

# 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.

-----x

HIGHLY CONFIDENTIAL

VIDEOTAPED DEPOSITION

RUSSELL GRANDINETTI

JANUARY 28, 2013

1918 Eighth Avenue

Seattle, Washington

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

<p style="text-align: right;">170</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 A. No.</p> <p>3 <b>Q. Was there a discussion in that meeting of</b></p> <p>4 <b>any respect in which agency might be good for Amazon,</b></p> <p>5 <b>that is, sort of a "just say yes" policy and go to</b></p> <p>6 <b>agency because it's in Amazon's business interest? Was</b></p> <p>7 <b>that discussed?</b></p> <p>8 MR. BUTERMAN: Objection to form.</p> <p>9 A. Again, because I was informed by counsel</p> <p>10 about the serious legal issues involved in the agency</p> <p>11 proposal, in my mind the business and legal issues are</p> <p>12 inextricable, and that's the reason we asked -- I</p> <p>13 believe they joined the meeting. I was -- they told</p> <p>14 me it was appropriate for them to join the meeting,</p> <p>15 and we sought their advice during the discussion.</p> <p>16 <b>Q. I'm sorry, who told you it was appropriate</b></p> <p>17 <b>for --</b></p> <p>18 A. Our counsel.</p> <p>19 <b>Q. Were they --</b></p> <p>20 A. Having reported the circumstances of the</p> <p>21 proposals we were given from publishers, the advice I</p> <p>22 got from counsel was there were serious legal issues</p> <p>23 tied up with the proposals we had received from</p> <p>24 publishers, and that if we met, we should include</p> <p>25 them, so we get their advice.</p>	<p style="text-align: right;">172</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 of action that did not involve legal issues and advice</p> <p>3 from counsel.</p> <p>4 <b>Q. So if that's all Mr. Kipling is going to</b></p> <p>5 <b>let me answer, I guess that's about it. Correct?</b></p> <p>6 A. I think that's for you to determine.</p> <p>7 <b>Q. There came a time when Amazon did move to</b></p> <p>8 <b>agency with certain publishers; am I right?</b></p> <p>9 A. Yes, that's correct.</p> <p>10 <b>Q. They did so with Macmillan on February 5;</b></p> <p>11 <b>am I right?</b></p> <p>12 A. I don't remember the specific date but</p> <p>13 that time frame sounds correct.</p> <p>14 <b>Q. HarperCollins on February 23?</b></p> <p>15 A. The same answer.</p> <p>16 <b>Q. Simon &amp; Schuster on March 23?</b></p> <p>17 A. Again, the time frame sounds correct.</p> <p>18 <b>Q. Hachette on April 2?</b></p> <p>19 A. Again, once again that time frame sounds</p> <p>20 correct in my mind.</p> <p>21 <b>Q. And Penguin on May 25?</b></p> <p>22 A. I believe so, yes.</p> <p>23 <b>Q. Well, let's take Macmillan, the first one.</b></p> <p>24 <b>When was the first decision made to sign an agency</b></p> <p>25 <b>contract with Macmillan?</b></p>
<p style="text-align: right;">171</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 <b>Q. And were they there for the entire meeting?</b></p> <p>3 A. Yes.</p> <p>4 <b>Q. At the end of the meeting did you have a</b></p> <p>5 <b>separate meeting with Mr. Bezos?</b></p> <p>6 A. No, I did not.</p> <p>7 <b>Q. Can you tell me any suggestion that anyone</b></p> <p>8 <b>made in that meeting about terms that Amazon might be</b></p> <p>9 <b>willing to agree to in connection with an agency</b></p> <p>10 <b>proposal?</b></p> <p>11 MR. KIPLING: Again, I'm going to instruct</p> <p>12 you that unless this was distinct from the legal advice</p> <p>13 that you were getting from your counsel that you -- that</p> <p>14 Amazon instructs you not to answer that.</p> <p>15 MR. PARKER: All right. Let's go to the</p> <p>16 bottom line here.</p> <p>17 BY MR. PARKER:</p> <p>18 <b>Q. Was any decision reached among participants</b></p> <p>19 <b>at the meeting, which included Mr. Bezos, to begin</b></p> <p>20 <b>negotiating agency contracts with any publisher?</b></p> <p>21 A. I don't recall.</p> <p>22 <b>Q. Any decisions made on any course of action</b></p> <p>23 <b>that did not involve legal issues on how to respond to</b></p> <p>24 <b>agency?</b></p> <p>25 A. There were no decisions made in the course</p>	<p style="text-align: right;">173</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 A. I don't remember the specific date.</p> <p>3 <b>Q. Close to February 5?</b></p> <p>4 A. Well, since I believe that's the date</p> <p>5 which we signed the agreement, obviously the decision</p> <p>6 to do so would have predated it.</p> <p>7 <b>Q. Okay.</b></p> <p>8 <b>Was there any decision made at this meeting to</b></p> <p>9 <b>sign an agency agreement with any of the publishers?</b></p> <p>10 A. Could you be more specific about time</p> <p>11 frame, which meeting you're talking about?</p> <p>12 <b>Q. I'm sorry, I'm going back to the boathouse</b></p> <p>13 <b>meeting. Excuse me, sir, I'm back at the boathouse</b></p> <p>14 <b>meeting.</b></p> <p>15 <b>Was there any decision made that you would sign</b></p> <p>16 <b>an agency agreement with any particular publisher?</b></p> <p>17 A. I'll point out that a few times we've said</p> <p>18 that the legal issues here were inextricably bound up</p> <p>19 with the business issues, and as a result I wouldn't</p> <p>20 talk about the content of the meeting in anymore</p> <p>21 detail.</p> <p>22 <b>Q. But that's a yes/no question. Is there --</b></p> <p>23 <b>you know, was any decision made? That's all I'm</b></p> <p>24 <b>asking.</b></p> <p>25 MR. KIPLING: I think you can just say yes or</p>

<p style="text-align: right;">174</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL                  2 no if you remember.                  3 A. I don't -- I believe the answer is no.                  4 <b>Q. No. All right.</b>                  13:36:13 5 <b>Did Mr. Bezos express an opinion as to how</b>                  6 <b>the -- the business strategy that he would recommend in</b>                  7 <b>order to respond to the request by certain publishers</b>                  8 <b>that Amazon adopt an agency model?</b>                  9 A. We've talked a couple of times about the                  13:36:34 10 content of this meeting and participation of counsel                  11 and the advice we sought.                  12 I would just say as a general matter, we talk                  13 about -- to the extent we meet as a team on any topic,                  14 we talk about as a group and these decisions are very                  13:36:46 15 typically group decisions.                  16 <b>Q. I've just asking, did he make a</b>                  17 <b>recommendation? That's all I'm saying.</b>                  18 A. And, again, I think your specific question                  19 goes to some of the more detailed concepts of the                  13:36:59 20 meeting, and based on the advice of counsel, I'll just                  21 decline to comment.                  22 <b>Q. Were there documents prepared for this</b>                  23 <b>meeting? In other words, was there a deck prepared or</b>                  24 <b>was there a --</b>                  13:37:11 25 A. I don't recall.</p>	<p style="text-align: right;">176</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL                  2 <b>any terms?</b>                  3 A. My recollection of this time period is we                  4 were going to try to convince publishers to stay on                  5 the wholesale model as best as we could.                  6 <b>Q. And resist the agency?</b>                  7 A. Yes.                  8 <b>Q. And maintain the 9.99 price?</b>                  9 A. Well, what prices -- under the wholesale                  13:38:56 10 model we would be free to set prices unilaterally. We                  11 were happy with our pricing. So my assumption would                  12 be that we planned to continue our pricing.                  13 <b>Q. You said earlier that the 9.99 price and</b>                  14 <b>the other strategy followed by Amazon was all in all</b>                  15 <b>profitable. Did you mean it was profitable in 2008 and</b>                  16 <b>2009 or that over time it would become profitable?</b>                  17 A. I believe --                  18 MR. BUTERMAN: Object to form.                  19 A. Again, earlier in the questions you asked                  13:39:27 20 me a question about profitability from time to time,                  21 and our belief in both the short and the long term was                  22 our pricing allowed us to run a profitable business.                  23 <b>Q. In 2008 and 2009; am I right? Is that what</b>                  24 <b>you're saying?</b>                  13:39:42 25 A. Again, from period to period or week to</p>
<p style="text-align: right;">175</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL                  2 One thing I do recommend -- not recommend,                  3 excuse me -- recall about this time period is things                  4 were moving so quickly, you know, it wasn't always                  13:37:21 5 possible to create documents on the topic.                  6 <b>Q. Was there any memo coming out of the</b>                  7 <b>meeting that summarized some or anything of what was</b>                  8 <b>said that you're aware of?</b>                  9 A. I don't recall one.                  13:37:36 10 <b>Q. You didn't prepare one, in any event?</b>                  11 A. I don't recall having prepared one.                  12 <b>Q. All right.</b>                  13 <b>When you left the meeting, what was your</b>                  14 <b>understanding of the strategy that you personally were</b>                  15 <b>going to employ to deal with the request by</b>                  16 <b>HarperCollins and others that Amazon move to an agency</b>                  17 <b>model?</b>                  18 MR. BUTERMAN: Objection to form.                  19 A. Could you repeat the question one more                  13:38:05 20 time, please? Or read it back, please.                  21 MR. PARKER: Can you read that back:                  22 [The court reporter read back the question.]                  23 A. I don't recall the specific outcome of the                  24 meeting in those terms.                  13:38:35 25 <b>Q. Do you recall any outcome of the meeting in</b></p>	<p style="text-align: right;">177</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL                  2 week or month to month it could be volatile but yes in                  3 answer to the question, we believed it was a                  4 profitable business.                  5 <b>Q. Even though you were pricing New York Times</b>                  6 <b>best sellers below cost?</b>                  7 MR. BUTERMAN: Objection as to form.                  8 MR. KIPLING: And this is argumentative and I                  9 think redundant.                  10 But go ahead.                  11 MR. BUTERMAN: And also misstates prior                  12 testimony.                  13 A. In the Kindle business over 2008 and 2009                  14 there were occasions where we priced books below cost.                  15 When we step back and look at the total business                  16 across all the books we sold, we believe we were                  17 pricing books that allowed us to run a profitable                  18 business.                  19 <b>Q. And when you looked at the business as a</b>                  20 <b>whole, you said books, you also included the cost of</b>                  21 <b>the e-reader as well? I mean, excuse me, revenue from</b>                  22 <b>the sale of the e-readers as well?</b>                  23 MR. KIPLING: Object to form.                  24 A. Could you just repeat the question one                  13:40:33 25 more time, please?</p>

<p style="text-align: right;">202</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 THE WITNESS: Yeah, if we could take a</p> <p>3 minute, that would be great. I would appreciate it.</p> <p>4 MR. PARKER: Yeah. No, I got it. No</p> <p>5 problem.</p> <p>6 THE WITNESS: Thank you very much.</p> <p>7 MR. PARKER: I'm sorry. I didn't realize I</p> <p>8 stepped on something.</p> <p>9 THE WITNESS: No, no.</p> <p>14:07:35 10 THE VIDEOGRAPHER: We are now going off the</p> <p>11 record. The time is 2:07 p.m.</p> <p>12 [Recess at 2:07 p.m.]</p> <p>13 [Resuming at 2:11 p.m.]</p> <p>14 THE VIDEOGRAPHER: We're back on the record.</p> <p>14:11:30 15 The time is 2:11.</p> <p>16 MR. PARKER: All right. Let's go.</p> <p>17 MR. KIPLING: Yes, I believe there is a</p> <p>18 pending question and he can respond to it.</p> <p>19 The question was: Did he ever talk to Apple at</p> <p>14:11:37 20 any time about any business arrangement?</p> <p>21 A. Much later on Apple was making a</p> <p>22 significant change, I believe it's the 2011 time</p> <p>23 frame, significant change to their policy about the</p> <p>24 App Store, which affected the Kindle app in the App</p> <p>14:11:52 25 Store, and during that time I had some direct</p>	<p style="text-align: right;">204</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 A. I don't remember specifically them saying</p> <p>3 that.</p> <p>4 <b>Q. All right.</b></p> <p>14:13:15 5 MR. PARKER: So let's do 52 here. All</p> <p>6 right. We're going to look at the --</p> <p>7 BY MR. PARKER:</p> <p>8 <b>Q. While we're finding the document, let me</b></p> <p>9 <b>ask a couple of questions.</b></p> <p>14:13:27 10 <b>So going back on Macmillan, shortly following</b></p> <p>11 <b>the boathouse meeting, Amazon made a decision not to</b></p> <p>12 <b>sell Macmillan's books; am I right?</b></p> <p>13 A. It was some number of weeks after that. I</p> <p>14 don't remember when.</p> <p>14:13:48 15 <b>Q. Right.</b></p> <p>16 <b>And we talked about the participants in that</b></p> <p>17 <b>decision. And your business objective in doing that</b></p> <p>18 <b>was what?</b></p> <p>19 A. In --</p> <p>14:13:55 20 MR. KIPLING: In doing what?</p> <p>21 A. Yeah, could you clarify? Yeah.</p> <p>22 <b>Q. Excuse me. In refusing to -- withdrawn.</b></p> <p>23 <b>Let me start over.</b></p> <p>24 <b>Your business objective in refusing to sell</b></p> <p>14:14:07 25 <b>Macmillan's books was what?</b></p>
<p style="text-align: right;">203</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 conversations with Apple about that policy and its</p> <p>3 impact on Kindle and vice versa.</p> <p>4 <b>Q. With whom at Apple did you speak?</b></p> <p>14:12:03 5 A. Phil Schiller, Eddie Cue, Steve Jobs.</p> <p>6 <b>Q. Okay.</b></p> <p>7 <b>But nothing during the 2010 time period when</b></p> <p>8 <b>you're negotiating these agency deals?</b></p> <p>9 A. No, I did not.</p> <p>10 <b>Q. All right.</b></p> <p>11 <b>Did anybody at the publisher in connection with</b></p> <p>12 <b>negotiating the agency deals mention the type of</b></p> <p>13 <b>contract that they may have had with Apple?</b></p> <p>14 A. In my experience publishers didn't often</p> <p>14:12:36 15 or ever -- I can't recall them talking about Apple</p> <p>16 specifically.</p> <p>17 Based upon what I was reading in the press at</p> <p>18 the time and indirect intimations of publishers,</p> <p>19 sometimes I got the sense that their negotiations with</p> <p>14:12:50 20 us were being driven by their Apple contracts but I --</p> <p>21 I can't point to anything specifically.</p> <p>22 <b>Q. Can you point to any publisher that said</b></p> <p>23 <b>that, that what we're doing now is being driven by our</b></p> <p>24 <b>Apple content? Anybody say that to you? Any of the</b></p> <p>14:13:08 25 <b>publishers say that to you?</b></p>	<p style="text-align: right;">205</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 A. Our hope was that they would reconsider</p> <p>3 moving off of wholesale terms and we could convince</p> <p>4 them to stay on the terms we had been, under which we</p> <p>14:14:19 5 had been doing business.</p> <p>6 <b>Q. Did you personally communicate that to</b></p> <p>7 <b>anybody at Macmillan?</b></p> <p>8 A. I am sure I did. I don't remember</p> <p>9 specific conversations but -- and it was -- you know,</p> <p>10 things were moving very quickly. But I'm sure if it</p> <p>11 wasn't me, it would have been David that communicated</p> <p>12 that decision to them.</p> <p>13 <b>Q. So you and David were carrying the ball on</b></p> <p>14 <b>the negotiations and discussions with Macmillan?</b></p> <p>14:14:44 15 A. Yes.</p> <p>16 <b>Q. Okay.</b></p> <p>17 <b>And who from Macmillan?</b></p> <p>18 A. John Sargent and I think Brian Napak flew</p> <p>19 out to see us shortly before we came to that decision.</p> <p>14:14:58 20 <b>Q. Okay.</b></p> <p>21 <b>Now, the decision not to deal with -- not to</b></p> <p>22 <b>sell Macmillan's books, to say the least, did not turn</b></p> <p>23 <b>out well for Amazon; am I right?</b></p> <p>24 MR. BUTERMAN: Objection to form.</p> <p>14:15:13 25 A. Could you say more about what you mean by</p>

<p style="text-align: right;">206</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 it did not turn out well?</p> <p>3 <b>Q. Well, I'm sorry.</b></p> <p>4 <b>The customers didn't like the fact they couldn't</b></p> <p>14:15:20 5 <b>buy their Macmillan books through Amazon; am I correct?</b></p> <p>6 A. It happened so quickly, I don't think it</p> <p>7 was fast enough to really assess what customers</p> <p>8 thought.</p> <p>9 <b>Q. All right.</b></p> <p>14:15:32 10 <b>You don't remember a customer backlash against</b></p> <p>11 <b>that, that decision?</b></p> <p>12 A. Well, it was a very public step and I</p> <p>13 recall there being a wide variety of media opinion,</p> <p>14 punditry, customer message board postings.</p> <p>14:16:52 15 MR. PARKER: Okay.</p> <p>16 Let's look at this.</p> <p>17 [Deposition Exhibit 16 marked.]</p> <p>18 BY MR. PARKER:</p> <p>19 <b>Q. Have you had a chance to look at this</b></p> <p>14:16:54 20 <b>email, sir?</b></p> <p>21 A. I have read the email, yes.</p> <p>22 <b>Q. I see that you're copied on it. And it's</b></p> <p>23 <b>from Mr. Bezos. And what we have here, you will agree</b></p> <p>24 <b>with me, is a consumer complaint; am I correct?</b></p> <p>14:17:10 25 A. It appears the person who wrote this</p>	<p style="text-align: right;">208</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 <b>Q. So you're saying -- okay. Did -- why did</b></p> <p>3 <b>you decide to start selling the Macmillan books on</b></p> <p>4 <b>Sunday?</b></p> <p>14:18:39 5 A. It became clear to us that we -- this was</p> <p>6 not a problem isolated to Macmillan, that we faced the</p> <p>7 prospect of losing many of the books we sold from some</p> <p>8 of our largest publishing partners, and as much as we</p> <p>9 did not agree with the decision and wanted to</p> <p>10 forestall it, moving to the terms we had been given</p> <p>11 was ultimately the right -- we felt was ultimately the</p> <p>12 right business decision for us.</p> <p>13 <b>Q. Who made that decision?</b></p> <p>14 A. As is usual, we met as a team and agreed</p> <p>15 on it as a team.</p> <p>16 <b>Q. And the team would have been you and who</b></p> <p>17 <b>else?</b></p> <p>18 A. I think the people on this email chain are</p> <p>19 very likely participants in that discussion.</p> <p>14:19:30 20 <b>Q. So that would be Mr. Bezos?</b></p> <p>21 A. Our general counsel, David and Tim, who</p> <p>22 are lawyers, who helped us in various capacities,</p> <p>23 Steve, Ian, myself.</p> <p>24 <b>Q. Who is Mr. Hart, Greg Hart?</b></p> <p>14:19:49 25 A. Greg was technical assistant for Jeff.</p>
<p style="text-align: right;">207</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 email, Mr. Hawkinson, took issue with our decision to</p> <p>3 halt the sale of Macmillan books.</p> <p>4 <b>Q. And he contacted Mr. Bezos directly; am I</b></p> <p>14:17:21 5 <b>right?</b></p> <p>6 A. It looks like he emailed Jeff in investor</p> <p>7 relations.</p> <p>8 <b>Q. And Mr. Bezos sent it to you?</b></p> <p>9 A. Well, there's a number of people. Yes,</p> <p>14:17:31 10 I'm included on the cc.</p> <p>11 <b>Q. Including you.</b></p> <p>12 <b>Did he have any instructions as to what he</b></p> <p>13 <b>wanted you to do in connection with this or any</b></p> <p>14 <b>customer complaints?</b></p> <p>14:17:43 15 A. I don't recall any instructions.</p> <p>16 <b>Q. Did there come a time when Amazon</b></p> <p>17 <b>capitulated and started selling Macmillan books again?</b></p> <p>18 A. Yes.</p> <p>19 <b>Q. When was that?</b></p> <p>14:18:01 20 A. I think it was that Sunday.</p> <p>21 <b>Q. So this was Saturday the 30th Mr. Bezos</b></p> <p>22 <b>sent it to you, and Sunday you had a switch in policy?</b></p> <p>23 A. On Sunday we decided to relent to the</p> <p>24 collective demands of publishers to move to the agency</p> <p>14:18:24 25 model.</p>	<p style="text-align: right;">209</p> <p>1 GRANDINETTI - HIGHLY CONFIDENTIAL</p> <p>2 <b>Q. And technical assistant meaning what? I'm</b></p> <p>3 <b>sorry, I don't know what that is.</b></p> <p>4 A. It's just a role. It's kind of like --</p> <p>5 <b>Q. Chief of staff sort of a thing?</b></p> <p>6 A. Yeah, I think that's probably a good --</p> <p>7 <b>Q. So Mr. Hart would be somewhat of a -- in</b></p> <p>8 <b>Washington, D.C. terms we would call him the chief of</b></p> <p>9 <b>staff.</b></p> <p>10 A. Yeah, that's -- chief of staff is not a</p> <p>11 term that I recall being used at Amazon.</p> <p>12 <b>Q. Yes.</b></p> <p>13 [Laughter.]</p> <p>14 MR. PARKER: Wrong Washington. Right?</p> <p>14:20:23 15 <b>Q. Was this -- was this decision made at a</b></p> <p>16 <b>meeting? Or a phone call or a meeting at some point?</b></p> <p>17 A. I don't remember if it was a call or a</p> <p>18 meeting. I think that weekend we may have ended up</p> <p>19 talking by phone but I don't remember specifically.</p> <p>14:20:39 20 <b>Q. Did you go back to the boathouse?</b></p> <p>21 A. I don't believe so, no.</p> <p>22 <b>Q. So you had a phone call?</b></p> <p>23 A. I don't remember the meeting.</p> <p>24 <b>Q. Did you -- whether it was a phone call or</b></p> <p>14:20:50 25 <b>in person or whatever, did you make a recommendation at</b></p>

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1 GRANDINETTI - HIGHLY CONFIDENTIAL  
 2 earlier today, we looked at Grandinetti Exhibit 16  
 3 which is an example of a customer complaint that came  
 4 in on the 30th.  
 17:24:12 5 A. Yes.  
 6 Q. So is it fair to say that customer  
 7 indignation over being unable to buy Macmillan books on  
 8 Amazon had at least some role in Amazon's decision to  
 9 negotiate an agency deal?  
 17:24:28 10 MR. BUTERMAN: Objection to form.  
 11 A. Over that short term, I don't think  
 12 customer expression was that much of a factor, in part  
 13 because I recall there being a very large diversity of  
 14 customer expression on this topic.  
 15 BY MR. WEINER:  
 16 Q. Were there -- was there customer expression  
 17 on -- between the 29th and 31st that was favorable to  
 18 eliminating the ability to buy Macmillan books on  
 19 Amazon?  
 17:24:54 20 A. I think any number of customers understood  
 21 that this dispute was in the context of an attempt to  
 22 change the business model and raise prices on  
 23 consumers, and my recollection is that if you looked  
 24 at the message boards for Kindle on the topic, you  
 17:25:09 25 know, there were many, many, many posts from customers

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1 GRANDINETTI - HIGHLY CONFIDENTIAL  
 2 on Friday, Saturday and Sunday that supported the  
 3 decision we were making.  
 17:25:19 4 Q. Amazon's all about having a good customer  
 5 experience. That's what you've told us repeatedly  
 6 today; right?  
 7 A. That's certainly our goal.  
 8 Q. Is it a good customer experience to be  
 9 unable to buy Macmillan titles?  
 17:25:28 10 A. Of course, in the short term we regret,  
 11 you know, in that particular case we regretted not  
 12 being able to sell Macmillan books.  
 13 But obviously the much larger issue at play is  
 14 also the topic of what charge -- what prices they  
 17:25:42 15 would be charged for books. And our goal here was to  
 16 try and preserve a model where an approach where we  
 17 could offer them great prices and set prices in a way  
 18 that was attractive to them.  
 19 Q. So you wanted your customers to have the  
 17:25:59 20 ability to buy Macmillan books; right?  
 21 A. Of course we wanted the customers to be  
 22 able to buy Macmillan books.  
 23 Q. So what was it over that weekend that made  
 24 you change your mind?  
 17:26:13 25 MR. BUTERMAN: Objection to form.

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 2 A. There were a variety of different pieces  
 3 that we weighed, some of which were the collective set  
 4 of messages that we got from the publishing community  
 5 about the move to agency.  
 17:26:30 6 BY MR. WEINER:  
 7 Q. Now, Amazon doesn't lie to its customers;  
 8 right?  
 9 A. We certain endeavor to be direct and  
 10 honest with our customers.  
 17:26:38 11 Q. In fact, weren't you telling customers at  
 12 exactly this time that you did not expect that all the  
 13 major publishers would take the same route as  
 14 Macmillan?  
 17:26:49 15 A. I don't recall anything along those lines.  
 16 Q. Would it surprise you if in fact Amazon was  
 17 telling its customers that it did not expect other  
 18 major publishers to take the same route as Macmillan?  
 19 A. I'm sorry, could you just say the question  
 20 one more time, please?  
 21 Q. Would it surprise you if in fact Amazon was  
 22 telling its customers that it did not expect other  
 23 major publishers to take the same route as Macmillan?  
 24 MR. BUTERMAN: Objection to form.  
 17:27:11 25 A. I don't recall saying anything publicly

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 2 one way or another.  
 3 BY MR. WEINER:  
 4 Q. Did Amazon say anything publicly about its  
 5 expectations about --  
 6 A. I know we had --  
 7 Q. -- the other major publishers?  
 8 A. We had some public statements on the topic  
 9 but I don't recall specifically what they were.  
 17:27:43 10 Q. Did Amazon believe as of January 31, 2010  
 11 that all the major publishers would take the same route  
 12 as Macmillan?  
 13 MR. FRIEDMAN: Objection, form.  
 14 A. On that Sunday it was our belief that all  
 17:27:58 15 publishers, all -- the five publishers that are part  
 16 of this suit, were going to insist on the same change.  
 17 Q. So if you told your customers something to  
 18 the contrary, that would be lying?  
 19 MR. FRIEDMAN: Object to the form.  
 17:28:15 20 MR. KIPLING: Object to the form.  
 21 A. I guess I'm not understanding the  
 22 question.  
 23 BY MR. WEINER:  
 24 Q. The question was, so if you told your  
 17:28:29 25 customers something to the contrary, that would have