

THE NORWICH BOOKSTORE, INC.
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John Read
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LITIGATION III, ANTITRUST DIV.
U.S. DEPT OF JUSTICE

Dear Mr. Read,

I am concerned about the DOJ charges of price-fixing against the five publishers and Apple because, though the investigation was initiated to make the electronic book business more fair, ultimately it will most likely do the exact opposite.

Yes, price fixing is illegal, but a discussion among professional colleagues about the pros and cons of working with an "agency model" or "wholesale pricing model" is not the same as price fixing.

The publishing industry faces a potential monopoly with the "wholesale model" because Amazon chooses to sell eBooks below cost in order to sell their Kindle reader, which is a proprietary device. There are other readers available now, and local independent bookstores such as ours can provide eBooks for those other readers, and yes, we make 30% (less processing fees) to cover the cost of our websites. It takes a lot of eBook sales at an average of \$3.70 to make that work, especially since we are currently locked out of providing content to the Kindle readers.

The beauty of the agency model is that it does not matter if you come to the Norwich Bookstore or you buy from the Barnes and Noble chain or the online giant Amazon, the price for the eBook is set by the publisher. Since the introduction of the agency model many more independent booksellers are selling e-books, and those sales have shown steady growth. The agency model has lowered prices to indie bookstore customers, and indies themselves have seen significantly increased price competition among publishers in regard to promotions, discounts, and special offers, all of which have allowed bricks-and-mortar bookstores like ours to offer customers a wider array of titles at a greater value.

To use eBooks as "loss leaders" – like turkeys in the grocery store at Thanksgiving – in order to dominate the market with a single electronic reading device, and then close out all other potential suppliers of content is a much more terrifying prospect to me. The book publishing – electronic or printed on paper – should be about the widespread sharing of ideas and stories, celebrating our diverse cultures, not a narrow profit center for a single corporation.

Please be cautious and look at the larger picture of eBooks and fairness as you consider this case.

Liza Bernard
co-owner

