

The Bookworm
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LITIGATION III, ANTITRUST DIV.
U.S. DEP^T OF JUSTICE

May 10, 2012

As independent booksellers, the issue of the agency model for e-books is of great concern to us. We believe the agency model is good for us and our customers and that it has corrected a distortion in the market caused by below cost pricing. Predominantly led by Amazon.com, I believe this has reduced or eliminated competition among retailers and publishers.

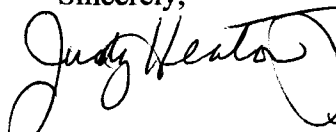

Since the introduction of the agency model many more independent booksellers, us included, are selling e-books. Since the introduction of the agency model, the e-book market has become more competitive - not less so.

Deeply discounted books were among the key components driving Amazon.com's growth. Before the introduction of the agency model Amazon had a 90 percent market share in e-books, when they were selling below cost, a price lower than we can get them from the publishers.

If the agency model goes away, there is every reason to believe that Amazon will again price below cost and increase its e-book market share. We think this is will be bad news for the reading public, resulting in a cultural landscape with a far less diverse range of titles being published and a diminished range of publishers, and the closing of brick and mortar bookstores.

It is alarming to think that the Department of Justice would accept the possible upending of an industry as important to the cultural and intellectual life of our nation as bookselling and publishing so that one retailer could pursue a policy that attempts to monopolize the entire e-book market.

Sincerely,



Judy and Jerry Heaton
Proprietors
The Bookworm