



1588 E. 40th St.
Cleveland, OH 44103
216-431-2665
216-431-7933 fax
www.grayco.com

David Gray
dgray@grayco.com

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John Read
Chief, Litigation III Section, Antitrust Division
U.S. Department of Justice
450 5th Street, NW, Suite 4000
Washington, DC 20530

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LITIGATION III, ANTITRUST DIV.
U.S. DEPT. OF JUSTICE

Dear John Read,

Regarding the litigation against Apple and several of the largest U.S. book publishers:

Please take a moment to consider the book industry from the point of view of the smaller book publishing companies. There are many thousands of us, and we publish hundreds of thousands of books a year.

We have no leverage with Amazon when it comes to ebooks. They dictate terms. Amazon says: *Price your ebook at \$9.99 or lower or we'll cut your share of the profits in half.* End of discussion.

We don't get to choose between wholesale model or agency model. We get once choice: the Amazon model.

Their vision of the "correct" price for an ebook is based not on altruism toward book buyers but on a strategy to entice consumers to purchase Amazon's proprietary (and profitable) hardware with the offer of inexpensive ebooks.

They can do this because they dominate the book industry. They became dominant in large part by being willing to lose money on print books to gain market share (and consumer customer data).

With print books, smaller publishers may shake their heads at Amazon's loss-leading strategy, but at least we still get paid based on the prices we choose to set for our products.

Now, with ebooks, Amazon is forcing us not only to comply with their idea of the "correct" price but to share in the loss of income that helps subsidize their hardware and other business lines.

Price-fixing can happen in either direction. Why not look both ways?

Your lawsuit, if successful, will make it harder for most small publishers to do business profitably.

Sincerely,

(Signature)
David Gray