

Exhibit A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

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UNITED STATES OF AMERICA,

Plaintiff, CASE NO.

vs. 12-CV-2826 (DLC)

APPLE INC., et. al,

Defendants.

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HIGHLY CONFIDENTIAL

VIDEOTAPED DEPOSITION

RUSSELL GRANDINETTI

JANUARY 28, 2013

1918 Eighth Avenue

Seattle, Washington

REPORTED BY:
PAUL J. FREDERICKSON, CCR, CSR
JOB NO. 28636

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MR. PARKER: I want to mark as -- I think
this is 4.

Am I right?

10:02:29 [Deposition Exhibit 4 marked.]

MR. KIPLING: This is probably an opportune
time for me to ask: What do I need to do to designate
this transcript as highly confidential?

MR. BUTERMAN: I think what we've been doing
10:02:56 is you can make the point on the record that we will be
designating the transcript at least temporarily from this
moment forward as highly confidential, and then the
parties have been going back after the deposition, after
they've reviewed the final transcript, to see what
10:03:14 portions needed to be designated highly confidential.
But we can sign -- I think we can all agree to assign a
highly confidential status for the deposition pending
review of that.

MR. KIPLING: Okay.

10:03:26 I would like to designate it as highly
confidential pending further review, and that was
highlighted by the fact that this document is
extraordinarily sensitive, with limited distribution
within Amazon.

10:03:59 [Pause.]

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A. In Amazon culture?

Q. What is "Jeff's boathouse"? Is that a structure or is that something -- something else?

13:21:52 A. There is a house on -- there's a structure on Jeff's property that I -- I don't really use the term "boathouse" and haven't done, but it was on the water.

Q. Okay.

13:22:05 So on Friday the 22nd you got this email; correct?

A. Yep.

Q. And the email --

A. I mean, I'm just looking at the date.

Q. Yeah.

A. So I believe that to be true.

Q. And the meeting was sometime earlier than that.

Is it a fact that there was a meeting at Jeff's boathouse on Sunday morning, the 24th, to discuss agency?

13:22:20 A. I don't remember the specific date. We -- a group of us met at Jeff's house on some weekend.

Q. All right.

13:22:45 [Deposition Exhibit 13 marked.]

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2 A. Okay. Thank you.

3 Q. Does this refresh your recollection about a

4 meeting at Jeff's boathouse at 8:30 a.m. on Sunday,

5 13:23:23 January 24?

6 A. Again, just because it was a while ago, I

7 can't say I remember the date in my mind. I do recall

8 meeting at Jeff's house over the weekend around this

9 time frame.

10 13:23:33 Q. Is that a regular occurrence in your

11 experience to meet at Jeff's, Jeff's house on a

12 weekend, on a Sunday morning?

13 A. I've met at Jeff's house a couple times

14 and I would not say it's a regular occurrence.

15 13:23:48 Q. Less than five times, would you say, in the

16 time you've been at Amazon?

17 A. Yeah, something in that, in that nature.

18 Q. And Mr. Bezos was the host of this meeting?

19 A. Well, it was his house.

20 13:24:05 Q. It was at his house?

21 A. Yeah.

22 Q. And he was present during the entire

23 meeting?

24 A. He was present during the meeting, yes.

25 13:24:11 Q. How long did the meeting last?

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A. I recall a couple of hours, maybe two, but I'm not -- I'm not certain.

Q. And what the topic -- excuse me -- the
13:24:17 topic of the discussion at the meeting?

MR. KIPLING: I'm going to caution the witness.

You can give a general topic here.

But I have discussed this meeting with him. The
13:24:26 general counsel of Amazon and their regulatory counsel were present, and this was a meeting at which Amazon employees were seeking legal advice. So I'm going to instruct him not to disclose what was discussed at that meeting.

13:24:37 MR. PARKER: Can you read back the question? And we'll try to get an answer from the witness.

[The court reporter read back the question.]

A. My recollection is that, given the proposals we had seen in the prior couple of days
13:25:02 about agency, we wanted to get together to discuss the topic.

Q. Okay.

And did you -- was there a discussion of a business strategy in response to the request you had
13:25:18 been receiving that we've been talking about today to

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2 A. No.

3 Q. Was there a discussion in that meeting of
4 any respect in which agency might be good for Amazon,
5 13:31:30 that is, sort of a "just say yes" policy and go to
6 agency because it's in Amazon's business interest? Was
7 that discussed?

8 MR. BUTERMAN: Objection to form.

9 A. Again, because I was informed by counsel
10 13:31:46 about the serious legal issues involved in the agency
11 proposal, in my mind the business and legal issues are
12 inextricable, and that's the reason we asked -- I
13 believe they joined the meeting. I was -- they told
14 me it was appropriate for them to join the meeting,
15 13:32:01 and we sought their advice during the discussion.

16 Q. I'm sorry, who told you it was appropriate
17 for --

18 A. Our counsel.

19 Q. Were they --

20 13:32:09 A. Having reported the circumstances of the
21 proposals we were given from publishers, the advice I
22 got from counsel was there were serious legal issues
23 tied up with the proposals we had received from
24 publishers, and that if we met, we should include
25 13:32:21 them, so we get their advice.

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2 conversations with Apple about that policy and its

3 impact on Kindle and vice versa.

4 Q. With whom at Apple did you speak?

5 14:12:03 A. Phil Schiller, Eddie Cue, Steve Jobs.

6 Q. Okay.

7 But nothing during the 2010 time period when

8 you're negotiating these agency deals?

9 A. No, I did not.

10 Q. All right.

11 Did anybody at the publisher in connection with

12 negotiating the agency deals mention the type of

13 contract that they may have had with Apple?

14 A. In my experience publishers didn't often

15 14:12:36 or ever -- I can't recall them talking about Apple

16 specifically.

17 Based upon what I was reading in the press at

18 the time and indirect intimations of publishers,

19 sometimes I got the sense that their negotiations with

20 14:12:50 us were being driven by their Apple contracts but I --

21 I can't point to anything specifically.

22 Q. Can you point to any publisher that said

23 that, that what we're doing now is being driven by our

24 Apple content? Anybody say that to you? Any of the

25 14:13:08 publishers say that to you?

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A. I don't remember specifically them saying that.

Q. All right.

14:13:15 MR. PARKER: So let's do 52 here. All right. We're going to look at the --

BY MR. PARKER:

Q. While we're finding the document, let me ask a couple of questions.

14:13:27 So going back on Macmillan, shortly following the boathouse meeting, Amazon made a decision not to sell Macmillan's books; am I right?

A. It was some number of weeks after that. I don't remember when.

14:13:48 Q. Right.

And we talked about the participants in that decision. And your business objective in doing that was what?

A. In --

14:13:55 MR. KIPLING: In doing what?

A. Yeah, could you clarify? Yeah.

Q. Excuse me. In refusing to -- withdrawn. Let me start over.

Your business objective in refusing to sell Macmillan's books was what?

14:14:07