Audio Pod

Reinventing Digital Reading

Kelly Jo MacArthur
VP of IP Acquisition and Investments
Amamzon.com Inc.
410 Terry Avenue North
Seattle, WA 98109-5210
U.S.A.

December 27, 2012

Dear Ms. MacArthur:

Without preamble, I would like to draw your attention to the latest Kindle product offering and the Intellectual Property owned by Audio Pod Inc.

In our opinion, there is a marked similarity between some of the newest features contained within the Kindle and some of our Intellectual property. Specifically in technology areas related to 'Whispersync for Voice' and 'Immersion Reading', among others.

All of the Audio Pod's IP claims have a priority date of December 2005. Our IP in the US includes one recently granted patent covering 'Segmentation and Transmission of Audio Streams' with a Continuation Application for this patent to preserve and expand unclaimed IP therein; and a Continuation In Part Application covering a 'System and Method for Rendering of Digital Content Using Time Offset' built on the previous application that is dated December 2005.
Additional patent applications for the 'Segmentation and Transmission of Audio Streams' were filed under PCT national phase in England, France and Germany.

Audio Pod Inc, including all of its Intellectual Property, is currently being marketed for acquisition.
It is our opinion that Amazon would benefit directly by acquiring our IP, in part, for the following reasons:

- Amazon receives the benefit of our 2005 priority date on all IP.
- Amazon prevents a competitor from acquiring our IP, avoiding possible future ramifications.
- Amazon can continue to expand the capabilities of its Kindle product offering using an additional demonstrable and proven technology.
- Amazon will secure and capitalize on a significant additional IP that is yet to be claimed under original priority date.
- Amazon will fully realize the revenue derived from the ownership of that IP.
- Amazon will effectively exclude its competition from deploying same or similar technologies within the ownership rights to our IP.

Attached, you will find a summary sheet containing information about Audio Pod Inc, and relevant patent and applications numbers.

In light of the latest Kindle product offering, I would like to suggest that you read through our patent and applications, and carefully consider their content and our offer to start the dialog.

As previously mentioned, Audio Pod Inc is positioned to be acquired. Should you wish to discuss this in further detail, it would be beneficial to do so without delay.

Sincerely,

Greg Shostakovsky
President and CEO
Audio Pod Inc.
greg@audiopod.ca

Audio Pod Inc is a technology research and development company founded in 2005 as a privately held Canadian Corporation. Our focus is the development of technology that delivers the ultimate literary experience to the consumer. Notwithstanding commitments related to shareholders equity, the company is self financed, debt free and without obligations. We are located in Ottawa, Ontario, Canada.

Patents Granted

US Patent Number: 8,285,809 - Issued: October 9, 2012
'Segmentation and Transmission of Audio Streams'

Patents Pending

US Patent Application: 13/313,393
'System and Method for Rendering Digital Content Using Time Offsets'
This is a CIP application derived from 12/096,933 preliminary set of claims, which resulted in US Patent 8,285,809.

US Patent Application: 13/588,084 'Transmission of Digital Audio Data'. This is a Continuation of 12/096,933 preliminary set of claims.

PCT/CA2006/002046 – 'Segmentation and Transmission of Audio Streams' (England, France, Germany).