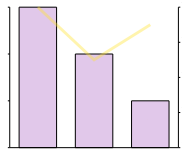


Exhibit #1: Market segments



\$200

\$175

\$125

Segment	Size
Super Readers (SR)	8M
Occasional Readers (OR)	20M
Rare readers (RR)	10M

Exhibit #2: Channel decisions

Channel	Percent of Total potential market	E book Gross Margin %	E-reader Gross Margin %	Penetration	Initial investment
Retail	50%	50%	30%	40%	\$20M
Internet	50%	50%	60%	10%	\$10M