March 18, 2008

Dear Library Partner,

**Preview of new format announcements at PLA**

As many of you are aware, there have been recent announcements and news stories in the audiobook industry regarding major retailers' and publishers' moves toward DRM free audiobook content in the MP3 format.

I have **BIG NEWS** to share with you.  As a result of listening to your requests and those of your patrons, OverDrive will be demonstrating at PLA in Minneapolis a new audio format for library lending  . . . **OverDrive MP3 Audiobooks**.  We expect the titles, services, and software for the new format to be ready for your library to start adding to your OverDrive digital media collection by the end of June.  This will be followed with the release of OverDrive Media Console for the Mac.

**More supported devices including iPod**

OverDrive MP3 Audiobooks will be compatible with all models of iPods, iPhone, iPod Touch, Zune, and the thousands of other MP3 players and devices on the market.

**The initial catalog of OverDrive MP3 Audiobook titles**

OverDrive is working to promote the benefits and market opportunities of MP3 audiobooks in the library to publishers and content suppliers.  At launch, however, there will be a limited catalog of titles as not all of our publishing partners will offer content in OverDrive MP3 format.  The initial OverDrive MP3 Audiobook catalog will include thousands of award-winning titles, unabridged fiction, classics, children, nonfiction and other genres.

As OverDrive and libraries demonstrate to publishers and authors the commercial benefits of the sale of their materials in this format, the MP3 catalog will grow quickly. We do expect, however, that several major publishers will withhold their titles from this program for the foreseeable future. [1]  Accordingly, OverDrive plans to continue its support of DRM protected audio content (.WMA), alongside its introduction of the MP3 format.

**OverDrive Media Console Updates & OverDrive Media Console for the Mac**

In conjunction with the launch of OverDrive MP3 Audiobooks, we will be releasing an updated version of OverDrive Media Console (Ver 3.0).   The same wonderful user experience you and your patrons have come

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[1] Many of you may have heard and read about Random House's announcement to make their audiobook titles available without DRM in the MP3 format.  This announcement, however, was *strictly limited to retail outlets*, and specifically excluded distribution to libraries,  "*We are not making any changes at all to our library digital download program..... . To be clear: all titles distributed in download form from our Books on Tape and Listening Library lists through our ... existing library distribution partners, OverDrive ... will continue to have DRM.*"  (Excerpt from February 21, 2008 Open Letter from Madeline McIntosh, Publisher, Random House Audio)"

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MIDAS

to expect from OverDrive audiobooks will continue for OverDrive MP3 Audiobooks - including the ability to download material in parts, manage downloaded content, and use the Transfer Wizard for the iPod.   Later this year, we will be releasing OverDrive Media Console for the Mac which will also support OverDrive MP3 Audiobooks.

**Updated messages and policies for OverDrive download media**

We are working to develop new messages and protocols on library download pages, as well as within OverDrive Media Console to remind users that all download titles, including MP3 titles, are subject to U.S. and international copyright laws. These messages will include information on permissible uses and the specific rights patrons have to the download title during the lending period.  Patrons will be prompted to delete and destroy any and all copies of the content at the end of the lending period and instructed that all download titles are for patrons' personal, non-commercial use.

Instituting these and similar policies for library lending of MP3 audiobook content will encourage additional publishers to grant rights to distribute their titles in OverDrive MP3 Audiobook format.   In order to continue to offer content in the MP3 format, we need your help and support in communicating to your patrons and communities the importance of respecting the permitted uses to download titles.

**Timetable**

OverDrive MP3 Audiobooks are not yet available in Content Reserve for you to see or add to your digital media platform.  We will notify you when these materials are available and provide instructions to your library if you are in interested in adding OverDrive MP3 Audiobooks to your catalog.  We will continue to support OverDrive Audiobooks in the current WMA format for several years to come.

In closing, our success has been a direct result of listening and working with you.  Please call me to discuss how we can continue to make your OverDrive digital media service a success for you and your community. If you or any of your library members are attending PLA in Minneapolis, please drop by booth #1135 where we will be demonstrating OverDrive MP3 Audiobooks, transfer to iPod, and providing a preview of OverDrive Media Console for Mac.  I hope to see you there.

Best regards,

Steve Potash & Team OverDrive