both online retailers and bookstores. The 20% discount will apply to a 1,000 copy limited hardcover edition, to be marketed to consumers shopping online. The extent of SF Classic's 6" x 9" paperback version of *Journey to the Center of the Earth* is 260 pages. The increased page count is due to the content added to this edition; - 50 full-page illustrations, a biography, historical reviews, a poem, a ten-page article on Verne and an introduction by Mark Rich.

^{*}LSI Hardcover flat charge of \$6.00 per unit and \$0.013 per page

| SF Classic Earnings | Retail | Discount | Wholesale discount | Printing cost* | Profit |
|------------------------|---------|----------|-----------------------|----------------|---------|
| Paperback | \$14.95 | 40% | \$5.98 | \$4.28 | \$4.69 |
| Hardcover | \$39.95 | 20% | \$7.99 | \$9.38 | \$22.58 |

^{*}LSI Paperback flat charge of \$0.90 per unit and \$0.013 per page

Figure 9: SF Classic Earnings

When deciding on a retail price for a SF Classic's edition, I wanted it to reflect the extra work that went into producing the title. The profit on a SF Classic paperback is much higher than the amount earned on an AD Classic paperback. The SF Classic hardcover earnings over AD Classic's hardcover earnings not only reflects the extra work put into the title, but it follows my theory that science fiction consumers are interested in collectors items that have a limited number of copies in the market. In fact other publisher have had success at this, such as SoulWave Publishers, Inc. which sold-out of 200 limited edition copies of Robert J. Sawyer's *The Terminal Experiment* at \$50 each, and Easton Press' sold-out limited editions of 1,200 to 3,000 copies of novels by Stephen King, Ray Bradbury and Robert Heinlein at \$79.95 each. I was hesitant at first to create a 1,000 copy limited edition hardcover, as I will have to actively put an end to the sale of this title when it reaches its target, unlike publishers of traditional limited editions who initially print all 1,000 copies in one print-run. But, I realized that this was the only way that I could justify pricing the titles so high, and once the hardcover is sold out, Engage Books will earn \$22,580. This income would provide Engage Books with a greater ability to publish new titles and new authors.

^{*}LSI Hardcover flat charge of \$6.00 per unit and \$0.013 per page

I knew that the profit after the wholesale discount and print cost, did not reflect the earnings that Engage Books would receive, as there were development costs, and overhead to factor in as well. As stated earlier, the development costs include a one time \$75 set up fee, a yearly catalogue fee of \$12, and the value of my time in producing each new title. The overhead costs are negligible as I work out of a home office. But, when I researched these LSI print figures I was confident that I would be able to build a list of titles that would sell enough copies to build a strong financial base for Engage Books. However, I still needed to decide on whether or not to accept returns, and what LSI's return terms and costs were.

c. Distribution through Ingram, Returns, Warehousing & Shipping

Now that I had decided on a POD printer for Engage Books, I needed to look at the distribution model that would get my books out fast, efficiently and at a low cost. LSI titles are distributed by Ingram Book Company, of which LSI is a subsidiary, and from which booksellers around the world can order from over 8,000 LSI publishers or 2.6 million in-stock titles. Or looking at it from the other side of the coin, Ingram "provides librarians and booksellers with immediate access to the largest selection of books and book-related products in the industry" with more than 56,000 bookstores and libraries worldwide, and with libraries making titles available to more than 148 million library patrons. 53

Suffice it to say, I was very pleased with the wide distribution offered through Ingram. With the research I had done on LSI, I was aware that a title could be printed within hours of an order, and shipped out through Ingram along with a book buyer's regular purchase. This also meant that I would not have to worry about storing printed books in a warehouse, as books are shipped to order, and I did not have to worry about shipping costs which are handled by the book buyer or Ingram, depending on that companies relationship with Ingram. As I had eliminated two very traditional overhead standards, warehousing and shipping to retailers, I had to decide on what to do with returns and how this process would be handled by Ingram.

⁵¹ Retailers http://www.ingrambook.com/default.aspx Accessed on June 15, 2009

⁵² Ingram Digital, Ingram will realign and reorganize to serve the physical and digital content trade "faster, more effectively" May 26, 2009 http://www.ingrambook.com/about/newsroom_detail.aspx?id=247
Accessed on June 15, 2009

⁵³ Ingram Content Group, Available from http://www.talktoingram.com/ Accessed on June 15, 2009

According to the Cross River Publishing Consultants study on returns, 31.3 percent of hardcover trade books in the US are returned. ⁵⁴ If the POD books are only printed when a consumer shopping through an e-retailer wants a copy, the return rate is much lower, however, as bookstores purchase through Ingram's catalogue, returns are bound to increase. LSI charges a \$2.00 per book shipping and handling fee when returning a title to the publisher, therefore according to Lightning Source "publishers must balance the risk of returns versus the opportunity to perhaps sell more books." ⁵⁵ Since the goal of Engage Books is operating with the least amount of cost possible, it makes sense to not allow for returns, especially since the addition of a \$2.00 per book charge will reduce the prospect of making a profit on a second sale of the returned book, and in some instances create a loss. But I wanted to make sure that a no return policy wouldn't drastically affect the potential for sales.

Since AD Classic and BC Classic are marketed to consumers shopping directly online, professors choosing a particular edition for their course and placing the order though their school bookstore, and libraries, I decided to flag my books as non-returnable through LSI. Firstly, the returnable status has no bearing on consumers shopping online and e-retailers such as Amazon.com would not be able to return bulk purchases. Secondly, university bookstores would have no choice but to fulfill a professor's request for a particular title, regardless of its return status. This assumption was proven by Stanford University's order for 110 copies of AD Classic's *Frankenstein* to fulfill Professor

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⁵⁴ Thomas Woll; 323

⁵⁵ Lightning Source; 12

Robert Harrison's order for his Introduction to the Humanities course. However the university bookstore does have the option of ordering a quantity that it expects to sell, and it likely factors in the risk of being unable to return a title. When Stanford requested seven free desk copies of *Frankenstein* for the instructor and TA's, they referred to an order to satisfy a 144-person class, of which the bookstore chose to order 110 copies. Thirdly, when libraries order AD Classic titles, they do not have to worry about returning a book that does not sell as bookstores do, however they may be worried that a title will not meet their expectations and that they will be unable to return it. Over time, I expect to change this uncertainty through the credibility of Engage Books in the market. Since AD Classic and BC Classic were not returnable I did not have to worry about Ingram's return policy.

As SF Classic paperbacks are marketed to Bookstores, I knew that a noreturns policy would not be well received. I did not want to provide a deep discount of 50-55 percent in order to justify a no-returns policy with bookstores, as a deep discount could infer that there is little value to the SF Classic series. My reasoning behind this is that deep discounts are generally associated with books that are not selling fast enough, or have been remaindered. Instead I decided to follow the traditional route. Bookstores expect to not only receive a minimum discount of 40% but they want to ensure that they can return a title that isn't selling for a full refund or credit. So I decided to place the SF Classic paperback line as returnable, through LSI, which would place Engage Books at risk of being "charged for the current wholesale cost of each book returned, plus a \$2.00 per

book shipping and handling charge."⁵⁶ When a book is returned through Ingram, LSI will also warehouse them until there are enough returns to cover the amalgamated shipping charge of \$2.00 per book. LSI could warehouse 20 copies in order for the \$2.00 per book charge to reach \$40.00, which should be enough to cover shipping to Canada. When it came to deciding on a return policy for SF Classic hardcover titles, I knew that my primary focus was not on booksellers, rather it was towards online consumers, as the hardcover edition would be limited to 1,000 copies with a 20 percent discount in order to increase the per unit profit on this limited series. Therefore a no returns policy for SF Classic hardcovers made sense, especially since the prospect of paying the print cost of \$9.38 for *Journey to the Center of the Earth (Illustrated Collectors Edition)* plus the added \$2.00 shipping fee for a return is quite high.

When deciding on the return policy for Engage Books, I knew that it would depend on who my target audience was. For my first engage title, *Breast Cancer Journal*, proceeds would be donated to the BC Cancer Foundation. A 20% discount seemed appropriate, since online retailers such as Amazon.com would still list this title, and my intention was to target online consumers and to direct sell short run orders. My second book published under Engage Books, *Criminal Desserts: Cops for Cancer Cookbook*, was marketed to bookstores, online retailers, and direct selling by the authors, so a 40% discount was appropriate in this case. However when it came to Engage SF I knew that each new title would need to be discounted at 40% since it would be imperative to get each title out to

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⁵⁶ Lightning Source INC, Print on Demand Publisher Operating Manual, Version 4.11 https://www.lightningsource.com/ops/files/pod/USPODOpsManual.pdf Retrieved on June 15, 2009

as many bookstores as possible for it to coincide with my consumer marketing efforts.

Part 4: Marketing

a. How the Online Environment Affects Design & Marketing

When I began to research my marketing plans for Engage Books I wanted to understand how the print specifications offered by LSI would reflect on marketing online and in bookstores. I wanted to see how I could use this to my advantage, and how this would affect my design decisions, marketing plans, and costs.

When consumers pick up a book they experience firsthand the weight of the book, the feel of type indents on the cover, the presence of jacket flaps, diecuts, clothbound covers, and many other tactile stimulus. For this reason, the relationship between marketing and design was closely correlated, yet this is beginning to change. As the selling of books begins to move into an online setting, this relationship seems to be weakening. I think it is a reasonable assumption that "if the book is to sell mainly in bookstores, it will need an attractive jacket [and]... if it is a mail order book, it should be printed on lightweight paper, to save on postage costs." ⁵⁷ The contrast between bookselling in the physical world and that of the online world, is that one relies on physical design and the other on information. Other than the cover art, the physical design of a book becomes almost secondary when sold online as there is an abundance of readily available information: book reviews by both professionals and readers, author quotes, a chapter preview and links to other books from an author's

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⁵⁷ Nelson, M. (2006)*The Blog Phenomenon and the Book Publishing Industry*. In Publishing Research Quarterly. Vol. 22 Issue 2, (P 3-26).

collection. If the website, whether it be an online database or the author's own, is effective in providing this information, the book can be purchased without the help of the book's physical design.

It seems to me that instead of dealing solely with a traditional book designer, publishers may now increasingly deal with web designers, as the online presence of a book begins to exceed that of the offline presence. It has also been suggested that "web content developers will become book publishers, or partners with them." Spending more money on a book's visibility online allows the book to meet diversified markets. I realized that publishers would have to decide "whether the few grand they might spend in [Publisher's Weekly], or The NY Times Book Review, would be better spent on Google Adwords." With an understanding of the value of marketing online and offline, I would be able to decide on how to divide my marketing efforts.

I came to realize that with the selling and consumption of books increasingly shifting into an electronic environment, the costs of selling, promoting and manufacturing books are reduced through effective technology. As for book promotion, an online setting can allow for less pricey means of marketing. Having your book in an online database like Amazon.com, and maintaining an effective website for both the publishing house and the author, can reach more consumers without costing an arm and a leg. And "it is becoming clear that the practices of marketing online reach every corner of the book

⁵⁸ Shatzkin, Mike. (2006) *Publishing and Digital Change: What's Next?* Presented to the Association of Book Publishers of British Columbia annual retreat at Qualicum Beach, BC on February 11, 2006. 22 ⁵⁹ Ibid; 22

publishers. If I were to purchase ad space for *Frankenstein* through Google Adwords, my advertisement would appear when people searched for *Frankenstein* on Google Search. With the use of online features like Google Adwords, "you only pay for [the advertisement] if there is 'clickthru,' so all the impressions of people just looking, which is, after all, all you get from PW or the Times, are actually free." Even though consumers won't see the cover art or Engage's brand through Google Adwords for *Frankenstein*, only the consumers who are interested will click through, where they will see the cover and branding. The electronic environment greatly decreases the costs of promotion since a great deal of a book's online visibility is essentially free for the publisher. Bloggers are acting as promoters by creating online conversations around a book, yet without demanding a dime in return. For this reason, I must consider the notion that a book's online visibility, as opposed to that of the physical world, deserves greater attention than ever before.

Through online means, books can not only be printed and distributed much more efficiently, but the overall cost per book can be reduced through the streamlined production process offered by POD printers like LSI. In the case of my POD titles printed through LSI, the production specifications are standard and limited to certain formats, and I can't add extra touches like die cuts, French flaps, or metallic inks. Therefore my marketing focus online needed to take advantage of the many ways to market books cheaply and effectively. As I have

⁶⁰ Maxwell, J. W. (2005) PEXOD: The Publisher's Extensible Online Database. In R. Lorimer, J. W. Maxwell, & J. G. Shoichet (Eds.), *Book Publishing 1* (pp. 326-343). Vancouver, BC: Canadian Center for Studies in Publishing Press.

⁶¹ Shatzkin, Mike; 22

previously mentioned, book design is related to marketing in a store setting, and is meant to lure a reader in. In an online setting however, book design is no longer what entices a reader to click on or purchase a book, but rather the comments that are made by other readers or the recommendations made by online retailers like Amazon.com.

b. Marketing on Amazon.com

It is crucial for me to place my books on sites like Amazon.com, sites that exist as something similar to an online contemporary book database, which "for most practical purposes, rivals the Library of Congress." Due to the increasing amount of online communication and activity it is essential that I place a substantial amount of marketing and bibliographical data on such online databases in a timely manner so as not to neglect online communities which comprise a substantial segment of those who purchase books. Luckily for me, Ingram provides online sites such as Amazon.com with the bibliographic data from all of LSI's clients within a week of publication. My book's bibliographic data, and the front cover are delivered electronically to Amazon.com by LSI, however there are many other ways that publishers can take advantage of Amazon.com if they know how.

Online databases like Amazon.com are beneficial promotional mechanisms, and there are many ways that they bring awareness to titles through cross-promotional strategies manifested in automated referrals and recommendations. ⁶³ In order to become successful at selling books on Amazon.com it is necessary to understand how Amazon.com's automated system works, so that I can take advantage of these benefits. I paid attention to Amazon.com's cross-promotional email operations after I published *Cranford (AD Classic)*. I had purchased a couple of copies and shipped them to friends in

⁶² Maxwell; 328

⁶³ Ibid; 329

the US, using different Amazon.com accounts. Soon afterwards, I received an email from Amazon.com which read "As someone who has purchased or rated books by Elizabeth Gaskell, you might like to know that *Wives and Daughters* Complete and Unabridged is now available. You can order yours for just \$10.50 by following the link below." I wondered whether the publisher had paid Amazon.com to send this email out, or if it was an automated system. I soon found out when I published Journey to the Center of the Earth (AD Classic) and I received an email from Amazon.com that read "As someone who has purchased or rated books by Jules Verne, you might like to know that *Journey to the Center* of the Earth (AD Classic) is now available. You can order yours for just \$6.95 by following the link below." As I had previously ordered a book by Jules Verne for research into this title, the automated system picked up on this and sent out notifications to select individuals in their mailing list that fit similar parameters. I know this is the case because sales for A Journey to the Center of the Earth spiked immediately. With this newfound knowledge I was able to get Amazon.com to send out promotional emails to members of their email lists, for my next titles by purchasing copies of my own book with different accounts within a couple weeks of the book appearing on Amazon.com's database. And sure enough Amazon.com sent out emails to their lists, but some of the emails were not very efficient or accurate. One in particular read:

"Dear Amazon.com Customer,

We've noticed that customers who have purchased or rated <u>The War of the Worlds (AD Classic)</u> by H. G. Wells have also purchased *Alice's Adventures in Wonderland (AD Classic)* by Lewis Carroll. For this reason, you might like to

know that *Alice's Adventures in Wonderland (AD Classic)* is now available. You can order yours for just \$6.95 by following the link below."



Alice's Adventures in Wonderland (AD Classic)

Lewis Carroll

Price: \$6.95



Figure 10: Amazon.com Promotional Email 1

It seemed to me that customers who had purchased *The War of the Worlds (AD Classic)* would not necessarily be interested in *Alice's Adventures in Wonderland (AD Classic)* as the genre, and target audience is not the same. However, book sales for *Alice's Adventures in Wonderland* spiked to 69 copies sold in March 2009, which makes me believe that Amazon.com likely sent out emails that were similar to the one I had received for *Journey to the Center of the Earth (AD Classic)*. But the following email in particular did not make any marketing sense.

"Dear Amazon.com Customer,

We've noticed that customers who have purchased or rated <u>Frankenstein (AD Classic)</u> by Mary Shelley have also purchased *Breast Cancer Journal (All Proceeds from this Notebook Benefit The Weekend to End Breast Cancer to Support Research into Finding a Cure) Engage Books* by A. R. Roumanis. For this reason, you might like to know that *Breast Cancer Journal (All Proceeds from this Notebook Benefit The Weekend to End Breast Cancer to Support Research into Finding a Cure) Engage Books* is now available. You can order yours for just \$8.95 by following the link below."



Breast Cancer Journal (All Proceeds from this Notebook Benefit The Weekend to End Breast Cancer to Support Research into Finding a Cure) Engage Books

A. R. Roumanis

Price: \$8.95



Figure 11: Amazon.com Promotional Email 2

Sales for this book did not spike as they did with the aforementioned *Journey to* the Center of the Earth, and Alice's Adventures in Wonderland, which likely happened because Breast Cancer Journal did not have a famous author which would allow the automated system to send out emails to customers who had purchased other books by that same author.

Tinkering with Amazon.com's automated system also brought up another key feature of Amazon.com's inner workings. After purchasing two of my own books, *Robinson Crusoe* and *The Prince* together, on three separate occasions, with different Amazon.com accounts, on the same day, Amazon.com linked these titles together on the *Robinson Crusoe* listing page; "Customers buy this book with *The Prince (AD Classic)* by Niccolò Machiavelli, price for both 13.90," and they mirrored this advertisement on the listing page for *The Prince*. This made me realize that I could prompt Amazon.com to link my titles with other appropriate and popular books on Amazon.com, by purchasing them together with different accounts. Three months after I had linked *The Prince* and *Robinson Crusoe*, I noticed that Amazon.com had removed the "Customers who

buy this book" link to more appropriate links such as "*The Revolution: A Manifesto* by Ron Paul for *The Prince*, and *Great Expectations (Penguin Classics)* by Charles Dickens for *Robinson Crusoe*. This led me to believe that Amazon.com's automated system was dependent on shifting trends, which meant that I would have to be sure that I linked two titles appropriately, so that consumers would keep them linked in the future through regular purchases.

The insight I learned from consumer trends in purchases gave me a better understanding of how I could manipulate Amazon.com's search field. When I first began searching for my books on Amazon.com, I would type in the book title followed by (AD Classic). When I did this for more than a week in a row for A Journey to the Center of the Earth, I noticed that A Journey to the Center of the Earth (AD Classic) appeared at the bottom of Amazon.com's drop down list, attached to its search field. This drop down list is integrated into Amazon.com's database and has nothing to do with my own web browser, as I experimented on several computers. As I continued to search for this title in the same way for another week, my search term rose to the top of the suggested search field. I thought that this was a great way to promote my title, as some people who begin by typing in *A Journey to the Center...* tend to click on Amazon.com's search suggestions, and since mine was at the top of the list it would remain there. I found out that I was wrong after returning home from a week-long vacation and my search term had dropped to the bottom of the list. People weren't clicking on it because they did not associate AD Classic with their search, and clicked on other key words, such as the suffix Jules Verne. This brought me to the realization that I would need to come up with a search term that would place my

edition in the first two or three spots, and that this search term would be popular with consumers to the point that they would continue to click on this suggestion, thereby keeping it high in the search suggestion field. The search suggestion I came up with was *Journey to the Center of the Earth Illustrated*, as the key word 'illustrated' placed my AD Classic and SF Classic editions in the top two search field spots respectively. And this search suggestion remains within the top three spots, several weeks after I had initially bumped it to the top of the list due to customers regularly clicking on this suggestion.

Experimenting with search suggestions, brings me to various ways to manipulate Amazon.com's tagging system. Tagging is used by Amazon.com as a secondary method to show customers similar products. Customer tags "feed into normal search results, pairings, and recommendations."64 These are all important to take advantage of. When tagging a title such as Frankenstein, there are several types of tags that create the best results. While it is important to specify the genre with tags like, classic, science fiction, horror and undead, it is important to keep in mind that hundreds if not thousands of other customers have used these search terms, and quite a few books have multiple tags for these generic suggestions that reach into the hundreds. This is important to understand because Amazon.com uses tags for search results, pairings, and recommendations, on books that have received top results for a particular tag. Because of this, I suggest that publishers also use unique tags for their books. In fact, some of the best tags can be found by typing *Robinson Crusoe* in Amazon.com's search field, and looking at the different suffixes that appear there.

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⁶⁴ Aaron Shepard, Aiming at Amazon. Shepard Publications, Olympia Washington, 2009. P. 92.

Some of the most popular suffixes are, by Daniel Defoe, hardcover, unabridged, illustrated, for kids and Defoe and it is important to use these terms as tags. The first tag, Robinson Crusoe by Daniel Defoe would not only bump my edition up in search results, and possibly pair it with another title, but most importantly it would be used to give customers recommendations. When a customer searches for this exact term, and they click on any title in search results, my edition of *Robinson Crusoe* will appear on that books profile page with a prompt by Amazon.com stating "Looking for "Robinson Crusoe by Daniel Defoe" Products? Other customers suggested these items:" and a picture of my edition with rankings, the price point, and a link is displayed as a free advertisement. There are no other titles displayed, because publishers such as Penguin, Norton, Modern Library, Oxford, Barnes & Noble and Signet Classics, have not thought to tag their editions of *Robinson Crusoe* in this manner. When a few dozen such tags are entered, it will greatly increase the exposure of my edition of Robinson Crusoe on Amazon.com, and when customers click on any other edition of *Robinson Crusoe* they will likely find my book on that editions profile page.

Another area to market a title on Amazon.com is to tag it for Amazon search. Unlike Amazon.com's regular tags, the search tags only help raise a books status in search rankings when a specific search term is used. There is also a disclaimer that search tags are reviewed by Amazon.com employees to ensure that they are relevant terms. While it is also helpful to insert obscure tags that match customer search results, this is a great place to enter alternate spellings. When typing in Robinson Crusoe in the search field, try mixing the letters up and see if you still get a search suggestion. I found that when I typed in *Robinsonc* the

search field gave me the suggestion of *Robinsoncrusoe* because other customers had entered this as a search term. With this information, I entered *Robinsoncrusoe* as a tag for Amazon search and it was approved by an Amazon.com employee three weeks later, and my edition of *Robinson Crusoe* now appears at the top of the listings whenever this search term is used. (Note: In August 2009 Amazon.com removed the tag it for Amazon search function, however search terms that had previously been entered and accepted by Amazon.com continue to appear in search results.)

A final item of interest is to link a hardcover and a paperback of the same title on Amazon.com so that the paperback is accessible from the profile page of the hardcover edition. Amazon.com allows publishers to link paperback, hardcover, audio, and kindle books through Amazon.com's Book Content Update form at www.amazon.com/add-content-books. Generally the hardcover edition will have a profile page (accessible through search results) on Amazon.com while the other formats will not have their own profile page (so they won't be accessible through search results), but the other formats will have small links to their books (which are hidden within the Amazon.com database) posted on the hardcovers page. This is significant for Engage Books because Amazon.com has started doing this with classic books that have multiple publishers, and they don't seem to mind that many of these books have differences, such as illustrations, translations, forewords etc. So, currently the AD Classic edition of *The Prince* (AD Classic Library Edition) (Hardcover) was added to this conglomerate of linked books, and it is the profile page from which 108 other editions are accessible. By profile page, I mean that 108 other editions, whether they are in

paperback, hardcover, electronic or audio formats are only accessible on Amazon.com through small links on the page where my edition is sold. This also means that the AD Classic edition receives all of the reviews that the other books have accumulated, which is currently 304 reviews, and it gets ranked high in search rankings. Currently it is ranked #1 on searches for *The Prince*, which is above *Harry Potter and the Half Blood Prince*, and #3 on searches for *Prince*. Bumping my edition up in rank is due to the power of having so many editions linked together, because all of the editions' tags and reviews combined overpower an edition that is not linked to another title. My edition ended up as the profile page purely by chance, and it is likely that Amazon.com will eventually rotate my book out for another one, but currently *The Prince* has sold an average of four copies a day in both August and September 2009.

Part 5: Analysis

a. Monthly Analysis of Sales & Trends

When I published my first title in June 2008, there was no way of knowing if Engage Books would be a success or not. With a slow start of only two books sold in the first month of business, I wondered what it would take to succeed. It wasn't until the second month of business with three books in print and 25 books sold, that I was more comfortable, and by the third month with four books in print and sales of 43 books I felt confident that I was building a list of titles that would grow into a successful long-tail business. Each new title added to the backlist of Engage Book would slightly increase the company's earnings, so that their combined presence in the market would generate a substantial income that would continue growing, and in so doing, provide Engage Books with the ability to fund larger projects.

In order to determine how large a backlist Engage Books must have in print before it generates enough income to fund large projects, we must analyse the sales data since Engage Books began business in June 2008. The following graph shows how many books were sold each month from June 2008 to July 2009 in both the US and Canadian markets.

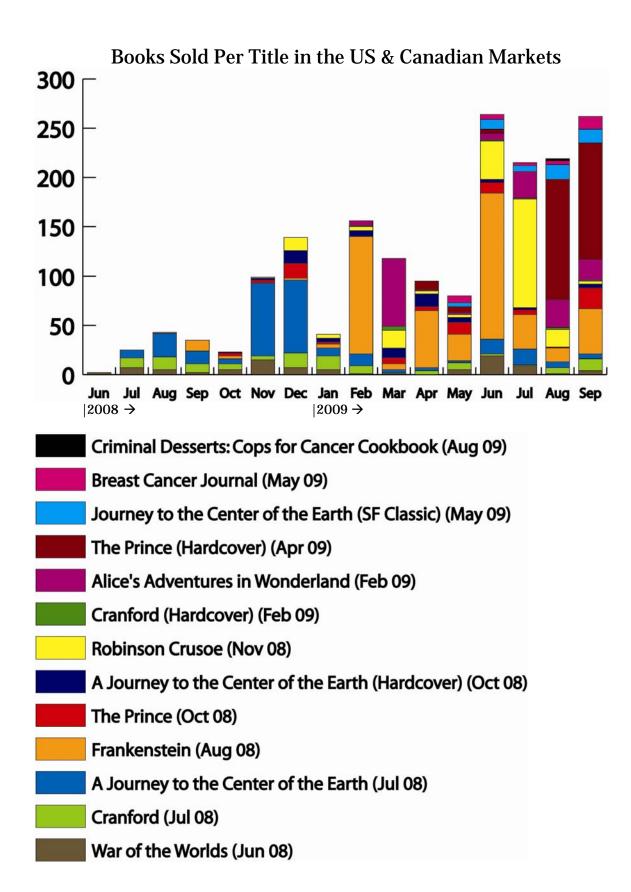


Figure 12: Books Sold Per Title in the US and Canadian Markets

Since the company grew from one book in June 2008 to thirteen books in August 2009, one would think that there would be an upwards curve in book sales. However, this is not the case, and there are several highs and lows on the graph where an analysis of sales trends can help us understand these shifts. One of the most obvious discrepancies is when one particular book sells in unusually large quantities in any given month. I will explain to the best of my knowledge why certain books sold more than 50 copies in a month. The first occurrence is in November 2008 when *A Journey to the Center of the Earth* sold 74 copies. This is due to the DVD release of *Journey to the Center of the Earth 3D* starring Brendan Fraser on October 28, 2008. The marketing for this release ran throughout November until Christmas, which led to an additional sale of 74 copies in December. The third spike occurred in February 2009, when 119 copies of *Frankenstein* were sold. This occurred when Stanford University placed an order for 110 titles for a Humanities course. The fourth spike in March 2009 occurred when Amazon.com sent out an email to a select list of customers that Alice's Adventures in Wonderland was available for purchase, which led to 69 copies being sold. The fifth spike in April 2009 for 58 copies of *Frankenstein* were mostly sold on Amazon.com, and it is my assumption that many of these purchases where from students purchasing copies for their Stanford course which started in May. The sixth spike in June 2009 for *Frankenstein* is due to another order from Stanford for a second semester of the same humanities course. The reason for the seventh spike in July 2009 for *Robinson Crusoe* is not known to me. It could be due to a university, or large chain bookstore order. Or it could be in response to *Life on a Desert Island* based on *Robinson Crusoe* which was

performed as a one-man outdoor spectacle play in Central Park, New York, from July 11 until September 2009. The eighth spike in August of 122 copies and the ninth spike in September of 118 copies of *The Prince (AD Classic Library Edition)* occurred when Amazon.com placed this book as the profile page from which 108 other editions are available. See Part 4, 'Marketing on Amazon.com' for further details on Amazon.com profile pages.

There is no doubt that the global financial crisis which began in September 2008⁶⁵ had an affect on book sales. However, since Engage Books does not have prior sales data, and there hasn't yet been a study on book purchases in North America in 2008/2009, and since Booknet Canada will not provide me with data, there is not a definitive way to determine whether the economy had anything to do with declines in October 2008, January 2009 and May 2009. It is likely that these declines are due to the fact that no significant purchases were made for any one title in these months. And it is probable that the economic downturn has caused declines in overall sales since Engage Books began business.

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[&]quot;Global Financial Crisis in 2009" Wikipedia: The Free Encyclopedia, (Wikimedia Foundation Inc.), available from http://en.wikipedia.org/wiki/Global_financial_crisis_in_September_2008, accessed on August 13, 2009

b. Projecting Future Sales

With any company it is important to understand how it will grow, and how this growth will affect the company's revenue stream. With an understanding of this I will have a better idea of how quickly I can grow Engage Books. In order to begin projecting future growth, we must look at how many titles Engage Books had in print in each month since June 2008.

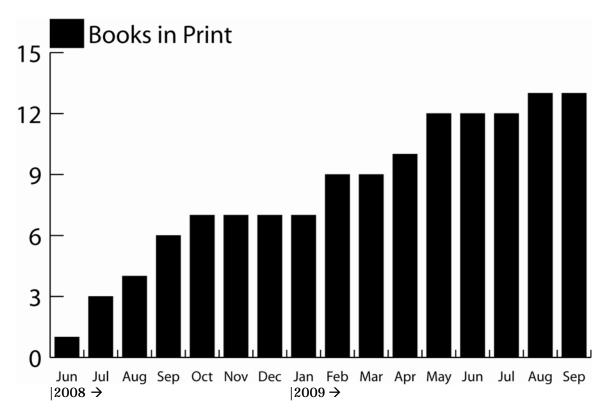


Figure 13: Books in Print

While the number of titles in print grows from one to twelve titles, it is certainly not representative of the future output for Engage Books. While there are periods with no growth it is reasonable to assume that the output of Engage Books will increase when this paper is finished, and Engage Books earns enough income to

support my full attention. I would estimate that an output of 30 titles a year is reasonable, once I can devote more of my time to Engage Books. This brings us to the question of determining how much Engage Books will earn one, two and three years from now. In order to do this we must look at Engage Books earnings from June 2008 to July 2009.

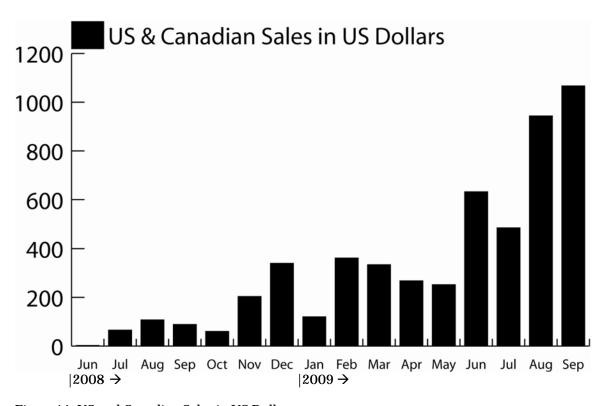


Figure 14: US and Canadian Sales in US Dollars

These numbers (See Appendix C for exact figures) are vital in order to determine an average earning per book in print for each month. An average earning per book in print will give us a baseline figure from which we can multiply to project future earnings. To calculate this average, I divided the sales of each month by the number of books in print, in order to create the following graph.

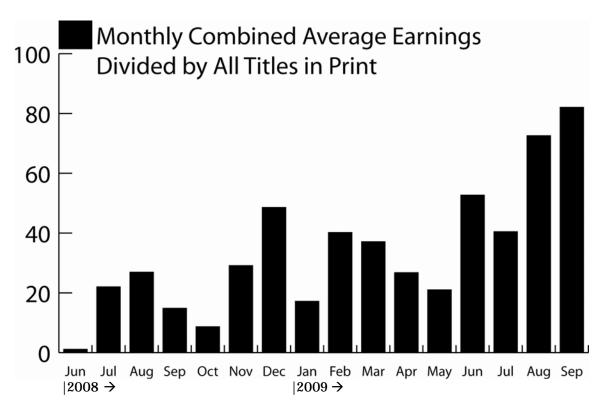


Figure 15: Monthly Combined Average Earnings Divided by All Titles in Print

This graph is instrumental in determining an average earning per book in print over a one month period. While my books are priced differently, especially the tobe-published \$39.95 edition of *Journey to the Center of the Earth (1000 Copy Limited Edition)*, this sales average will help me calculate a monthly average from which I can calculate future sales. When calculating an average earning per book in print, I added the average sales from each month (except for June 2008) to reach a total of \$541, which I divided by 15 months, to reach an average earning of \$36.07 per book in print. Overall, \$36.07 is representative of earnings so far, and it is a good indication from which to project future earnings, which can be done by multiplying this figure by a projected number of titles in print. But first we'll take a look at what can be done to increase the average earning per book each month.

The sales spikes discussed in the section on the Monthly Analysis of Sales and Trends may look like random events on the surface, but there are many ways to manipulate these spikes. Firstly, whenever I have published a book with an upcoming movie tie-in or television release, there has been a spike in sales due to the production companies marketing efforts. When I published *A Journey to the* Center of the Earth there was a sales spike leading up to the DVD release, and there will be another one when it is first aired on television. With this in mind, I have chosen my following AD Classic book releases on the upcoming theatrical release of A Christmas Carol and Sherlock Holmes. Secondly, Stanford University's order of over 200 copies of *Frankenstein* over two semesters, has not only caused two sales spikes, but has also driven students to purchase their own copies off of Amazon.com. As Stanford found my book on their own, likely from an online database like Amazon.com, I plan on marketing directly to universities across North America through digital and print catalogues, to increase the likelihood of my books being adopted for a course. Thirdly, Amazon.com has sent out emails to their customers when I have released a new title based on the number of purchases in the first few weeks after publication. In order to manipulate this I will market each new release through Facebook, Twitter and email campaigns.

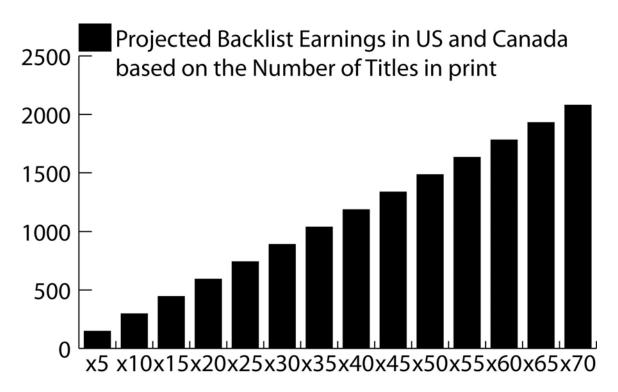


Figure 16: Projected Backlist Earnings in US and Canada Based on the Number of Titles in Print

All other things being equal, this is a growth model for a straight long-tail business. From this graph we can project that Engage Books will make an average of \$541.05 in one month with 15 books in print, which would also generate \$6,492.60 over a twelve month period. With 35 books in print, monthly earnings would reach \$1,262.45 or \$15,149.40 over twelve months. With 70 books in print monthly earnings reach \$2,524.90 or \$30,298.80 over twelve months. And with 100 titles in print monthly earnings reach \$3,607 or \$43,284 over twelve months. With these numbers in mind it would be reasonable to say that Engage Books would be ready to invest in larger projects when 70 books are in print, or with \$30,298.80 in yearly earnings as I would have enough income to both concentrate full time on these projects and to fund them. At an output of 30 books a year, this number would be reached within two years, when including the

thirteen books already in print. Within three years, Engage Books is projected to earn \$43,284 with 100 titles in print. These numbers assume that there will be no growth on earnings per title, however the average earning per book is likely to change.

While the numbers calculated since Engage Books began operations are accurate, there are a few reasons why the future might look more promising than I have projected. First, Engage Books began in a global recession, which saw a decline in retail sales in both the US and Canada. It is more than likely that as the economy improves, sales will increase, and the average earnings per book would also increase. Second, with a larger number of titles in print, and with increased exposure in the market, Engage Books will experience a growth in brand recognition. This will come from people who have seen Engage Books online (See Appendix A), at events (See Appendix B), or who are among the over 1,700 people who have already purchased a book (See Appendix C). Third, while Engage Books does have worldwide distribution through Ingram, and is present in their online and new release catalogue, Ingram doesn't actively promote my books to prospective library, retail and wholesale buyers. With the establishment of a sales team to market directly to trade channels such as bookstores, which I plan on contracting out in 2010, Engage Books sales will increase significantly. With these three factors in consideration, it is conceivable that Engage Books could launch an original title in one year.

It is my belief that Engage Books can reach monthly earnings of \$2,000 within one year, while experiencing a growth in brand recognition and establishing an agreement with an outside sales force. With this in mind I have

just signed a contract with Chris Stevenson to publish a 80,000 to 90,000 word novel entitled *Planet Janitor: Custodian of the Stars* for Engage SF. Chris Stevenson has agreed to not receive an advance against royalties and this book will be edited by an editor who has agreed to accept payment in the form of a royalty based on book sales. This will reduce the initial investment from Engage Books, and will allow for more funds to be allocated to cover art, print costs, and marketing. Also, I have been accepting short story submissions for some time now, and have agreed to publish two authors for a short story anthology of ten to twelve authors. It is my goal to have *Planet Janitor* released by September 2010, and to have the anthology, along with one other full length novel, to be released shortly thereafter.

In order to expand the release of original titles it will be necessary to outsource each book to a freelance editor, as I currently have no plans to hire full-time employees. This is from a personal belief that I should keep my staff lean through outsourcing, until I reach an output that would benefit from a full-time employee and establish the income necessary to pay for this persons salary. To increase profits to fund further growth, I will actively sell subsidiary rights of first serial, video game, theatrical, and foreign rights to third parties. For *Planet Janitor: Custodian of the Stars* I am working on getting this made into a video game, and am actively approaching game companies such as EA to make this possible. The establishment of a video game for *Planet Janitor* would not only provide Engage Books with subsidiary income, but it would also boost marketing efforts and consumer recognition as the videogame company would promote and distribute their new title.

Beyond the three original titles planned for 2010, I plan to expand Engage Books further. This expansion will be funded by the projected backlist earnings calculated earlier of \$30,298 in year two and \$43,284 in year three. I intend on building a stable output in 2011 by establishing two seasons: a spring release of two titles and a fall release of two additional titles. In 2012 I will expand this output further to three titles in both the spring and fall seasons. Beyond this three year projection ending in 2012, I will re-evaluate the growth of original titles to see if I should maintain a three book output or add additional titles to each season. In my projections I find it valuable to maintain consistency in the yearly output of original titles and in the establishment of two recurring seasons. This consistency will ensure that both consumers and retailers, who come to know Engage Books, will expect regular releases in consistent numbers, and timeframes. If I should fail to release original titles in a season, or should I fail in producing the same number of titles in a future year, I will lose credibility from those who have come to expect consistency from Engage Books. Credibility is vital in order for Engage Books to become established as a reputable publisher in the industry.

Part 6: Conclusions

The idea for Engage Books began with what I saw as an opportunity in that there were no science fiction publishers in Vancouver, a city that is very receptive to the genre in many other industries. This opportunity led to the establishment of a set of strategies and tactics that could facilitate such an endeavour. In formulating a plan to have four imprints under Engage Books, I basically gave myself the freedom to publish across multiple genres, as is seen with the recent release of a cookbook under Engage Books. However, having four imprints under one parent company did give me the task of building a branding strategy for all of them. But, had I only focused on branding a science fiction press, I would have never come up with the idea of placing the year of publication on a book spine, which is my most unique branding tactic, and one that I feel will bring repeat business, through brand recognition, back to Engage Books and its imprints.

The Process of building Engage Books from the ground-up has been, to say the least, unconventional. While I have started a company in the same way that many publishers have already done using public domain titles, I have expanded on this strategy by publishing through print-on-demand production. This relatively new technology coupled with copyright free works from the public domain, has allowed me to build Engage Books as a lean start-up company. That is to say that very little in the way of an investment, other than my own time, went into the development of each title published, and I was able to build a backlist that would provide Engage Books with the capital necessary to fund the development of new titles.

Having had the experience of publishing thirteen titles for Engage Books, I have discovered many important aspects of marketing online. While a web presence through a website, blog, and social networking is important, it is doubly important to actively market on Amazon.com. While marketing on Amazon.com I learned how to manipulate the site's automated system to my benefit, including automated customer emails, linking books, search field, generic tags, tags for Amazon search, and linking editions. While this knowledge is important, it is crucial that I did not learn this while promoting a new title for Engage SF. Learning Amazon.com marketing tactics on-the-go when publishing a classic title for AD Classic is acceptable to me, because there is little invested in the title. However, when I publish Chris Stevenson's *Planet Janitor: Custodian of the* Stars the development cost will be much higher, there will be a substantial marketing budget, and the immediate success of this title will be important for both Engage Books, Chris Stevenson, and the editor involved. Therefore, it is worthwhile for me to have built a backlist of classic titles, so that I could learn from my successes and failures for the betterment of new titles.

As for the future of Engage Books, I have a three year plan in place for success. For the development of new titles I would be able to utilize funds from AD Classic, BC Classic, and SF Classic in order to survive the first three years of operation. This is important because in "each new book season, effectively, small companies bet a very high percentage of the liquid assets of the company on new titles," 66 and because of the risk involved, banks are reluctant to offer loans, short of a publisher putting up his house as collateral. As I don't have money to the

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⁶⁶ Rowland Lorimer; 248

bank or a house for collateral, utilizing funds from the other imprints is the logical choice. Also in the first three years of operation, Engage Books would not qualify for Canada Book Fund (CBF) assistance, as a criterion for financial aid is that publishers must "have been in business for a minimum of 36 months." 67 Engage Books does not have the luxury to start business with CBF funding as some Canadian imprints do, since their parent company can transfer their eligibility onto the imprint. Engage Books would have to publish "a minimum of 12 new Canadian-authored trade books" 68 to be eligible for this funding. Therefore, using the backlists of AD Classic, BC Classic and SF Classic as a support mechanism for the first three years is a viable way for a publishing house to enter the industry.

The Engage Books model is a means for a publisher to enter the industry with little up-front capital, with the opportunity to expand business and become a traditional publisher. While "McClelland and Stewart's great success with its Emblem Series of fiction tapped the accumulated value added or, differently stated, the cultural capital of the firm,"⁶⁹ Engage Books' ability to tap the cultural capital of the public domain to build three of its imprints in order to fund the forth imprint, will give the latter imprint an edge in the industry. No shipping costs, coupled with minimal to no returns and no warehousing fees, and a guaranteed earning on each book sold, will propel Engage Books into a successful business. Currently, "at major online booksellers, the profusion of POD books

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⁶⁷ Ibid: 137

⁶⁸ Ibid; 137

⁶⁹ Medbh Bidwell; 139

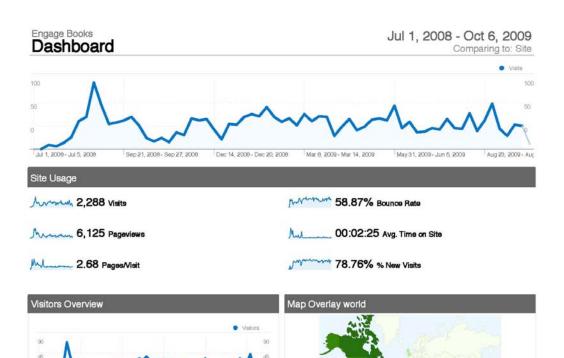
may eventually eclipse established titles,"⁷⁰ and throughout this process Engage Books will compete on equal terms with large publishers. Also, as more and more publishers turn towards POD this in turn should reduce the cost of printing with POD as competition increases and technology improves, thereby increasing the profit on each book sold. The feasibility of Engage Books lies in the use of works from the public domain, printed through POD, in order to have a financial backing from which to create new titles that readers will want to explore, and collect.

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⁷⁰ Rudy Shur, "The Problem With POD" Publishers Weekly, http://vnweb.hwwilsonweb.com.proxy.lib.sfu.ca/hww/results/external_link_maincontentframe.jhtml?_DAR_GS=/hww/results/results_common.jhtml.9, January 16, 2006, retrieved on December 3, 2007

Appendix A: Website and Google Analytics





| ffic Sources Overvi | ew |
|---------------------|--------------------------------------|
| | Referring Sites 1,310.00 (57.26%) |
| | Direct Traffic 542.00 (23.69%) |
| | Search Engines 436.00 (19.06%) |
| | |

Visitors



Google Analytics

8.21%

4.07%

503

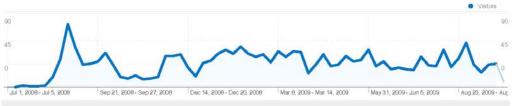
249

/books/all

/blogs/engage



Jul 1, 2008 - Oct 6, 2009 Comparing to: Site



1,818 people visited this site

1,288 Visits

1,818 Absolute Unique Visitors

A. 6,125 Pageviews

2.68 Average Pageviews

00:02:25 Time on Site

58.87% Bounce Rate

78.76% New Visits

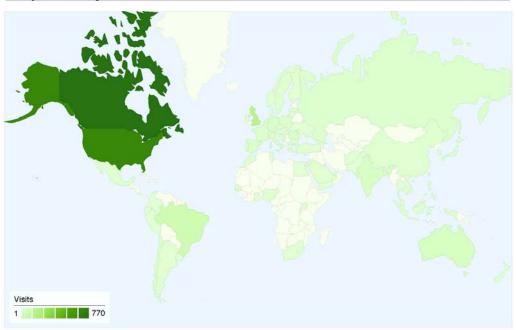
Technical Profile

| Browser | Visits | % visits | Connection Speed | Visits | % visits |
|-------------------|--------|----------|------------------|--------|----------|
| Internet Explorer | 1,044 | 45.63% | Cable | 784 | 34.27% |
| Firefox | 957 | 41.83% | Unknown | 646 | 28.23% |
| Safari | 174 | 7.60% | DSL | 561 | 24.52% |
| Chrome | 48 | 2.10% | T1 | 227 | 9.92% |
| Opera | 35 | 1.53% | Dialup | 49 | 2.14% |

Google Analytics

1

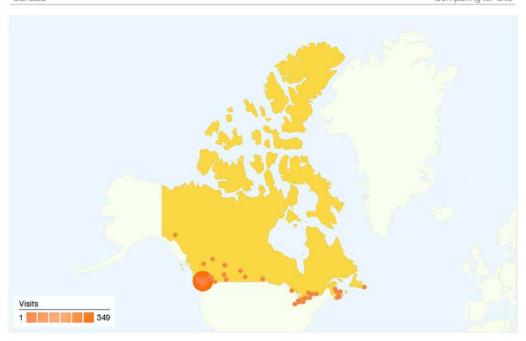




2,288 visits came from 87 countries/territories

| Visits 2,288 % of Site Total: 100.00% | Pages/Visit 2.68 Site Avg: 2.68 (0.00%) | 00:02: Site Avg: | ne on Site 25 (0.00%) | % New Visits 78.80% Site Avg: 78.76% (0.06%) | 58.87 Site Avg: 58.879 | % |
|--|--|---------------------|-----------------------------|---|-------------------------------|-------------|
| Country/Territory | | Visits | Pages/Visit | Avg. Time on Site | % New Visits | Bounce Rate |
| Canada | | 770 | 4.25 | 00:05:16 | 57.79% | 37.14% |
| United States | | 663 | 2.27 | 00:01:15 | 86.12% | 60.63% |
| United Kingdom | | 167 | 2.26 | 00:01:40 | 94.61% | 62.28% |
| Brazil | | 76 | 1.38 | 00:00:08 | 56.58% | 68.42% |
| Australia | | 39 | 1.33 | 00:00:13 | 97.44% | 79.49% |
| India | | 37 | 1.65 | 00:01:48 | 94.59% | 70.27% |
| Germany | | 35 | 1.06 | 00:00:05 | 100.00% | 94.29% |
| Romania | | 29 | 1.34 | 00:00:06 | 93.10% | 86.21% |
| Italy | | 27 | 1.41 | 00:00:24 | 88.89% | 77.78% |

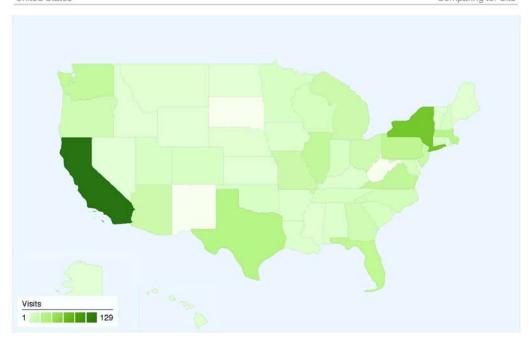
Google Analytics



This country/territory sent 770 visits via 82 cities

| Visits 770 % of Site Total: 33.65% | Pages/Visit 4.25 Site Avg: 2.68 (58.69%) | 00:05: Site Avg: | ne on Site 16 25 (117.76%) | % New Visits 57.79% Site Avg: 78.76% (-26.62% | 37.14 Site Avg: 58.87 | % |
|---|---|---------------------|----------------------------------|--|-----------------------------|-------------|
| City | | Visits | Pages/Visit | Avg. Time on Site | % New Visits | Bounce Rate |
| Vancouver | | 349 | 4.14 | 00:07:06 | 53.58% | 39.26% |
| New Westminster | | 101 | 6.79 | 00:08:23 | 14.85% | 25.74% |
| Burnaby | | 50 | 4.66 | 00:05:05 | 60.00% | 32.00% |
| West Vancouver | | 41 | 3.05 | 00:01:10 | 80.49% | 36.59% |
| Victoria | | 23 | 5.39 | 00:02:39 | 65.22% | 17.39% |
| Surrey | | 17 | 4.24 | 00:01:52 | 82.35% | 29.41% |
| Weston | | 14 | 3.07 | 00:01:16 | 71.43% | 42.86% |
| Don Mills | | 13 | 2.00 | 00:02:45 | 61.54% | 53,85% |
| Toronto | | 10 | 3.90 | 00:00:49 | 100.00% | 40.00% |

Google Analytics



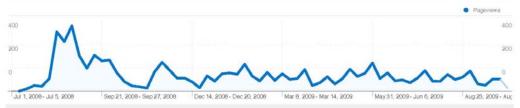
This country/territory sent 663 visits via 49 regions

| Visits 663 % of Site Total: 28.98% | Pages/Visit 2.27 Site Avg: 2.68 (-15.26%) | 00:01: Site Avg: | ne on Site 15 25 (-47.93%) | 86.12% 60 . Site Avg: Site | | ce Rate 3% vg: 87% (2.99%) | |
|---|--|---------------------|----------------------------------|-----------------------------------|--------------|-------------------------------------|--|
| Region | | Visits | Pages/Visit | Avg. Time on Site | % New Visits | Bounce Rate | |
| California | | 129 | 2.36 | 00:01:48 | 69.77% | 50.39% | |
| New York | | 69 | 2.93 | 00:01:58 | 73.91% | 56.52% | |
| Texas | | 31 | 2.23 | 00:00:35 | 96.77% | 67.74% | |
| Massachusetts | | 29 | 2.14 | 00:00:40 | 86.21% | 55.17% | |
| Pennsylvania | | 26 | 1.38 | 00:00:10 | 96.15% | 76.92% | |
| Florida | | 25 | 2.20 | 00:00:28 | 80.00% | 60.00% | |
| Virginia | | 24 | 2.08 | 00:00:46 | 100.00% | 70.83% | |
| Illinois | | 23 | 1.04 | 00:00:01 | 100.00% | 95.65% | |
| Washington | | 22 | 2.55 | 00:01:20 | 81.82% | 59.09% | |

Google Analytics

Engage Books Content Overview

Jul 1, 2008 - Oct 6, 2009 Comparing to: Site



Pages on this site were viewed a total of 6,125 times

A. 6,125 Pageviews

4,324 Unique Views

58.87% Bounce Rate

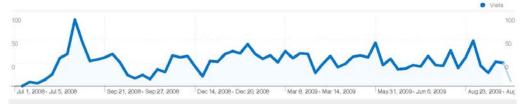
Top Content

| Pages | Pageviews | % Pageviews |
|------------------------|-----------|-------------|
| /www.engagethebook.com | 2,221 | 36.26% |
| /books/robinson-crusoe | 733 | 11.97% |
| /submissions | 535 | 8.73% |
| /books/all | 503 | 8.21% |
| /blogs/engage | 249 | 4.07% |

Engage Books Traffic Sources Overview

Jul 1, 2008 - Oct 6, 2009 Comparing to: Site





All traffic sources sent a total of 2,288 visits

1 23.69% Direct Traffic

57.26% Referring Sites

_____ 19.06% Search Engines



Top Traffic Sources

| Sources | Visits | % visits | Keywords | Visits | % visits |
|--------------------------------|--------|----------|-------------------|--------|----------|
| en.wikipedia.org (referral) | 830 | 36.28% | engage books | 124 | 28.44% |
| (direct) ((none)) | 542 | 23.69% | engage book | 33 | 7.57% |
| google (organic) | 321 | 14.03% | robinson crusoe | 33 | 7.57% |
| sffchronicles.co.uk (referral) | 92 | 4.02% | engagethebook | 13 | 2.98% |
| absolutewrite.com (referral) | 79 | 3.45% | engagethebook.com | 12 | 2.75% |

3

Appendix B: Events

World Science Fiction Convention (Denvention 3)

| The War of the Worlds | 13 |
|--------------------------------------|----|
| A Journey to the Center of the Earth | 9 |
| Frankenstein | 8 |
| Cranford | 1 |
| Total | 31 |

Word on the Street

| The War of the Worlds | 1 |
|--------------------------------------|---|
| A Journey to the Center of the Earth | 3 |
| Frankenstein | 2 |
| Cranford | 3 |
| Total | 9 |

Vancouver Science Fiction Convention (VCON 33)

| The War of the Worlds | 7 |
|--------------------------------------|----|
| A Journey to the Center of the Earth | 6 |
| Frankenstein | 3 |
| Cranford | 3 |
| The Prince | 1 |
| Total | 20 |

WisCon

| A Journey to the Center of the Earth | 4 |
|--------------------------------------|---|
| | |

Sapperton Days

| The War of the Worlds | 2 |
|----------------------------------|----|
| Cranford | 1 |
| The Prince | 5 |
| Robinson Crusoe | 3 |
| Alice's Adventures in Wonderland | 1 |
| Breast Cancer Journal | 3 |
| Total | 15 |

Vancouver Science Fiction Convention (VCON 34)

| The War of the Worlds | 2 |
|--------------------------------------|----|
| A Journey to the Center of the Earth | 1 |
| Journey to the Center of the Earth | 1 |
| Frankenstein | 1 |
| Robinson Crusoe | 1 |
| Alice's Adventures in Wonderland | 4 |
| Total | 10 |

Total Events Sales

| Books Sold | 92 |
|------------|----|
| | |

Appendix C: Monthly Sales Reports from LSI



Lightning Source
United States Operating Unit - U.S. Dollar Transactions
Publisher POD Compensation Report for Engage Books (6037203)
For Period of JUN-08

Run Date: 08/08/2009 Period: 05/24/2008 To 06/27/2008 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 2 | 8.98 | -5.64 | 0.00 | 0.00 | 3.34 | 0.00 |
| YTD | 2 | 8.98 | -5.64 | 0.00 | 0.00 | 3.34 | |
| | | | | | | | |
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Pricing listed in this report represents the current price in our system as of the period-end date. Actual compensation is calculated using prices in effect on the underlying transaction dates and may differ from period-end date if price changes during the reporting period



Lightning Source
United States Operating Unit - U.S. Dollar Transactions
Publisher POD Compensation Report for Engage Books (6037203)
For Period of JUN-08

Run Date: 08/08/2009 Period: 05/24/2008 To 06/27/2008 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholes ale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|---|--------------|---------------|------|---------------------|----------|--------------|-----------------|-------------------|--------------|-----------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 5.99 | 25% | 4.49 | 2 2 | 8.98 8.98 | -5.64 -5.64 | 0.00 0.00 | 0.00 0.00 | 3.34 3.34 | 0.00 |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |
| | | | | | | | | | | | | |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JUL-08

Run Date: 08/08/2009 Period: 06/28/2008 To 07/25/2008 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 25 | 140.45 | -74.26 | 0.00 | 0.00 | 66.19 | 0.00 |
| YTD | 27 | 149.43 | -79.90 | 0.00 | 0.00 | 69.53 | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
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Pricing listed in this report represents the current price in our system as of the period-and date. Adual compensation is calculated using prices in effect on the underlying transaction dates and may differ from period-and date if price changes during the reporting period.



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JUL-08

Run Date: 08/08/2009 Period: 06/28/2008 To 07/25/2008 Page: 1

| | 11.69 15.03 | 0.00 | 0.00 | Charge -19.74 | Net Sales | | 4.49 | 25% | List Price | | | 13-Digit/10-Digit |
|-------|----------------|------|--------------|------------------|----------------|----------|------|------|---------------|--------------|---|-----------------------------|
| _ | | 0.00 | 0.00 | -25.38 | 31.43 40.41 | 7 9 | | 25 % | 5.99 | Wells, H. G. | The War of the Worlds (AD MTD Sales YTD Sales | 9780980921014 0980921015 |
| 90 | 38.90 38.90 | 0.00 | 0.00 0.00 | -28.20 -28.20 | 67.10 67.10 | 10 10 | 6.71 | 25% | 8.95 | Gaskell, | Cranford (AD Classic) MTD Sales YTD Sales | 9780980921021 0980921023 |
| 60 0. | 15.60 15.60 | 0.00 | 0.00 | -26.32 -26.32 | 41.92 41.92 | 8 8 | 5.24 | 25% | 6.99 | Verne, Jules | A Journey to the Center of MTD Sales YTD Sales | 9780980921038 0980921031 |
| | | | | | | | 5.24 | 23% | 0.89 | verne, Julës | MTD Sales | |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of AUG-08

Run Date: 08/08/2009 Period: 07/26/2008 To 08/22/2008 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | 1 | | |
| MTD | 43 | 240.68 | -132.80 | 0.00 | 0.00 | 107.88 | 0.00 |
| YTD | 70 | 390.11 | -212.70 | 0.00 | 0.00 | 177.41 | |
| | | | | | | | |
| | | | | | | | |
| | | | | | | | |
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| | | | | | | | |

Pricing listed in this report represents the current price in our system as of the period-and date. Adual compensation is calculated using prices in effect on the underlying transaction dates and may differ from period-and date if price changes during the reporting period.



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of AUG-08

Run Date: 08/08/2009 Period: 07/26/2008 To 08/22/2008 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholesale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|---------------|---------------|------|--------------------|----------|------------------|-------------------|-------------------|--------------|-----------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 5.99 | 25% | 4.49 | 5 14 | 22.45 62.86 | -14.10 -39.48 | 0.00 0.00 | 0.00 | 8.35 23.38 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 13 23 | 87.23 154.33 | -36.66 -64.86 | 0.00 | 0.00 | 50.57 89.47 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.99 | 25% | 5.24 | 24 32 | 125.76 167.68 | -78.96 -105.28 | 0.00 0.00 | 0.00 0.00 | 46.80 62.40 | 0.00 |
| | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.99 | 25% | 5.24 | 1 1 | 5.24 5.24 | -3.08 -3.08 | 0.00 0.00 | 0.00 | 2.16 2.16 | 0.00 |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of SEP-08

Run Date: 08/08/2009 Period: 08/23/2008 To 09/26/2008 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 36 | 200.37 | -110.96 | 0.00 | 0.00 | 89.41 | 0.00 |
| YTD | 106 | 590.48 | -323.66 | 0.00 | 0.00 | 266.82 | |
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Pricing listed in this report represents the current price in our system as of the period-and date. Adual compensation is calculated using prices in effect on the underlying transaction dates and may differ from period-and date if price changes during the reporting period.



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of SEP-08

Run Date: 08/08/2009 Period: 08/23/2008 To 09/26/2008 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholes ale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|---------------|---------------|------|---------------------|----------|-----------------|-------------------|-------------------|-------|-----------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 5.99 | 25% | 4.49 | 2 16 | 8.98 71.84 | -5.64 -45.12 | 0.00 0.00 | 0.00 | 3.34 26.72 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 9 32 | 60.39 214.72 | -25.38 -90.24 | 0.00 0.00 | 0.00 | 35.01 124.48 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.99 | 25% | 5.24 | 14 46 | 73.36 241.04 | -46.06 -151.34 | 0.00 | 0.00 | 27.30 89.70 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.99 | 25% | 5.24 | 11 12 | 57.64 62.88 | -33.88 -36.96 | 0.00 | 0.00 | 23.76 25.92 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of OCT-08

Run Date: 08/08/2009 Period: 09/27/2008 To 10/24/2008 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 23 | 133.06 | -72.05 | 0.00 | 0.00 | 61.01 | 0.00 |
| YTD | 129 | 723.54 | -395.71 | 0.00 | 0.00 | 327.83 | |
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Pricing listed in this report represents the current price in our system as of the period-end date. Advaic compensation is calculated using prices in effect on the underlying transaction dates and may differ from period-end date if price changes during the reporting period.



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of OCT-08

Run Date: 08/08/2009 Period: 09/27/2008 To 10/24/2008 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholesale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|---------------|---------------|------|--------------------|----------|-----------------|-------------------|-------------------|--------------|-----------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 5.99 | 25% | 4.49 | 5 21 | 22.45 94.29 | -14.10 -59.22 | 0.00 | 0.00 | 8.35 35.07 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 6 38 | 40.26 254.98 | -16.92 -107.16 | 0.00 | 0.00 | 23.34 147.82 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.99 | 25% | 5.24 | 5 51 | 26.20 267.24 | -16.45 -167.79 | 0.00 | 0.00 | 9.75 99.45 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.99 | 25% | 5.24 | 3 15 | 15.72 78.60 | -9.24 -46.20 | 0.00 | 0.00 | 6.48 32.40 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.99 | 25% | 5.24 | 3 3 | 15.72 15.72 | -6.90 -6.90 | 0.00 | 0.00 | 8.82 8.82 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 1 | 12.71 12.71 | -8.44 -8.44 | 0.00 | 0.00 0.00 | 4.27 4.27 | 0.00 |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of NOV-08

Run Date: 08/08/2009 Period: 10/25/2008 To 11/21/2008 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 99 | 529.05 | -324.89 | 0.00 | 0.00 | 204.16 | 0.00 |
| YTD | 228 | 1,252.59 | -720.60 | 0.00 | 0.00 | 531.99 | |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of NOV-08

Run Date: 08/08/2009 Period: 10/25/2008 To 11/21/2008 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholesale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|---------------|---------------|------|--------------------|-----------|------------------|--------------------|-------------------|-------|------------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 5.99 | 25% | 4.49 | 15 36 | 67.35 161.64 | -42.30 -101.52 | 0.00 0.00 | 0.00 | 25.05 60.12 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 4 42 | 26.84 281.82 | -11.28 -118.44 | 0.00 0.00 | 0.00 | 15.56 163.38 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.99 | 25% | 5.24 | 74 125 | 387.76 655.00 | -243.46 -411.25 | 0.00 | 0.00 | 144.30 243.75 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.99 | 25% | 5.24 | 0 15 | 0.00 78.60 | 0.00 -46.20 | 0.00 | 0.00 | 0.00 32.40 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.99 | 25% | 5.24 | 3 6 | 15.72 31.44 | -6.90 -13.80 | 0.00 | 0.00 | 8.82 17.64 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 2 3 | 25.42 38.13 | -16.88 -25.32 | 0.00 | 0.00 | 8.54 12.81 | 0.00 |
| 9781926606163 1926606167 | Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 1 1 | 5.96 5.96 | -4.07 -4.07 | 0.00 | 0.00 | 1.89 1.89 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of DEC-08

Run Date: 08/08/2009 Period: 11/22/2008 To 12/31/2008 Page: Summary

| Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------|-----------|--------------|--------------------|-------------------------|------------------------------|-------------------------------------|
| | | | | | | |
| 139 | 849.23 | -508.79 | 0.00 | 0.00 | 340.44 | 0.00 |
| 367 | 2,101.82 | -1,229.39 | 0.00 | 0.00 | 872.43 | |
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| | | 139 849.23 | 139 849.23 -508.79 | 139 849.23 -508.79 0.00 | 139 849.23 -508.79 0.00 0.00 | 139 849.23 -508.79 0.00 0.00 340.44 |

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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of DEC-08

Run Date: 08/08/2009 Period: 11/22/2008 To 12/31/2008 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholes ale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|---------------|---------------|------|---------------------|-----------|--------------------|--------------------|-------------------|-------|------------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 6.95 | 25% | 5.21 | 7 43 | 31.43 193.07 | -19.74 -121.26 | 0.00 0.00 | 0.00 | 11.69 71.81 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 15 57 | 100.65 382.47 | -42.30 -160.74 | 0.00 | 0.00 | 58.35 221.73 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.95 | 25% | 5.21 | 74 199 | 385.84 1,040.84 | -243.46 -654.71 | 0.00 | 0.00 | 142.38 386.13 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.95 | 25% | 5.21 | 2 17 | 10.42 89.02 | -6.16 -52.36 | 0.00 | 0.00 | 4.26 36.66 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.95 | 25% | 5.21 | 15 21 | 78.18 109.62 | -34.50 -48.30 | 0.00 | 0.00 | 43.68 61.32 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 13 16 | 165.23 203.36 | -109.72 -135.04 | 0.00 | 0.00 | 55.51 68.32 | 0.00 |
| 9781926606163 1926606167 | Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 13 14 | 77.48 83.44 | -52.91 -56.98 | 0.00 | 0.00 | 24.57 26.46 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JAN-09

Run Date: 08/08/2009 Period: 01/01/2009 To 01/30/2009 Page: Summary

| Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------|-----------|--------------|-------------------|------------------------|-----------------------------|------------------------------------|
| | | | | | | |
| 41 | 267.61 | -146.86 | 0.00 | 0.00 | 120.75 | 0.00 |
| 41 | 267.61 | -146.86 | 0.00 | 0.00 | 120.75 | |
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| | | 41 267.61 | 41 267.61 -146.86 | 41 267.61 -146.86 0.00 | 41 267.61 -146.86 0.00 0.00 | 41 267.61 -146.86 0.00 0.00 120.75 |

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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JAN-09

Run Date: 08/08/2009 Period: 01/01/2009 To 01/30/2009 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholes ale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|---------------|---------------|------|---------------------|----------|----------------|------------------|-------------------|-------|-----------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 6.95 | 25% | 5.21 | 5 5 | 26.05 26.05 | -14.10 -14.10 | 0.00 0.00 | 0.00 | 11.95 11.95 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 14 14 | 93.94 93.94 | -39.48 -39.48 | 0.00 0.00 | 0.00 | 54.46 54.46 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.95 | 25% | 5.21 | 8 8 | 41.68 41.68 | -26.32 -26.32 | 0.00 | 0.00 | 15.36 15.36 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.95 | 25% | 5.21 | 4 4 | 20.84 20.84 | -12.32 -12.32 | 0.00 | 0.00 | 8.52 8.52 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.95 | 25% | 5.21 | 2 2 | 10.42 10.42 | -4.60 -4.60 | 0.00 | 0.00 | 5.82 5.82 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 4 4 | 50.84 50.84 | -33.76 -33.76 | 0.00 | 0.00 | 17.08 17.08 | 0.00 |
| 9781926606163 1926606167 | Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 4 4 | 23.84 23.84 | -16.28 -16.28 | 0.00 | 0.00 | 7.56 7.56 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of FEB-09

Run Date: 08/08/2009 Period: 01/31/2009 To 02/27/2009 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 156 | 880.26 | -518.08 | 0.00 | 0.00 | 362.18 | 0.00 |
| YTD | 197 | 1,147.87 | -664.94 | 0.00 | 0.00 | 482.93 | |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of FEB-09

Run Date: 08/08/2009 Period: 01/31/2009 To 02/27/2009 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholesale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|----------------|---------------|------|--------------------|------------|------------------|--------------------|-------------------|--------------|------------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 6,95 | 25% | 5.21 | 1 6 | 5.21 31.26 | -2.82 -16.92 | 0.00 | 0.00 | 2.39 14.34 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 8 22 | 53.68 147.62 | -22.56 -62.04 | 0.00 | 0.00 | 31.12 85.58 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.95 | 25% | 5.21 | 12 20 | 62.52 104.20 | -39.48 -65.80 | 0.00 | 0.00 | 23.04 38.40 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.95 | 25% | 5.21 | 119 123 | 619.99 640.83 | -366.52 -378.84 | 0.00 0.00 | 0.00 | 253.47 261.99 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.95 | 25% | 5.21 | 0 2 | 0.00 10.42 | 0.00 -4.60 | 0.00 | 0.00 0.00 | 0.00 5.82 | 0.00 |
| 9780980921090 0980921090 | Alice's Adventures in MTD Sales YTD Sales | Carroll, Lewis | 6.95 | 25% | 5.21 | 5 5 | 26.05 26.05 | -11.80 -11.80 | 0.00 | 0.00 | 14.25 14.25 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 6 10 | 76.26 127.10 | -50.64 -84.40 | 0.00 | 0.00 | 25.62 42.70 | 0.00 |
| 9781926606163 1926606167 | Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 4 8 | 23.84 47.68 | -16.28 -32.56 | 0.00 | 0.00 | 7.56 15.12 | 0.00 |
| 9781926606217 1926606213 | Cranford (AD Classic MTD Sales YTD Sales | Gaskell, | 16.95 | 25% | 12.71 | 1 | 12.71 12.71 | -7.98 -7.98 | 0.00 | 0.00 | 4.73 4.73 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of MAR-09

Run Date: 08/08/2009 Period: 02/28/2009 To 04/03/2009 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 118 | 734.78 | -400.21 | 0.00 | 0.00 | 334.57 | 0.00 |
| YTD | 315 | 1,882.65 | -1,065.15 | 0.00 | 0.00 | 817.50 | |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of MAR-09

Run Date: 08/08/2009 Period: 02/28/2009 To 04/03/2009 Page: 1

| ar of the Worlds (AD MTD Sales YTD Sales YTD Sales rd (AD Classic) MTD Sales YTD Sales YTD Sales Hey to the Center of MTD Sales YTD Sales | Wells, H. G. Gaskell, Verne, Jules Shelley, Mary | 6.95 8.95 6.95 | 25% 25% 25% | 6.71 | 1 7 1 23 3 23 | 5.21 36.47 6.71 154.33 15.63 119.83 | -2.82 -19.74 -2.82 -64.86 -9.87 -75.67 | 0.00 0.00 0.00 0.00 | 0.00 0.00 0.00 0.00 0.00 | 2.39 16.73 3.89 89.47 | 0.00 |
|---|---|---|---|--|--|--|--|--|--|--|--|
| MTD Sales YTD Sales ney to the Center of MTD Sales YTD Sales YTD Sales Instein (AD Classic) MTD Sales YTD Sales YTD Sales ince (AD Classic) | Verne, Jules Shelley, Mary | 6.95 | 25% | 5.21 | 23 | 154.33 15.63 | -64.86 -9.87 | 0.00 | 0.00 | 89.47 | |
| MTD Sales YTD Sales enstein (AD Classic) MTD Sales YTD Sales ince (AD Classic) | Shelley, Mary | 27753 | 1705100 | | | | | | | 5.76 | 0.00 |
| MTD Sales YTD Sales ince (AD Classic) | | 6.95 | 25% | 5.21 | | - | | | 0.00 | 44.16 | l |
| | Machiavelli | | | | 6 129 | 31.26 672.09 | -18.48 -397.32 | 0.00 | 0.00 | 12.78 274.77 | 0.00 |
| YTD Sales | wacmavem, | 6.95 | 25% | 5.21 | 6 8 | 31.26 41.68 | -13.80 -18.40 | 0.00 | 0.00 | 17.46 23.28 | 0.00 |
| Adventures in MTD Sales YTD Sales | Carroll, Lewis | 6.95 | 25% | 5.21 | 69 74 | 359.49 385.54 | -162.84 -174.64 | 0.00 | 0.00 | 196.65 210.90 | 0.00 |
| ney to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 10 20 | 127.10 254.20 | -84.40 -168.80 | 0.00 | 0.00 | 42.70 85.40 | 0.00 |
| on Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 18 26 | 107.28 154.96 | -73.26 -105.82 | 0.00 | 0.00 | 34.02 49.14 | 0.00 |
| rd (AD Classic MTD Sales YTD Sales | Gaskell, | 16.95 | 25% | 12.71 | 4 5 | 50.84 63.55 | -31.92 -39.90 | 0.00 0.00 | 0.00 0.00 | 18.92 23.65 | 0.00 |
| n | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales TTD Sales on Crusoe (AD MTD Sales YTD Sales d (AD Classic MTD Sales | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales YTD Sales on Crusoe (AD MTD Sales YTD Sales d (AD Classic MTD Sales MTD Sales MTD Sales | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales on Crusoe (AD MTD Sales YTD Sales TD Sales YTD Sales Of (AD Classic MTD Sales | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales on Crusoe (AD MTD Sales on Crusoe (AD MTD Sales YTD Sales of (AD Classic MTD Sales MTD Sales On Crusoe (AD MTD Sales MTD Sales On Crusoe (AD MTD Sales | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales yTD Sales on Crusoe (AD MTD Sales yTD Sales on Crusoe (AD MTD Sales YTD Sales yTD Sales YTD Sales Of (AD Classic MTD Sales | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales yTD Sales ey TD Sales on Crusoe (AD MTD Sales YTD Sales on Crusoe (AD MTD Sales YTD Sales Of (AD Classic MTD Sales MTD Sales Of (AD Classic MTD Sales MT | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales yTD Sales on Crusoe (AD MTD Sales yTD Sales on Crusoe (AD MTD Sales YTD Sales of (AD Classic MTD Sales MTD Sales YTD Sales of (AD Classic MTD Sales MTD Sales MTD Sales AD (AD Classic MTD Sales | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales yTD Sales on Crusoe (AD MTD Sales YTD Sales on Crusoe (AD MTD Sales YTD Sales on Crusoe (AD MTD Sales YTD Sales YTD Sales Of (AD MTD Sales MTD Sales MTD Sales Of (AD MTD Sales MTD Sales MTD Sales MTD Sales MTD Sales Of (AD MTD Sales MTD SALE MTD | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales yTD Sales on Crusoe (AD MTD Sales on C | Adventures in MTD Sales YTD Sales vertex of MTD Sales and MTD Sales (Adventures in MTD Sales (Ad | Adventures in MTD Sales YTD Sales ey to the Center of MTD Sales YTD Sales on Crusce (AD MTD Sales and Carroll, Lewis 6.95 25% 5.21 69 359.49 -162.84 0.00 0.00 196.65 74 385.54 -174.64 0.00 0.00 210.90 210. |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of APR-09

Run Date: 08/08/2009 Period: 04/04/2009 To 05/01/2009 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 95 | 668.29 | -399.88 | 0.00 | 0.00 | 268.41 | 0.00 |
| YTD | 410 | 2,550.94 | -1,465.03 | 0.00 | 0.00 | 1,085.91 | |
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Pricing listed in this report represents the current price in our system as of the period-end date. Adual compensation is calculated using prices in effect on the underlying transaction dates and may differ from period-end date if price changes during the reporting period.



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of APR-09

Run Date: 08/08/2009 Period: 04/04/2009 To 05/01/2009 Page: 1

| Title | Author(s) | List Price | Disc | Wholes ale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|--|---|--|--|--|--|--|--|--|--|--|---|
| The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 6.95 | | | 0 7 | 0.00 36.47 | 0.00 -19.74 | 0.00 0.00 | 0.00 | 0.00 16.73 | 0.00 |
| Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 4 27 | 26.84 181.17 | -11.28 -76.14 | 0.00 0.00 | 0.00 | 15.56 105.03 | 0.00 |
| A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.95 | 25% | 5.21 | 3 26 | 15.63 135.46 | -9.87 -85.54 | 0.00 | 0.00 | 5.76 49.92 | 0.00 |
| Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.95 | 25% | 5.21 | 58 187 | 302.18 974.27 | -178.64 -575.96 | 0.00 0.00 | 0.00 | 123.54 398.31 | 0.00 |
| The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.95 | 25% | 5.21 | 4 12 | 20.84 62.52 | -9.20 -27.60 | 0.00 | 0.00 | 11.64 34.92 | 0.00 |
| Alice's Adventures in MTD Sales YTD Sales | Carroll, Lewis | 6.95 | 25% | 5.21 | 1 75 | 5.21 390.75 | -2.36 -177.00 | 0.00 | 0.00 | 2.85 213.75 | 0.00 |
| A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 13 33 | 165.23 419.43 | -109.72 -278.52 | 0.00 | 0.00 | 55.51 140.91 | 0.00 |
| Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 3 29 | 17.88 172.84 | -12.21 -118.03 | 0.00 | 0.00 | 5.67 54.81 | 0.00 |
| The Prince (AD Classic MTD Sales YTD Sales | Machiavelli, | 16.96 | 25% | 12.72 | 9 | 114.48 114.48 | -66.60 -66.60 | 0.00 0.00 | 0.00 | 47.88 47.88 | 0.00 |
| Cranford (AD Classic MTD Sales YTD Sales | Gaskell, | 16.95 | 25% | 12.71 | 0 5 | 0.00 63.55 | 0.00 -39.90 | 0.00 0.00 | 0.00 0.00 | 0.00 23.65 | 0.00 |
| | The War of the Worlds (AD MTD Sales YTD Sales Cranford (AD Classic MTD Sales YTD Sales Cranford (AD Classic MTD Sales | The War of the Worlds (AD MTD Sales YTD Sales YTD Sales YTD Sales A Journey to the Center of MTD Sales YTD Sales The Prince (AD Classic) MTD Sales YTD Sales | The War of the Worlds (AD MTD Sales YTD Sale | The War of the Worlds (AD Wells, H. G. MTD Sales YTD Sales Machiavelli, 6.95 25% YTD Sales YTD S | The War of the Worlds (AD MTD Sales YTD Sale | The War of the Worlds (AD MTD Sales YTD Sales YTD Sales A Journey to the Center of MTD Sales YTD Sales Y | The War of the Worlds (AD MTD Sales YTD Sale | The War of the Worlds (AD Wells, H. G. 6.95 25% 5.21 0 0.0 | The War of the Worlds (AD MTD Sales YTD Sales STD SALES STALES SALES SALES STALES SALES SALES STALES SALES | The War of the Worlds (AD MTD Sales YTD Sales YTD Sales Sakell, MTD Sales Adventures in MTD Sales YTD Sales STD SA | The War of the Worlds (AD MTD Sales MTD Sales |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of MAY-09

Run Date: 08/08/2009 Period: 05/02/2009 To 05/29/2009 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 80 | 540.80 | -287.93 | 0.00 | 0.00 | 252.87 | 0.00 |
| YTD | 490 | 3,091.74 | -1,752.96 | 0.00 | 0.00 | 1,338.78 | |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of MAY-09

Run Date: 08/08/2009 Period: 05/02/2009 To 05/29/2009 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholesale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|----------------|---------------|------|--------------------|-----------|--------------------|-------------------|-------------------|-------|-----------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 6.95 | 25% | 5.21 | 5 12 | 26.05 62.52 | -14.10 -33.84 | 0.00 | 0.00 | 11.95 28.68 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 7 34 | 46.97 228.14 | -19.74 -95.88 | 0.00 | 0.00 | 27.23 132.26 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.95 | 25% | 5.21 | 2 28 | 10.42 145.88 | -6.58 -92.12 | 0.00 | 0.00 | 3.84 53.76 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.95 | 25% | 5.21 | 27 214 | 140.67 1,114.94 | -83.16 -659.12 | 0.00 | 0.00 | 57.51 455.82 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.95 | 25% | 5.21 | 12 24 | 62.52 125.04 | -27.60 -55.20 | 0.00 | 0.00 | 34.92 69.84 | 0.00 |
| 9780980921090 0980921090 | Alice's Adventures in MTD Sales YTD Sales | Carroll, Lewis | 6.95 | 25% | 5.21 | 2 77 | 10.42 401.17 | -4.72 -181.72 | 0.00 | 0.00 | 5.70 219.45 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 5 38 | 63.55 482.98 | -42.20 -320.72 | 0.00 | 0.00 | 21.35 162.26 | 0.00 |
| 9781926606163 1926606167 | Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 3 32 | 17.88 190.72 | -12.21 -130.24 | 0.00 | 0.00 | 5.67 60.48 | 0.00 |
| 9781926606194 1926606191 | Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 14.95 | 40% | 8.97 | 4 4 | 35.88 35.88 | -17.12 -17.12 | 0.00 | 0.00 | 18.76 18.76 | 0.00 |
| 9781926606200 1926606205 | The Prince (AD Classic MTD Sales YTD Sales | Machiavelli, | 16.96 | 25% | 12.72 | 6 15 | 76.32 190.80 | -44.40 -111.00 | 0.00 | 0.00 | 31.92 79.80 | 0.00 |
| 9781926606217 1926606213 | Cranford (AD Classic MTD Sales YTD Sales | Gaskell, | 16.95 | 25% | 12.71 | 0 5 | 0.00 63.55 | 0.00 -39.90 | 0.00 0.00 | 0.00 | 0.00 23.65 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of MAY-09

Run Date: 08/08/2009 Period: 05/02/2009 To 05/29/2009 Page: 2

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholes ale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|--------------|---------------|------|---------------------|----------|----------------|------------------|-------------------|--------------|-----------------|-----------------------|
| 9781926606224 1926606221 | Breast Cancer Journal (All MTD Sales YTD Sales | Roumanis, A. | 8.95 | 20% | 7.16 | 7 | 50.12 50.12 | -16.10 -16.10 | 0.00 | 0.00 0.00 | 34.02 34.02 | 0.00 |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JUN-09

Run Date: 08/08/2009 Period: 05/30/2009 To 07/03/2009 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 264 | 1,515.08 | -882.16 | 0.00 | 0.00 | 632.92 | 0.00 |
| YTD | 754 | 4,606.82 | -2,635.12 | 0.00 | 0.00 | 1,971.70 | |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JUN-09

Run Date: 08/08/2009 Period: 05/30/2009 To 07/03/2009 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholesale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|----------------|---------------|------|--------------------|------------|--------------------|----------------------|-------------------|-------|------------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 6.95 | 25% | 5.21 | 19 31 | 98.99 161.51 | -53.58 -87.42 | 0.00 | 0.00 | 45.41 74.09 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 2 36 | 13.42 241.56 | -5.64 -101.52 | 0.00 | 0.00 | 7.78 140.04 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.95 | 25% | 5.21 | 15 43 | 78.15 224.03 | -49.35 -141.47 | 0.00 | 0.00 | 28.80 82.56 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.95 | 25% | 5.21 | 148 362 | 771.08 1,886.02 | -455.84 -1,114.96 | 0.00 | 0.00 | 315.24 771.06 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.95 | 25% | 5.21 | 11 35 | 57.31 182.35 | -25.30 -80.50 | 0.00 | 0.00 | 32.01 101.85 | 0.00 |
| 9780980921090 0980921090 | Alice's Adventures in MTD Sales YTD Sales | Carroll, Lewis | 6.95 | 25% | 5.21 | 7 84 | 36.47 437.64 | -16.52 -198.24 | 0.00 | 0.00 | 19.95 239.40 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 3 41 | 38.13 521.11 | -25.32 -346.04 | 0.00 | 0.00 | 12.81 175.07 | 0.00 |
| 9781926606163 1926606167 | Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 39 71 | 232.44 423.16 | -158.73 -288.97 | 0.00 | 0.00 | 73.71 134.19 | 0.00 |
| 9781926606194 1926606191 | Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 14.95 | 40% | 8.97 | 10 14 | 89.70 125.58 | -42.80 -59.92 | 0.00 | 0.00 | 46.90 65.66 | 0.00 |
| 9781926606200 1926606205 | The Prince (AD Classic MTD Sales YTD Sales | Machiavelli, | 16.96 | 25% | 12.72 | 4 19 | 50.88 241.68 | -29.60 -140.60 | 0.00 | 0.00 | 21.28 101.08 | 0.00 |
| 9781926606217 1926606213 | Cranford (AD Classic MTD Sales YTD Sales | Gaskell, | 16.95 | 25% | 12.71 | 1 6 | 12.71 76.26 | -7.98 -47.88 | 0.00 | 0.00 | 4.73 28.38 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JUN-09

Run Date: 08/08/2009 Period: 05/30/2009 To 07/03/2009 Page: 2

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholesale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|--------------|---------------|------|--------------------|----------|----------------|------------------|-------------------|--------------|-----------------|-----------------------|
| 9781926606224 1926606221 | Breast Cancer Journal (All MTD Sales YTD Sales | Roumanis, A. | 8.95 | 20% | 7.16 | 5 12 | 35.80 85.92 | -11.50 -27.60 | 0.00 0.00 | 0.00 0.00 | 24.30 58.32 | 0.00 |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JUL-09

Run Date: 08/08/2009 Period: 07/04/2009 To 07/31/2009 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 215 | 1,255.06 | -769.00 | 0.00 | 0.00 | 486.06 | 0.00 |
| YTD | 969 | 5,861.88 | -3,404.12 | 0.00 | 0.00 | 2,457.76 | |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JUL-09

Run Date: 08/08/2009 Period: 07/04/2009 To 07/31/2009 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Whotes ale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|----------------|---------------|------|---------------------|------------|--------------------|----------------------|-------------------|-------|------------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 6.95 | 25% | 5.21 | 9 40 | 46.89 208.40 | -25.38 -112.80 | 0.00 0.00 | 0.00 | 21.51 95.60 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 1 37 | 6.71 248.27 | -2.82 -104.34 | 0.00 | 0.00 | 3.89 143.93 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.95 | 25% | 5.21 | 16 59 | 83.36 307.39 | -52.64 -194.11 | 0.00 | 0.00 | 30.72 113.28 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.95 | 25% | 5.21 | 35 397 | 182.35 2,068.37 | -107.80 -1,222.76 | 0.00 | 0.00 | 74.55 845.61 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.95 | 25% | 5.21 | 5 40 | 26.05 208.40 | -11.50 -92.00 | 0.00 | 0.00 | 14.55 116.40 | 0.00 |
| 9780980921090 0980921090 | Alice's Adventures in MTD Sales YTD Sales | Carroll, Lewis | 6.95 | 25% | 5.21 | 27 111 | 140.67 578.31 | -63.72 -261.96 | 0.00 | 0.00 | 76.95 316.35 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 2 43 | 25.42 546.53 | -16.88 -362.92 | 0.00 | 0.00 | 8.54 183.61 | 0.00 |
| 9781926606163 1926606167 | Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 110 181 | 655.60 1,078.76 | -447.70 -736.67 | 0.00 0.00 | 0.00 | 207.90 342.09 | 0.00 |
| 9781926606194 1926606191 | Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 14.95 | 40% | 8.97 | 6 20 | 53.82 179.40 | -25.68 -85.60 | 0.00 0.00 | 0.00 | 28.14 93.80 | 0.00 |
| 9781926606200 1926606205 | The Prince (AD Classic MTD Sales YTD Sales | Machiavelli, | 16.96 | 25% | 12.72 | 0 19 | 0.00 241.68 | 0.00 -140.60 | 0.00 0.00 | 0.00 | 0.00 101.08 | 0.00 |
| 9781926606217 1926606213 | Cranford (AD Classic MTD Sales YTD Sales | Gaskell, | 16.95 | 25% | 12.71 | 1 7 | 12.71 88.97 | -7.98 -55.86 | 0.00 0.00 | 0.00 | 4.73 33.11 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of JUL-09

Run Date: 08/08/2009 Period: 07/04/2009 To 07/31/2009 Page: 2

| Title | | List Price | | 1.50 | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|--|--------------|---------------|-----------|-----------|-----------|-----------------|---------------------|----------------------------|---------------------------------|--------------------------------------|--|
| Breast Cancer Journal (All MTD Sales YTD Sales | Roumanis, A. | 8.95 | 20% | 7.16 | 3 15 | 21.48 107.40 | -6.90 -34.50 | 0.00 | 0.00 0.00 | 14.58 72.90 | 0.00 |
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| | YTD Sales | YTD Sales | YTD Sales | YTD Sales | YTD Sales | YTD Sales 15 | YTD Sales 15 107.40 | YTD Sales 15 107.40 -34.50 | YTD Sales 15 107.40 -34.50 0.00 | YTD Sales 15 107.40 -34.50 0.00 0.00 | YTD Sales 15 107.40 -34.50 0.00 0.00 72.90 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of AUG-09

Run Date: 09/02/2009 Period: 08/01/2009 To 08/28/2009 Page: Summary

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | | | | | | |
| MTD | 219 | 2,165.23 | -1,221.06 | 0.00 | 0.00 | 944.17 | 0.00 |
| YTD | 1,188 | 8,027.11 | -4,625.18 | 0.00 | 0.00 | 3,401.93 | |
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Pricing listed in this report represents the current price in our system as of the period-end date. Actual compensation is calculated using prices in effect on the underlying transaction dates and may differ from period-end date if price changes during the reporting period.



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of AUG-09

Run Date: 09/02/2009 Period: 08/01/2009 To 08/28/2009 Page: 1

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholesale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|----------------|---------------|------|--------------------|------------|----------------------|----------------------|-------------------|--------------|------------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 6.95 | 25% | 5.21 | 1 41 | 5.21 213.61 | -2.82 -115.62 | 0.00 | 0.00 | 2.39 97.99 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 6 43 | 40.26 288.53 | -16.92 -121.26 | 0.00 | 0.00 | 23.34 167.27 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.95 | 25% | 5.21 | 6 65 | 31.26 338.65 | -19.74 -213.85 | 0.00 | 0.00 | 11.52 124.80 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.95 | 25% | 5.21 | 14 411 | 72.94 2,141.31 | -43.12 -1,265.88 | 0.00 | 0.00 | 29.82 875.43 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.95 | 25% | 5.21 | 1 41 | 5.21 213.61 | -2.30 -94.30 | 0.00 | 0.00 | 2.91 119.31 | 0.00 |
| 9780980921090 0980921090 | Alice's Adventures in MTD Sales YTD Sales | Carroll, Lewis | 6.95 | 25% | 5.21 | 28 139 | 145.88 724.19 | -66.08 -328.04 | 0.00 | 0.00 | 79.80 396.15 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 0 43 | 0.00 546.53 | 0.00 -362.92 | 0.00 | 0.00 | 0.00 183.61 | 0.00 |
| 9781926606163 1926606167 | Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 18 199 | 107.28 1,186.04 | -73.26 -809.93 | 0.00 | 0.00 | 34.02 376.11 | 0.00 |
| 9781926606194 1926606191 | Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 14.95 | 40% | 8.97 | 15 35 | 134.55 313.95 | -64.20 -149.80 | 0.00 | 0.00 | 70.35 164.15 | 0.00 |
| 9781926606200 1926606205 | The Prince (AD Classic MTD Sales YTD Sales | Machiavelli, | 16.95 | 25% | 12.71 | 122 141 | 1,550.64 1,792.32 | -902.80 -1,043.40 | 0.00 | 0.00 | 647.84 748.92 | 0.00 |
| 9781926606217 1926606213 | Cranford (AD Classic MTD Sales YTD Sales | Gaskell, | 16.95 | 25% | 12.71 | 2 9 | 25.42 114.39 | -15.96 -71.82 | 0.00 0.00 | 0.00 0.00 | 9.46 42.57 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of AUG-09

Run Date: 09/02/2009 Period: 08/01/2009 To 08/28/2009 Page: 2

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholes ale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|--------------|---------------|------|---------------------|----------|-----------------|-----------------|-------------------|--------------|-----------------|-----------------------|
| 9781926606224 1926606221 | Breast Cancer Journal (All MTD Sales YTD Sales | Roumanis, A. | 8.95 | 20% | | 4 19 | 28.64 136.04 | -9.20 -43.70 | 0.00 0.00 | 0.00 0.00 | 19.44 92.34 | 0.00 |
| 9781926606248 1926606248 | Criminal Desserts: Cops MTD Sales YTD Sales | Campbell, | 14.95 | 40% | 8.97 | 2 2 | 17.94 17.94 | -4.66 -4.66 | 0.00 | 0.00 | 13.28 13.28 | 0.00 |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of CUSTOM

Run Date: 10/07/2009 Period: 08/29/2009 To 10/02/2009 Page: Summary

This report includes an open period, the amounts are not final.

| Summary Totals | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|----------------|----------|-----------|--------------|-------------------|-------|-----------------|-----------------------|
| Total Sales | | * | | | | | |
| MTD | 262 | 2,385.76 | -1,318.08 | 0.00 | 0.00 | 1,067.68 | 0.00 |
| YTD | 1,450 | 10,412.87 | -5,943.26 | 0.00 | 0.00 | 4,469.61 | |
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Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of CUSTOM

Run Date: 10/07/2009 Period: 08/29/2009 To 10/02/2009 Page: 1

This report includes an open period, the amounts are not final.

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | Wholesale Price | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|----------------|---------------|------|--------------------|------------|----------------------|----------------------|-------------------|-------|--------------------|-----------------------|
| 9780980921014 0980921015 | The War of the Worlds (AD MTD Sales YTD Sales | Wells, H. G. | 6.95 | 25% | 5.21 | 4 45 | 20.84 234.45 | -11.28 -126.90 | 0.00 0.00 | 0.00 | 9.56 107.55 | 0.00 |
| 9780980921021 0980921023 | Cranford (AD Classic) MTD Sales YTD Sales | Gaskell, | 8.95 | 25% | 6.71 | 12 55 | 80.52 369.05 | -33.84 -155.10 | 0.00 0.00 | 0.00 | 46.68 213.95 | 0.00 |
| 9780980921038 0980921031 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 6.95 | 25% | 5.21 | 5 70 | 26.05 364.70 | -16.45 -230.30 | 0.00 | 0.00 | 9.60 134.40 | 0.00 |
| 9780980921045 098092104X | Frankenstein (AD Classic) MTD Sales YTD Sales | Shelley, Mary | 6.95 | 25% | 5.21 | 46 457 | 239.66 2,380.97 | -141.68 -1,407.56 | 0.00 | 0.00 | 97.98 973.41 | 0.00 |
| 9780980921052 0980921058 | The Prince (AD Classic) MTD Sales YTD Sales | Machiavelli, | 6.95 | 25% | 5.21 | 21 62 | 109.41 323.02 | -48.30 -142.60 | 0.00 | 0.00 | 61.11 180.42 | 0.00 |
| 9780980921090 0980921090 | Alice's Adventures in MTD Sales YTD Sales | Carroll, Lewis | 6.95 | 25% | 5.21 | 21 160 | 109.41 833.60 | -49.56 -377.60 | 0.00 | 0.00 | 59.85 456.00 | 0.00 |
| 9781926606156 1926606159 | A Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 16.95 | 25% | 12.71 | 4 47 | 50.84 597.37 | -33.76 -396.68 | 0.00 | 0.00 | 17.08 200.69 | 0.00 |
| 9781926606163 1926606167 | Robinson Crusoe (AD MTD Sales YTD Sales | Defoe, Daniel | 7.95 | 25% | 5.96 | 3 202 | 17.88 1,203.92 | -12.21 -822.14 | 0.00 | 0.00 | 5.67 381.78 | 0.00 |
| 9781926606194 1926606191 | Journey to the Center of MTD Sales YTD Sales | Verne, Jules | 14.95 | 40% | 8.97 | 14 49 | 125.58 439.53 | -59.92 -209.72 | 0.00 0.00 | 0.00 | 65.66 229.81 | 0.00 |
| 9781926606200 1926606205 | The Prince (AD Classic MTD Sales YTD Sales | Machiavelli, | 16.95 | 25% | 12.71 | 118 259 | 1,499.78 3,292.10 | -873.20 -1,916.60 | 0.00 | 0.00 | 626.58 1,375.50 | 0.00 |
| 9781926606217 1926606213 | Cranford (AD Classic MTD Sales YTD Sales | Gaskell, | 16.95 | 25% | 12.71 | 1 10 | 12.71 127.10 | -7.98 -79.80 | 0.00 0.00 | 0.00 | 4.73 47.30 | 0.00 |



Lightning Source United States Operating Unit - U.S. Dollar Transactions Publisher POD Compensation Report for Engage Books (6037203) For Period of CUSTOM

Run Date: 10/07/2009 Period: 08/29/2009 To 10/02/2009 Page: 2

This report includes an open period, the amounts are not final.

| ISBN 13-Digit/10-Digit | Title | Author(s) | List Price | Disc | 3.000 | Quantity | Net Sales | Print Charge | Setup Recovery | Other | Net Pub Comp | Recovery Remaining |
|-----------------------------|--|--------------|---------------|------|-------|----------|-----------------|------------------|-------------------|--------------|-----------------|-----------------------|
| 9781926606224 1926606221 | Breast Cancer Journal (All MTD Sales YTD Sales | Roumanis, A. | 8.95 | 20% | 7.16 | 13 32 | 93.08 229.12 | -29.90 -73.60 | 0.00 0.00 | 0.00 0.00 | 63.18 155.52 | 0.00 |
| 9781926608248 1926606248 | Criminal Desserts: Cops MTD Sales YTD Sales | Campbell, | 14.95 | 40% | 8.97 | 0 2 | 0.00 17.94 | 0.00 -4.66 | 0.00 | 0.00 | 0.00 | 0.00 |
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