

## **EXHIBIT B**

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

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JT COLBY AND COMPANY, INC., D/B/A  
BRICK TOWER PRESS, J. BOYLESTON AND  
COMPANY PUBLISHERS, LLC, AND  
IPICTUREBOOKS, LLC,

Plaintiffs,

-against-

Index No.  
11-CV-4060 (DLC)

APPLE, INC.,

Defendant.

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VIDEOTAPED DEPOSITION OF  
MIKE SHATZKIN  
New York, New York  
December 4, 2012, 9:35 a.m.

Reported By:

Nicole Sesta

Ref: 8575

1 M. Shatzkin

2 So there were -- when I stopped working at Two  
3 Continents, it was already true that lots of  
4 small publishers were distributed by large  
5 publishers. And I had a number of clients over  
6 the years where I would help them get more out  
7 of their distributor because I had seen that  
8 from both sides.

9 Then, in the last 20 years, it's  
10 really been about digital change. A lot of my  
11 work has been around digital change. Not  
12 exclusively. I'd say that the two biggest  
13 pieces are digital change and the supply chain.

14 Q When you say "digital change,"  
15 what do you mean by that?

16 A What I mean is that we are in the  
17 midst of a transition from everything being read  
18 on paper, just about, to everything being read  
19 on screens, just about. And that transition,  
20 which we are no where near done with, royals the  
21 publishing industry because it changes the  
22 economics and it changes the value propositions.  
23 And therefore, it presents a combination of  
24 threats and opportunities to anybody who's in  
25 the business. And understanding those dynamics

1 M. Shatzkin

2 and how they impact particular players or  
3 particular propositions is what I think I've got  
4 a reputation for doing well.

5 Q Have you ever worked directly for  
6 any publishers as a full-time employee?

7 A No, except for Two Continents, no.

8 Q You have worked for publishers as  
9 a consultant, correct?

10 A Oh, yes.

11 Q What publishers have you worked  
12 for?

13 A All of them, literally. Random  
14 House, Simon & Schuster, Harper Collins,  
15 Hachette, Penguin. I mean, I'm just naming the  
16 big ones now, right. Many small ones, foreign  
17 ones. I mean, in one way or another, I've been  
18 retained by them or I've sold them projects or  
19 that is to say sold them books to publish.

20 I've interacted on a professional  
21 basis with most of the significant publishers in  
22 the English-speaking world.

23 Q Have you ever done any work for  
24 Harlequin?

25 A I spoke at Harlequin's global

1 M. Shatzkin

2 has spawned companies that really don't have  
3 much presence except on the internet because  
4 it's a big enough market to support that.  
5 That's well understood by people who are working  
6 the digital revolution.

7 Q In your report when you say which  
8 have turned out to be of substantial interest on  
9 the internet and sold well as ebooks, were you  
10 talking about genre fiction generally or the  
11 books published by iBooks in particular?

12 A No, I was actually talking about  
13 the genres in which they publish, not iBooks  
14 itself. I don't think I ever knew or do know  
15 how those books have sold on the internet,  
16 iBooks books particularly have sold on the  
17 internet.

18 Q Looking in the next line you say,  
19 "Although the sales of iBooks overall were  
20 modest (5,689, 950 units) with sales of science  
21 fiction titles alone totally 1,944,314 units,"  
22 do you see that?

23 A Uh-huh.

24 Q Looking at that and doing the  
25 math, is it fair to say that 34 percent of the