

Time Warner Trade Publishing

1271 Avenue of the Americas, New York, NY 10020

Time Warner Trade Publishing Group Acquires Majority Interest in Leading Children's Ebook Company, ipicturebooks.com

Cutting edge children's publisher to complement ipublish.com, the adult e-book division of Time Warner Trade Publishing Group.

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In a move calculated to continue its leadership in the nascent world of e-book publishing, Time Warner Trade Publishing today announced the acquisition of a majority stake in ipicturebooks llc., the Silicon Alley-based publisher and marketer of children's ebooks.

"We are thrilled to expand our reach into the world of e-publishing with a business that cultivates the earliest of early adopters: children," stated Time Warner Trade Publishing Chairman Laurence Kirshbaum. "America's young people spend a tremendous amount of time on the internet, and it is important to have e-books available in that virtual space, whether it is in school or at home."

ipicturebooks.com, which launches formally on January 24, 2001, was established with the goal of becoming the #1 site for electronic books for children ages six months to ten years old for use in homes, schools and libraries. The site, founded by veteran electronic publisher Byron Preiss, who Publisher's Weekly has called "the poster-boy for digital convergence," has already begun to aggregate content from six major trade publishers, including such industry leaders as Farrar, Straus and Giroux, Henry Holt and Time Warner Trade Publishing's own Little, Brown and Company division, as well as such educational publishers as Two-Can Publishing and The Millbrook Press.

ipicturebooks.com converts illustrated children's books into beautiful e-books that can be downloaded on a per -book basis or subscribed via any personal computer with a modem or by wireless web devices. The combination of careful conversion and back-lit computer screens results in full color e-books of outstanding quality.

ipicturebooks.com will feature the work of several Caldecott Award winning artists; beloved children's characters such as "Pearl" from William Steig's The Amazing Bone and Barney, the pre-schooler's friend from PBS; the official e-book edition of The Wizard of Oz authorized by the L. Frank Baum Family Trust; and over sixty-five titles from the best-selling beginning reader series from a trusted name in early childhood education, the Bank Street College of Education.

In addition to ipicturebooks.com's own online webstore, the company intends to establish co-branded boutiques with online retailers and educators. The first of these boutiques was launched on December 20 with barnesandnoble.com using the Adobe Glassbooks technology. ipicturebooks.com currently supports the three major Open E-book-compliant formats for ordinary PCs, laptops, and handhelds: Microsoft Reader, Adobe Glassbooks and Adobe Acrobat PDF, and intends to introduce versions for the Palm operating system and the Franklin ebookman. The company's partner for digital rights management is Reciprocal, which is also supporting Time Warner Trade Publishing's ipublish.com at Time Warner Books site. ipicturebooks intends to roll out advanced e-book features such as music and interactive pages later this year.

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“There are an enormous number of opportunities to coordinate the school and school-to-home markets,” said Roger Cooper, consultant for strategic alliances at ipublish.com. “Imagine a library where a book never goes out of stock.”

In addition to Mr. Preiss, ipicturebooks’ executives include Jerry Butler, COO, who was formerly CFO of William Morrow and Warner Books; Harold Underdown, Vice President of Editorial Operations, who was formerly Editor-in-Chief of Charlesbridge Publishing; Esther Wendling, Vice-President, Technology; and James Kirschman, Vice-President of Marketing.

The company is located at 24 West 25th Street, New York, NY 10010. Its web address is <http://www.ipicturebooks.com>.

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The sale of the majority interest in ipicturebooks.com was represented in the transaction by Veronis Suhler, the leading media merchant banker.