



J. Kirby Best CEO, Lightning Source

Making Information Pay
Inventory Availability and Rapid Turnaround Increase Sales

Driven
by
Demand

Are we expanding the market?



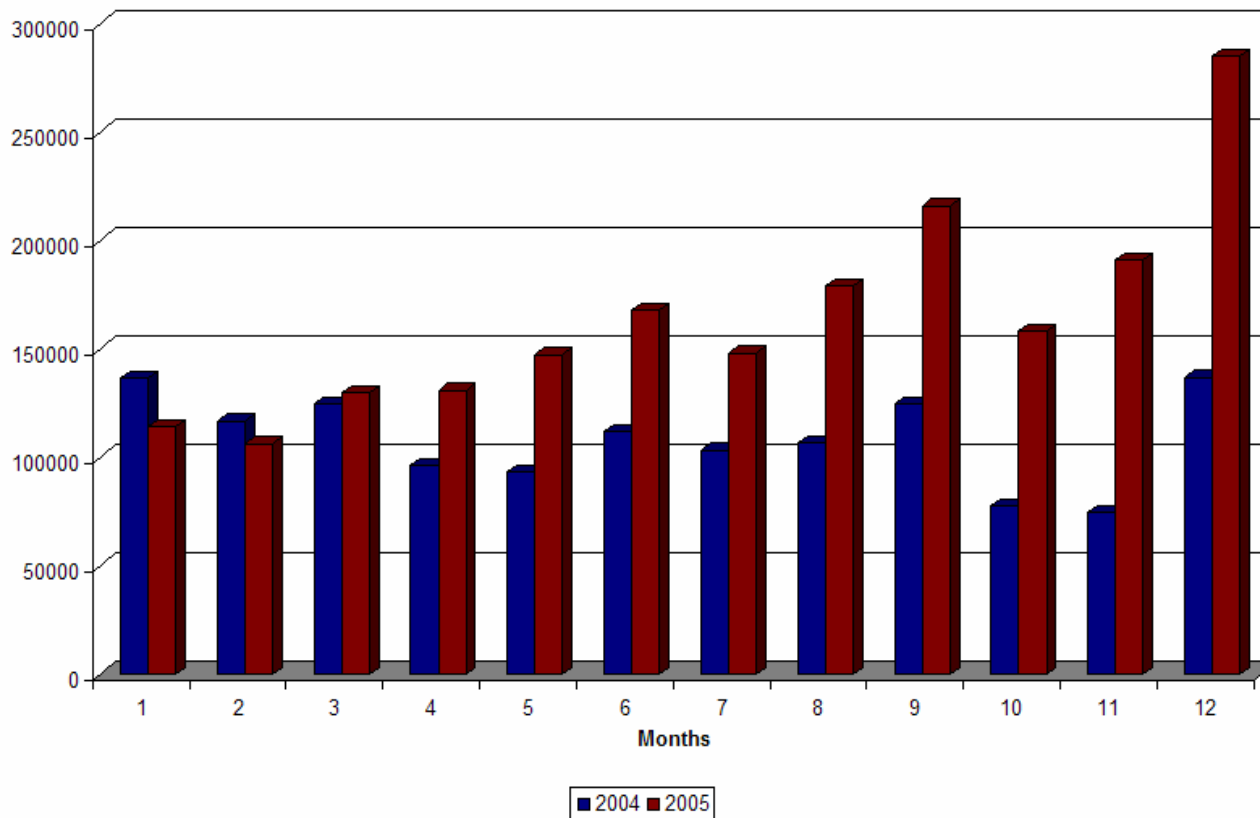
All indications are “Yes”



Before & After



Effect of PTO on IBC Sell-Through





Who is Lightning Source

- Our company founded in 1997
- 350,000+ titles are stored in our Digital Library
- 27,000,000+ books printed to date “One-at-a-Time”
- Manufacturing 1,000,000+ books per month
- 4,200 Publishing Partners



Lightning Source

1,000,000+ Books per Month



Warehousing Titles

Yesterday and Today



Lightning Source



How It Works....



Make Lightning Source Work for Your Bottom Line.....

\$24.95	Publisher Sets Retail Price
<u>55%</u>	Publisher Sets Wholesale Discount
\$11.23	Wholesale Price
<u>\$ -3.50</u>	Print Cost – 200 Page Paperback
\$ 7.73	Remitted to Publisher

On-Demand: **\$7.73 Earned**

vs.

OSI, OPI: **\$0.00 Earned**



How many books fit on-demand printing?

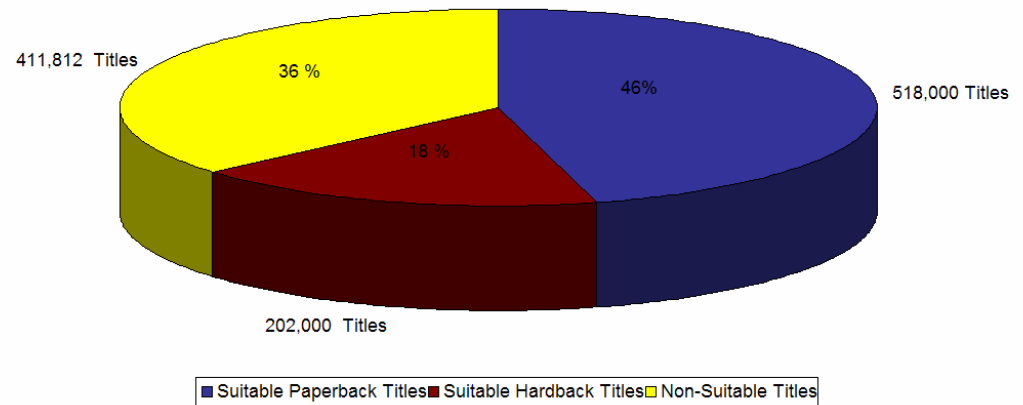


Demand Driven Sampling

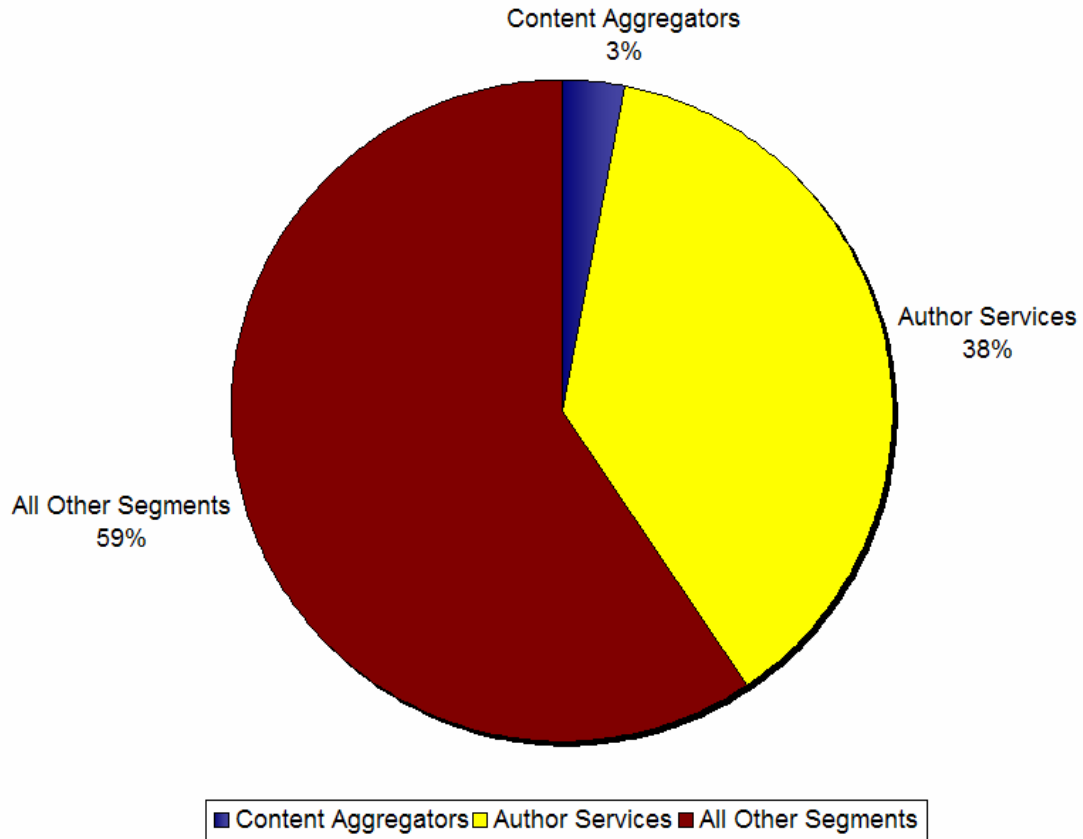
Surveyed:	1,131,812 Books
Paperback	518,000 Books (46%)
Hardcover	202,000 Books (18%)
Total:	<u>720,000 Books (64%)</u>

Trim Size, Page Count & Bind Type Physical Match =

64%



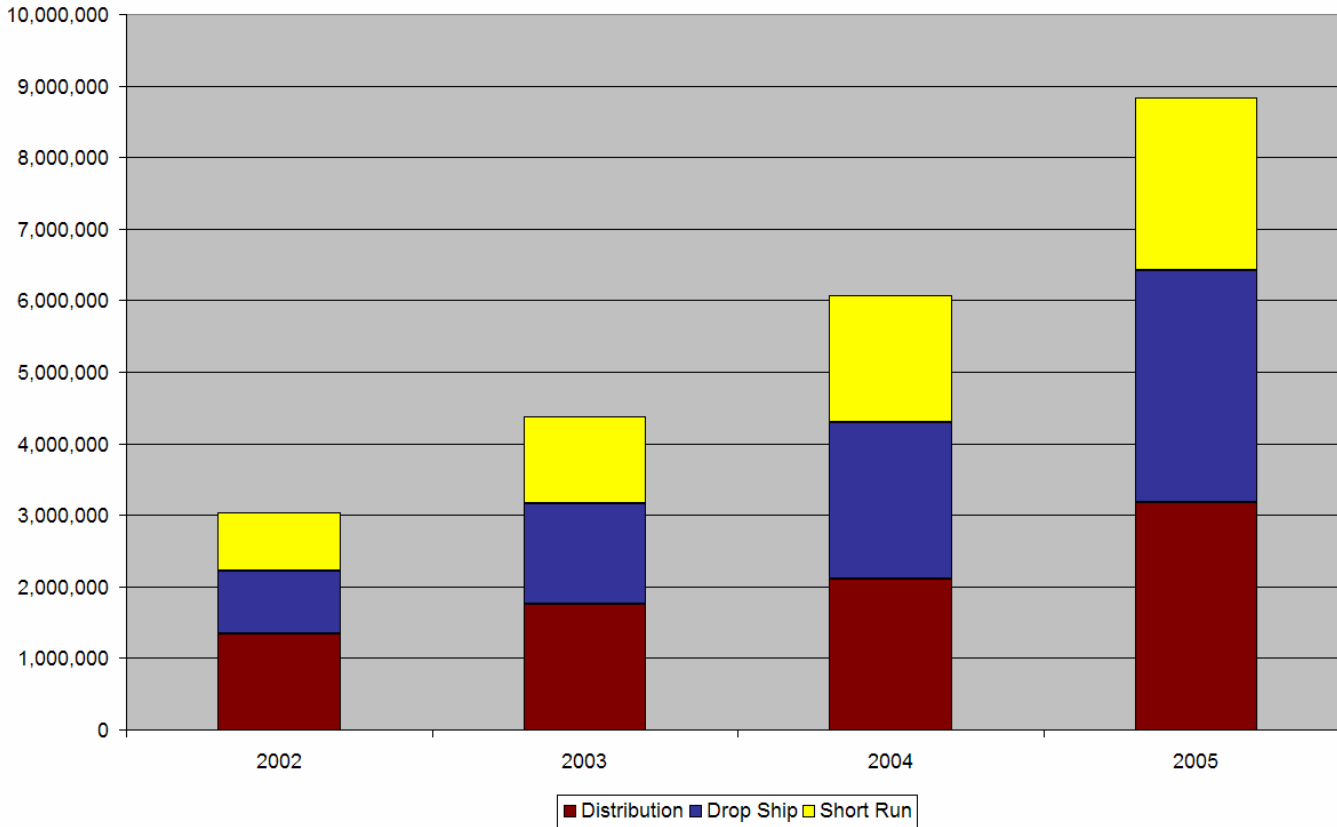
Publishing Partners using LSI



Growth by Order Type



Volume by Year & Order Type



Distribution Partner Sales

- Amazon.com
- Amazon.co.uk
- Baker & Taylor
- Barnes & Noble
- Blackwell (UK)
- Book Depository (UK)
- Coutts (UK)
- Cypher (UK)
- Dawson (UK)
- Gardners (UK)
- Holt Jackson
- Ingram Book Company
- Matthews Medical
- NACSCORP
- Paperback Bookshop (UK)

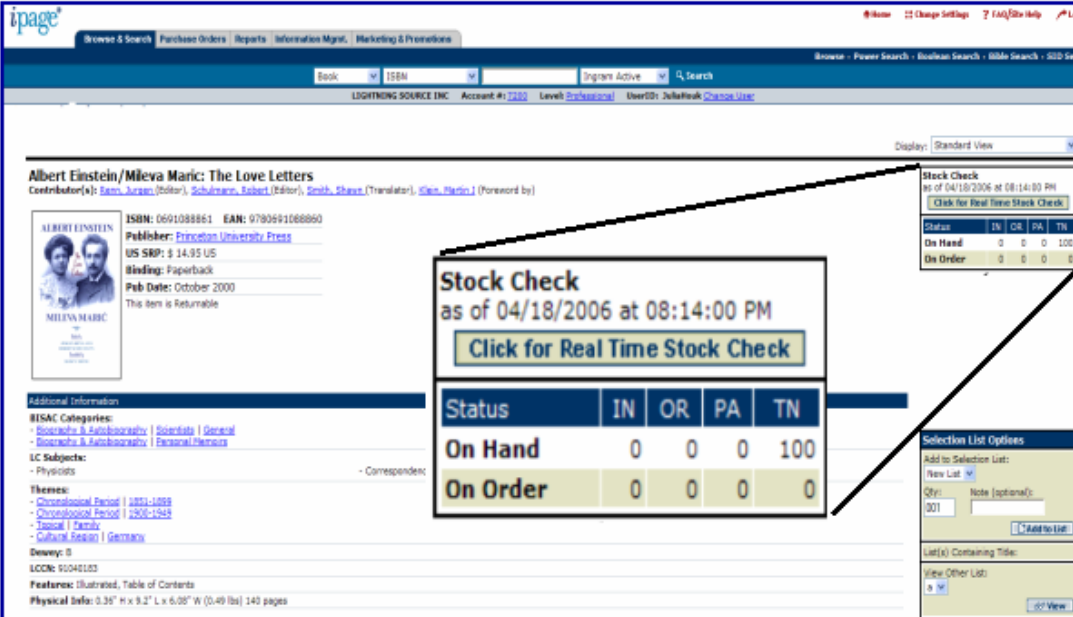


**Lightning's 2005 distribution growth rate was 59%.
The Ingram/Lightning 2005 print-to-order
program (PTO) grew at 110%.**



Why It's So Easy....

Books Visible
 Books There
 Books Fast
 Books SOLD



The screenshot shows the iPage interface for a book listing. The book is 'Albert Einstein/Milva Maric: The Love Letters' by Hans Jürgen (Editor), Solomon Robert (Editor), and Grahame (Translator). The listing includes a cover image, ISBN (0691088861), EAN (9780691088860), publisher (Princeton University Press), US SRP (\$ 14.95 US), binding (Paperback), and publication date (October 2000). A 'Stock Check' overlay is prominently displayed, showing the status as of 04/18/2006 at 08:14:00 PM. The stock check table shows 'On Hand' at 100 and 'On Order' at 0. A 'Click for Real Time Stock Check' button is also visible.

Status	IN	OR	PA	TN
On Hand	0	0	0	100
On Order	0	0	0	0

Ingram Book Company iPage. Lightning's 25th Million Book showing virtual inventory.

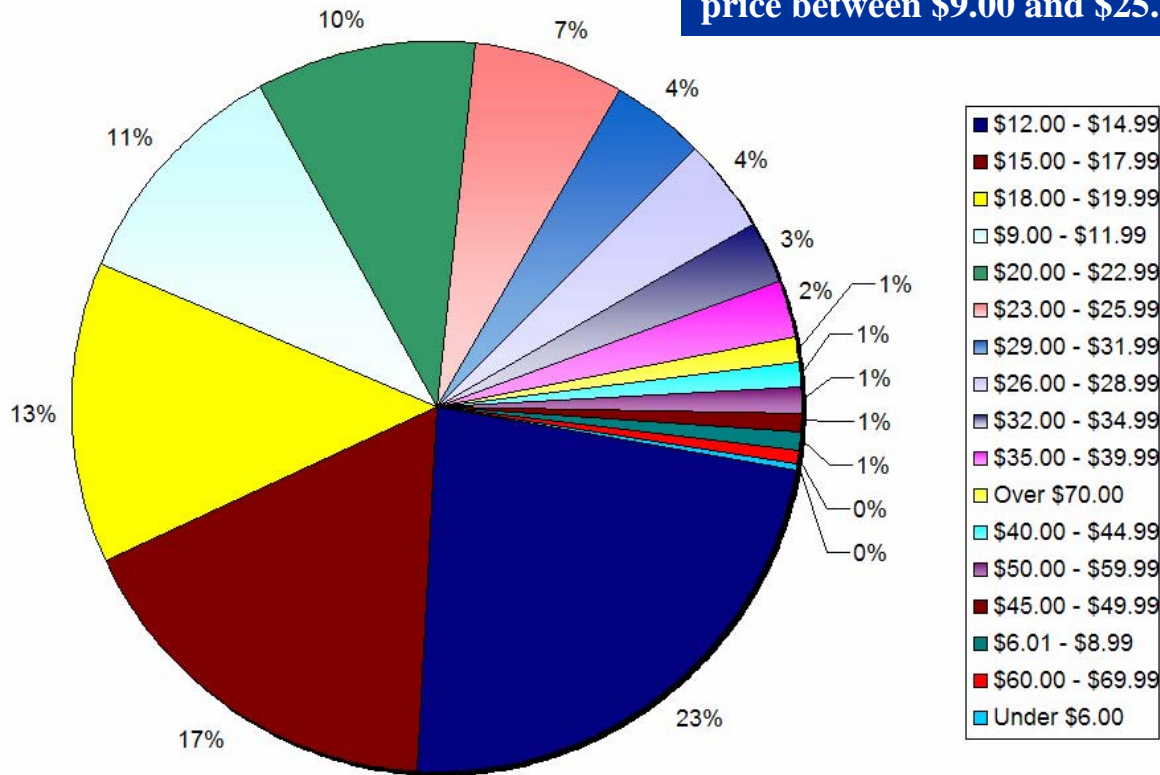


Lightning Source

Distribution Sales by Retail Price



81% of Lightning Source US Distribution book sales have a retail price between \$9.00 and \$25.99



Getting the most out of On-Demand

- **Generate new revenue.** Never miss a sale, no inventory position required.
- **Order smaller quantities more often.** Manage inventory of slow moving titles, maximize warehouse space and planning.
- **Manufacture your books where you need your books.**
Print in the UK for UK orders or in the US or US orders , avoid delay and costs associated with international shipping.
- **One file...multiple applications.**
 - eBook Version at no additional cost for most pdf's
 - Offset printing from your digital provider
 - Color interior from your digital provider
 - Digital one-off as needed



Are we expanding the market?



Lightning Solutions

