

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

IN RE: ELECTRONIC BOOKS ANTITRUST
LITIGATION

11 MD 2293 (DLC)

Judge Cote

ECF Case

**HACHETTE’S ANSWER TO
CONSOLIDATED AMENDED CLASS ACTION COMPLAINT**

For its Answer to Plaintiffs’ Consolidated Amended Class Action Complaint (“Complaint”), Defendants Hachette Livre, SA; Hachette Book Group, Inc.; and Hachette Digital, Inc. (together, “Hachette”) state as follows. Except as specifically admitted, Hachette denies the allegations in the Complaint.

RESPONSE TO INDIVIDUAL PARAGRAPHS

1. Hachette admits that eBook sales have increased rapidly since November 2007, but denies that the Kindle “revolutionized the book publishing industry.” Hachette admits that there are costs associated with print books that are not present with eBooks, just as there are costs associated with eBooks that are not present with print books. Hachette specifically denies that it “decided free market competition should not be allowed to work.” Except as admitted, Hachette denies the remaining allegations contained in Paragraph 1.

2. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations in the first sentence in Paragraph 2, and therefore denies them. Hachette admits, on belief, that Amazon sometimes sets eBook prices below prices for hardcover print books and that Amazon has, at times, set a \$9.99 price level for certain newly released titles. Hachette lacks knowledge and information sufficient to form a

belief as to the truth of the remaining allegations contained in Paragraph 2, and therefore denies them.

3. Hachette admits that Hachette believed that Amazon engaged in below-cost pricing. Hachette denies the allegations contained in Paragraph 3 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 3, and therefore denies them.

4. Hachette denies the allegations contained in Paragraph 4.

5. Hachette admits that the language quoted in Paragraph 5 is contained in the cited article and attributed to David Young. Hachette denies the allegations contained in Paragraph 5 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 5, and therefore denies them.

6. Hachette denies the allegations contained in Paragraph 6.

7. Hachette denies the allegations contained in Paragraph 7 to the extent they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 7, and therefore denies them.

8. Hachette admits that Apple announced plans to introduce the iPad in January 2010. Hachette denies the remaining allegations contained in Paragraph 8 to the extent they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 8, and therefore denies them.

9. Hachette admits that, in January 2010, news reports discussed Apple's launch of the iPad and announced that Hachette Book Group and others would sell eBooks through a new iBookstore using the agency model. Hachette denies the remaining allegations contained in Paragraph 9 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 9, and therefore denies them.

10. Hachette admits that Hachette Book Group entered into an agency agreement with Apple and is aware, from public news reports, that other publishers may also have entered into different agency-based agreements with Apple. Hachette denies the remaining allegations contained in Paragraph 10.

11. Hachette denies the allegations contained in Paragraph 11.

12. Hachette admits that the language quoted is contained in the cited article. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 12 and therefore denies them.

13. Hachette denies the allegations contained in Paragraph 13.

14. Hachette admits that Amazon controlled approximately ninety percent of the US eBook market prior to April 2010. Hachette denies the remaining allegations contained in Paragraph 14.

15. Hachette admits that the quoted language is contained in the cited article. Hachette denies the allegations contained in Paragraph 15 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 15 and therefore denies them.

16. Hachette admits that Apple announced the launch of the iPad in January 2010. Hachette admits that Hachette Book Group planned to sell eBooks using an agency model. Hachette denies the remaining allegations contained in Paragraph 16.

17. Hachette admits that the language quoted is contained in a *Wall Street Journal* article and attributed to Steve Jobs. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 17 and therefore denies them.

18. Hachette admits that the language quoted is contained in the cited source. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 18 and therefore denies them.

19. Hachette denies the allegations contained in Paragraph 19.

20. Hachette denies the allegations contained in Paragraph 20.

21. Paragraph 21 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 21.

22. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 22 and therefore denies them.

23. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 23 and therefore denies them.

24. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 24 and therefore denies them.

25. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 25 and therefore denies them.

26. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 26 and therefore denies them.

27. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 27 and therefore denies them.

28. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 28 and therefore denies them.

29. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 29 and therefore denies them.

30. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 30 and therefore denies them.

31. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 31 and therefore denies them.

32. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 32 and therefore denies them.

33. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 33 and therefore denies them.

34. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 34 and therefore denies them.

35. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 35 and therefore denies them.

36. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 36 and therefore denies them.

37. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 37 and therefore denies them.

38. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 38 and therefore denies them.

39. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 39 and therefore denies them.

40. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 40 and therefore denies them.

41. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 41 and therefore denies them.

42. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 42 and therefore denies them.

43. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 43 and therefore denies them.

44. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 44 and therefore denies them.

45. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 45 and therefore denies them.

46. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 46 and therefore denies them.

47. Hachette denies the allegations contained in Paragraph 47.

48. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 48 and therefore denies them.

49. Hachette admits the allegations contained in Paragraph 49, except that Lagardere SCA is a *Société en commandite par actions*, a publicly traded partnership. Hachette further notes that Hachette Livre USA was voluntarily dismissed by Plaintiffs.

50. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 50 and therefore denies them.

51. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 51 and therefore denies them.

52. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 52 and therefore denies them.

53. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 53 and therefore denies them.

54. Paragraph 54 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 54.

55. Paragraph 55 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 55.

56. Hachette admits that Arnaud Nourry has attended meetings in the U.S., including with representatives of the book industry. Hachette denies the remaining allegations contained in Paragraph 56, including that Hachette Livre SA is subject to the personal jurisdiction of this Court.

57. Hachette admits that the sales of hardcover print books have been and continue to be an important part of Hachette Book Group's business, but denies the

remaining allegations contained in Paragraph 57 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 57 and therefore denies them.

58. Hachette denies the allegations contained in Paragraph 58 as they relate to Hachette, except that Hachette admits that printed hardcover books are often sold to the trade at a range of discounts. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 58 and therefore denies them.

59. Hachette admits that Hachette Book Group has used a terms of sale model for print books, and that Hachette Book Group's terms of sale price for print books—which is often the amount it receives—is based on a discount off of a book's list price. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 59 and therefore denies them.

60. Hachette admits that Hachette Book Group sells print books to brick-and-mortar retailers using the terms of sale model, and that Hachette Book Group sells print books through some online vendors using the terms of sale model. Hachette denies the remaining allegations contained in Paragraph 60.

61. Hachette admits that Amazon released the Kindle in 2007, that multiple types of devices may be used to read eBooks, and that eBooks can now be sold directly through eReaders. Hachette denies the remaining allegations contained in Paragraph 61.

62. Hachette admits that, at times, Hachette Book Group released eBooks at roughly the same time as the corresponding physical book, although not all physical books were released as eBooks and Hachette Book Group did not have a "practice" of

simultaneously releasing the two. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 62 and therefore denies them.

63. Hachette admits that Sony introduced the Sony Reader in 2006, but that Amazon later had monopoly power in the sale of eBooks and eReaders and maintained that monopoly through its practice of selling certain eBook titles below cost for certain periods of time. Hachette denies the remaining allegations contained in Paragraph 63 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 63 and therefore denies them.

64. Hachette admits that Amazon had monopoly power in the sale of eBooks and eReaders and maintained that monopoly through its practice of selling certain eBook titles below cost for certain periods of time. Hachette denies the remaining allegations contained in Paragraph 64.

65. Hachette admits that Amazon engaged in below-cost pricing of certain eBook titles during certain periods of time that allowed it to secure and maintain its position as a monopolist in the sale of eBooks and eReaders. Hachette denies the remaining allegations contained in Paragraph 65.

66. Hachette admits that retailers sometimes are permitted to return varying percentages of unsold paper books to Hachette Book Group, which it may sell or dispose of. Hachette denies the remaining allegations contained in Paragraph 66 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 66 and therefore denies them.

67. Hachette admits that Barnes & Noble introduced the Nook in the fall of 2009. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 67 and therefore denies them.

68. Hachette admits that Amazon had monopoly power in the sale of eBooks and eReaders and maintained that monopoly through its practice of selling certain eBook titles below cost for certain periods of time. Hachette denies the remaining allegations contained in Paragraph 68.

69. Hachette admits that eBooks have been and may continue to be a fast growing segment of the book publishing industry, that Amazon has reported that sales of eBooks for the Kindle outnumber Amazon's sales of hardcover books, and that the *New York Times* created an eBook bestseller list in 2011. Hachette denies the remaining allegations contained in Paragraph 69.

70. Hachette admits that the sale of hardcover print books has been and continues to be an important part of Hachette Book Group's business, but denies the remaining allegations contained in Paragraph 70 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 70 and therefore denies them.

71. Hachette denies the allegations contained in Paragraph 71 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 71 and therefore denies them.

72. Hachette admits that Amazon had monopoly power in the sale of eBooks and eReaders and maintained that monopoly through its practice of selling certain eBook titles below cost for certain periods of time. Hachette denies the remaining allegations

contained in Paragraph 72 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 72 and therefore denies them.

73. Hachette denies the allegations contained in Paragraph 73.

74. Hachette denies the allegations contained in Paragraph 74 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 74 and therefore denies them.

75. Hachette admits that the quoted language is contained in the referenced article. Hachette denies the remaining allegations contained in Paragraph 75 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 75 and therefore denies them.

76. Hachette denies the allegations contained in Paragraph 76 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 76 and therefore denies them.

77. Hachette denies the allegations contained in Paragraph 77 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 77 and therefore denies them.

78. Hachette denies the allegations contained in Paragraph 78 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 78 and therefore denies them.

79. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 79 and therefore denies them.

80. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 80 and therefore denies them.

81. Hachette denies the allegations contained in Paragraph 81 to the extent they refer to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 81 and therefore denies them.

82. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 82 and therefore denies them.

83. Hachette denies the allegations contained in Paragraph 83 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 83 and therefore denies them.

84. Hachette admits that Hachette Book Group's mean revenue on a per unit basis for some eBook titles is lower under the agency model than under the terms of sale model. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 84 and therefore denies them.

85. Hachette admits that prior to the adoption of the agency model, for certain books, e-tailers paid Hachette Book Group the same terms of sale price for a title in hardcover or eBook and that the net payment received by Hachette Book Group from the e-tailer for some eBook titles dropped as a result of the agency model. Hachette denies the remaining allegations contained in Paragraph 85 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 85 and therefore denies them.

86. Hachette denies the allegations contained in Paragraph 86 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 86 and therefore denies them.

87. Hachette admits that Hachette Book Group's terms of sale and agency eBook sales agreements are different. Otherwise, Paragraph 87 is a hypothetical example that pleads no specific facts. Hachette therefore denies all remaining allegations contained in Paragraph 87.

88. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 88 and therefore denies them.

89. Hachette denies the allegations contained in Paragraph 89 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 89 and therefore denies them.

90. Hachette denies the allegations contained in Paragraph 90 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 90 and therefore denies them.

91. Hachette admits that the quoted language is contained in the cited article and attributed to John Sargent. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 91 and therefore denies them.

92. Hachette admits that Hachette Book Group sells physical books to retailers via a terms of sale model and eBooks via an agency model. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 92 and therefore denies them.

93. Hachette admits that under an agency sales model, the principal typically sets the price. Hachette denies the remaining allegations of Paragraph 93 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 93 and therefore denies them.

94. Hachette denies the allegations of Paragraph 94 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 94 and therefore denies them.

95. Hachette denies the allegations of Paragraph 95 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 95 and therefore denies them.

96. Hachette denies the allegations contained in Paragraph 96 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 96 and therefore denies them.

97. Hachette denies the allegations contained in Paragraph 97 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 97 and therefore denies them.

98. Hachette denies the allegations contained in Paragraph 98 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 98 and therefore denies them.

99. Hachette denies the allegations contained in Paragraph 99 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 99 and therefore denies them.

100. Hachette admits that when Hachette Book Group decided to release an eBook version of a physical book, Hachette Book Group sometimes released the eBook after the release of the hardcover print book. Hachette admits that Hachette Book Group unilaterally decided to delay eBooks for a small number of front list print titles during 2009, although not only or always because of pricing issues. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 100 and therefore denies them.

101. Hachette admits that Arnaud Nourry met with an Amazon executive on December 3, 2009. Hachette denies the remaining allegations contained in Paragraph 101.

102. Hachette admits that Amazon's below-cost pricing was potentially illegal. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 102 and therefore denies them.

103. Hachette admits that Arnaud Nourry emailed Amazon's CEO on December 4, 2009 and that the contents of the email speak for themselves. Hachette separately admits that Hachette Book Group unilaterally considered releasing some physical book and eBook formats of the same work on different dates. Hachette denies the remaining allegations contained in Paragraph 103.

104. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 104 and therefore denies them.

105. Hachette admits that Paragraph 105 purports to summarize the content of the cited article. Hachette denies the allegations contained in Paragraph 105 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief

as to the truth of the remaining allegations contained in Paragraph 105 and therefore denies them.

106. Hachette admits that Paragraph 106 purports to summarize the content of the cited article. Hachette denies the allegations contained in Paragraph 106 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 106 and therefore denies them.

107. Hachette admits that Paragraph 107 purports to summarize the content of the cited article. Hachette denies the allegations contained in Paragraph 107 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 107 and therefore denies them.

108. Hachette denies the allegations contained in Paragraph 108 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the remaining allegations contained in Paragraph 108 and therefore denies them.

109. Hachette denies the allegations contained in Paragraph 109 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the remaining allegations contained in Paragraph 109 and therefore denies them.

110. Hachette denies the allegations contained in Paragraph 110 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 110 and therefore denies them.

111. Hachette denies the allegations of Paragraph 111 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 111 and therefore denies them.

112. Hachette admits that Amazon used its market position and business practices to create barriers to entry. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 112 and therefore denies them.

113. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 113 and therefore denies them.

114. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 114 and therefore denies them.

115. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 115 and therefore denies them.

116. Hachette admits that Amazon introduced the Kindle Fire Tablet in the fall of 2011. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 116 and therefore denies them.

117. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 117 and therefore denies them.

118. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 118 and therefore denies them.

119. Hachette denies the allegations of Paragraph 119 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 119 and therefore denies them.

120. Hachette denies the allegations of Paragraph 120 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 120 and therefore denies them.

121. Hachette denies the allegations of Paragraph 121 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 121 and therefore denies them.

122. Hachette denies the allegations of Paragraph 122 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 122 and therefore denies them.

123. Hachette admits that Hachette Book Group entered into an agency agreement with Apple and permitted Apple to reference that it had an agreement with Hachette Book Group in the iPad announcement. Hachette denies the other allegations of Paragraph 123 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 123 and therefore denies them.

124. Hachette admits that Hachette Book Group contracted to sell eBooks using an agency model, pursuant to which Hachette Book Group sets eBook prices and is the seller of record for Hachette Book Group eBooks, and that, generally, Apple receives a 30% commission on the sale of each Hachette Book Group eBook. Hachette denies the other allegations of Paragraph 124 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 124 and therefore denies them.

125. Hachette admits that Hachette Book Group sells print books via the terms of sale model. Hachette denies the other allegations contained in Paragraph 125 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 125 and therefore denies them.

126. Hachette denies the allegations of Paragraph 126 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 126 and therefore denies them.

127. Hachette admits that Hachette Book Group's agency agreement with Apple contained certain price ceilings. Hachette denies the remaining allegations contained in Paragraph 127 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 127 and therefore denies them.

128. Hachette denies the allegations contained in Paragraph 128 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 128 and therefore denies them.

129. Hachette denies the allegations contained in Paragraph 129 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 129 and therefore denies them.

130. Hachette denies the allegations contained in Paragraph 130 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to

the truth of the remaining allegations contained in Paragraph 130 and therefore denies them.

131. Hachette denies the allegations contained in Paragraph 131 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 131 and therefore denies them.

132. Hachette denies the allegations contained in Paragraph 132 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 132 and therefore denies them.

133. Hachette admits that Hachette Book Group negotiated its agency agreement with Apple during January 2010 and that, at that time, there were press reports about Apple potentially opening an online bookstore. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 133 and therefore denies them.

134. Hachette admits that the quoted language purports to transcribe a dialogue between Steve Jobs and Walter Mossberg. Hachette denies the other allegations of Paragraph 134 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 134 and therefore denies them.

135. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 135 and therefore denies them.

136. Hachette denies the allegations contained in Paragraph 136 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 136 and therefore denies them.

137. Hachette denies the allegations contained in Paragraph 137 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 137 and therefore denies them.

138. Hachette admits that Amazon was Hachette Book Group's largest customer for books and eBooks. Hachette denies the remaining allegations contained in Paragraph 138 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 138 and therefore denies them.

139. Hachette denies the allegations contained in Paragraph 139 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 139 and therefore denies them.

140. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 140 and therefore denies them.

141. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 141 and therefore denies them.

142. Hachette denies the allegations contained in Paragraph 142 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to

the truth of the remaining allegations contained in Paragraph 142 and therefore denies them.

143. Hachette denies the allegations contained in Paragraph 143 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 143 and therefore denies them.

144. Hachette admits that that language quoted is contained in the cited article. Hachette denies the remaining allegations contained in Paragraph 144 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 144 and therefore denies them.

145. Hachette denies the allegations contained in Paragraph 145 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 145 and therefore denies them.

146. Hachette denies the allegations contained in Paragraph 146 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 146 and therefore denies them.

147. Hachette admits that employees and directors of Hachette Book Group met with employees of Amazon to discuss agency. Hachette denies the remaining allegations contained in Paragraph 147 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 147 and therefore denies them.

148. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 148 and therefore denies them.

149. Hachette denies the allegations contained in Paragraph 149 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 149 and therefore denies them.

150. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the characterizations of Amazon's efforts, but is aware that Amazon briefly "pulled" all Macmillan titles. Hachette denies the remaining allegations in Paragraph 150.

151. Hachette admits that the block quotation in Paragraph 151 appeared on the Amazon website. Hachette denies the other allegations contained in Paragraph 151 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 151 and therefore denies them.

152. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 152 and therefore denies them.

153. Hachette admits that the ABA's Fifth Annual Winter Institute took place during the time period alleged and that employees of many publishers, booksellers and eBook sellers attended, including employees of Hachette Book Group. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 153 and therefore denies them.

154. Hachette admits that there was a panel discussion at the Fifth Annual Winter Institute titled “The State of General Trade Publishing: Three Noted Publishers Discuss How Digitization Is Impacting Their Business & the Industry.” Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 154 and therefore denies them.

155. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 155 and therefore denies them.

156. Hachette admits that by April 2010, Hachette Book Group unilaterally decided to sell its eBooks through the agency model and decided to negotiate an agency agreement with Amazon so that its customers could continue purchase Hachette Book Group’s eBooks through Amazon’s website. Hachette denies the remaining allegations contained in Paragraph 156 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 156 and therefore denies them.

157. Hachette admits that the referenced website contains the quoted text. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 157 and therefore denies them.

158. Hachette admits that the referenced website contains the quoted text. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 158 and therefore denies them.

159. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 159 and therefore denies them.

160. Hachette admits that it was aware of information reported in numerous news reports and that those new reports speak for themselves. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 160 and therefore denies them.

161. Hachette denies the allegations contained in Paragraph 161 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 161 and therefore denies them.

162. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 162 and therefore denies them.

163. Hachette denies the allegations contained in Paragraph 163 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 163 and therefore denies them.

164. Hachette admits that Hachette Book Group had communications with Amazon in April 2010. Hachette denies all other allegations contained in Paragraph 164 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 164 and therefore denies them.

165. Hachette admits that Hachette Book Group entered into an agency agreement with Amazon. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 165 and therefore denies them.

166. Hachette admits that Hachette Book Group entered into agency agreements with Sony and Barnes & Noble. Hachette denies the remaining allegations contained in Paragraph 166 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 166 and therefore denies them.

167. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 167 and therefore denies them.

168. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 168 and therefore denies them.

169. Hachette denies the allegations contained in Paragraph 169 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 169 and therefore denies them.

170. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 170 and therefore denies them.

171. Hachette admits that contemporaneous press reports from indicate that Random House remained on a terms of sale model with respect to eBooks into 2011. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 171 and therefore denies them.

172. Hachette denies the allegations contained in Paragraph 172 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 172 and therefore denies them.

173. Hachette denies the allegations contained in Paragraph 173 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 173 and therefore denies them.

174. Hachette denies the allegations contained in Paragraph 174 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 174 and therefore denies them.

175. Hachette admits that implementation of agency agreements between Hachette Book Group and each eBook agent required new procedures implemented through separate communications between Hachette Book Group and each eBook agent. Hachette denies the remaining allegations contained in Paragraph 175 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 175 and therefore denies them.

176. Hachette admits that ONIX is the Online Information eXchange. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 176 and therefore denies them.

177. Hachette admits that BISG is involved in management and oversight of the ONIX standard. Hachette admits that Hachette Book Group, HarperCollins, Macmillan, Pearson Technology (affiliated with Penguin), and Simon & Schuster are BISG members along with Amazon, Barnes and Noble and others identified at <http://www.bisg.org/directory/>. Hachette lacks knowledge and information sufficient to

form a belief as to the truth of the remaining allegations contained in Paragraph 177 and therefore denies them.

178. Hachette admits that EDItEUR is involved in the ONIX technical standard. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 178 and therefore denies them.

179. Hachette admits that changes were made to the ONIX standard around April 2010, coinciding roughly with the shift to agency sales. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 179 and therefore denies them.

180. Hachette admits that the block quoted text appears in the referenced website. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 180 and therefore denies them.

181. Hachette denies the allegations contained in Paragraph 181.

182. Hachette denies the allegations contained in Paragraph 182.

183. Hachette denies the allegations contained in Paragraph 183 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 183 and therefore denies them.

184. Hachette denies the allegations contained in Paragraph 184 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 184 and therefore denies them.

185. Hachette admits that, as a result of the agency model, there is increased competition in the sale of eBooks and eReaders and that Apple entered as a new competitor and Barnes & Noble gained sales. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 185 and therefore denies them.

186. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 186 and therefore denies them.

187. Hachette specifically denies that the Hachette Book Group agency contracts restrain competition. Hachette denies the remaining allegations contained in Paragraph 187 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 187 and therefore denies them.

188. Hachette denies the allegations contained in Paragraph 188 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 188 and therefore denies them.

189. Hachette denies the allegations contained in Paragraph 189 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 189 and therefore denies them.

190. Hachette denies the allegations contained in Paragraph 190 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to

the truth of the remaining allegations contained in Paragraph 190 and therefore denies them.

191. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 191 and therefore denies them.

192. Hachette admits that the Texas Attorney General launched an inquiry, and refers to the quoted newsletter for a complete statement of its contents. Hachette denies the remaining allegations contained in Paragraph 192.

193. Hachette admits that the Connecticut Attorney General launched an inquiry. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 193, and therefore denies them.

194. Hachette admits that the quoted language is contained in the cited source. Hachette denies the remaining allegations contained in Paragraph 194.

195. Hachette admits that the quoted language is contained in the cited source. Hachette admits that EU antitrust regulators made unannounced raids on certain European publishers. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 195 and therefore denies them.

196. Hachette admits that the European Commission announced the opening of a formal investigation of certain business practices in Europe and that the language quoted in Paragraph 196 is contained in the cited source. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 196 and therefore denies them.

197. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 197 and therefore denies them.

198. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 198 and therefore denies them.

199. Hachette admits that eBooks provide many attractive features for consumers. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 199 and therefore denies them.

200. Hachette denies the allegations contained in Paragraph 200.

201. Hachette denies the allegations contained in Paragraph 201.

202. Hachette denies the allegations contained in Paragraph 202.

203. Hachette admits that Hachette Book Group uses a terms of sale model for the sale of print books through retail outlets. Hachette denies the remaining allegations contained in Paragraph 203.

204. Hachette denies the allegations contained in Paragraph 204.

205. Hachette denies the allegations contained in Paragraph 205.

206. Hachette denies the allegations contained in Paragraph 206 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 206 and therefore denies them.

207. Hachette admits that under the agency model, Hachette Book Group sets the price of Hachette Book Group's own titles to consumers, subject to the terms of Hachette Book Group's agency agreements, and pays its agents a commission. Hachette

denies the remaining allegations contained in Paragraph 207 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 207 and therefore denies them.

208. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 208 and therefore denies them.

209. Hachette admits the allegations contained in Paragraph 209 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 209 and therefore denies them.

210. Hachette denies the allegations contained in Paragraph 210 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 210 and therefore denies them.

211. Hachette admits that Hachette Book Group's agency agreements provide for a payment to the agent for any sale of an eBook. Hachette admits that most of Hachette Book Group's eBook agency agreements provide for a thirty percent payment, but that the agreements speak for themselves. Hachette denies the remaining allegations contained in Paragraph 211 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 211 and therefore denies them.

212. Hachette admits that Hachette Book Group enters into agency contracts with eBook sellers and that the obligations, roles and responsibilities of each party are defined by the agreements. Hachette lacks knowledge and information sufficient to form

a belief as to the truth of the remaining allegations contained in Paragraph 212 and therefore denies them.

213. Hachette admits that under the Hachette Book Group agency agreements, consumers purchase eBooks from Hachette Book Group and that Hachette Book Group does not sell the eBook to the agent. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 213 and therefore denies them.

214. Hachette admits the allegations contained in Paragraph 214 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 214 and therefore denies them.

215. Hachette admits the allegations contained in Paragraph 215 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 215 and therefore denies them.

216. Hachette admits the allegations contained in Paragraph 216 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 216 and therefore denies them.

217. Hachette admits that, at times, Amazon states on its website at the point of purchase for Hachette Book Group eBooks that “This price was set by the publisher.” Hachette denies the other allegations contained in Paragraph 217 as they relate to

Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations in Paragraph 217 and therefore denies them.

218. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 218 and therefore denies them.

219. Hachette admits that the language quoted in Paragraph 219 is contained on the cited webpage. Hachette specifically states that BISG members, including Amazon, are identified at <http://www.bisg.org/directory/>. Hachette denies the remaining allegations contained in Paragraph 219.

220. Hachette admits that the language quoted in Paragraph 220 is contained on the cited webpage. Hachette denies the remaining allegations contained in Paragraph 220.

221. Hachette admits that the language quoted in Paragraph 221 is contained on the cited webpage. Hachette denies the remaining allegations contained in Paragraph 221.

222. Hachette admits that Amazon explicitly states on its website at the point of purchase for some Hachette Book Group eBooks that “This price was set by the publisher.” Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 222 and therefore denies them.

223. Hachette admits the allegations in Paragraph 223.

224. Hachette admits that Hachette Book Group has entered into valid agency agreements with agents, each of whom sell eBooks as Hachette Book Group’s agent. Hachette denies the remaining allegations in Paragraph 224 as they relate to Hachette.

Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 224 and therefore denies them.

225. Paragraph 225 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 225.

226. Paragraph 226 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 226.

227. Paragraph 227 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 227.

228. Paragraph 228 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 228.

229. Paragraph 229 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 229.

230. Paragraph 230 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 230.

231. Paragraph 231 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 231.

232. Paragraph 232 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 232.

233. Paragraph 233 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 233.

234. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the allegations contained in Paragraph 234 and therefore denies them.

235. Hachette denies the allegations contained in Paragraph 235 as they relate to Hachette. Hachette lacks knowledge and information sufficient to form a belief as to the truth of the remaining allegations contained in Paragraph 235 and therefore denies them.

236. Hachette admits that Steve Jobs was the former CEO and Chairman of Apple. Hachette denies the remaining allegations contained in Paragraph 236.

237. Hachette admits that the language quoted in Paragraph 237 is contained on the cited webpage. Hachette denies the remaining allegations contained in Paragraph 237.

238. Paragraph 238 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 238.

239. Paragraph 239 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 239.

240. Paragraph 240 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 240.

241. No response required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 241.

242. Hachette denies the allegations contained in Paragraph 242.

243. Hachette denies the allegations contained in Paragraph 243.

244. Hachette denies the allegations contained in Paragraph 244.

245. Hachette denies the allegations contained in Paragraph 245.

246. Paragraph 246 purports to state a legal conclusion to which no response is required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 246.

247. Hachette denies the allegations in Paragraph 247.

248. No response required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 248.

249. Hachette denies the allegations contained in Paragraph 249.

250. Hachette denies the allegations contained in Paragraph 250.

251. No response required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 251.

252. Hachette denies the allegations contained in Paragraph 252.

253. Hachette denies the allegations contained in Paragraph 253.

254. Hachette denies the allegations contained in Paragraph 254.

255. Hachette denies the allegations contained in Paragraph 255.

256. Hachette denies the allegations contained in Paragraph 256.
257. Hachette denies the allegations contained in Paragraph 257.
258. Hachette denies the allegations contained in Paragraph 258.
259. Hachette denies the allegations contained in Paragraph 259.
260. Hachette denies the allegations contained in Paragraph 260.
261. Hachette denies the allegations contained in Paragraph 261.
262. Hachette denies the allegations contained in Paragraph 262.
263. Hachette denies the allegations contained in Paragraph 263.
264. Hachette denies the allegations contained in Paragraph 264.
265. Hachette denies the allegations contained in Paragraph 265.
266. Hachette denies the allegations contained in Paragraph 266.
267. Hachette denies the allegations contained in Paragraph 267.
268. Hachette denies the allegations contained in Paragraph 268.
269. Hachette denies the allegations contained in Paragraph 269.
270. Hachette denies the allegations contained in Paragraph 270.
271. Hachette denies the allegations contained in Paragraph 271.
272. Hachette denies the allegations contained in Paragraph 272.
273. Hachette denies the allegations contained in Paragraph 273.
274. Hachette denies the allegations contained in Paragraph 274.
275. Hachette denies the allegations contained in Paragraph 275.
276. Hachette denies the allegations contained in Paragraph 276.
277. Hachette denies the allegations contained in Paragraph 277.
278. Hachette denies the allegations contained in Paragraph 278.

279. Hachette denies the allegations contained in Paragraph 279.
280. Hachette denies the allegations contained in Paragraph 280.
281. Hachette denies the allegations contained in Paragraph 281.
282. No response required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 282.
283. Hachette denies the allegations contained in Paragraph 283.
284. Hachette denies the allegations contained in Paragraph 284.
285. No response required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 285.
286. No response required. To the extent a response is required, Hachette denies all allegations contained in Paragraph 286.

AFFIRMATIVE AND OTHER DEFENSES

FIRST DEFENSE

The Complaint against Hachette Livre SA should be dismissed for lack of personal jurisdiction.

SECOND DEFENSE

Plaintiffs' claims against Hachette are barred because Hachette was not part of any contract, combination, or conspiracy in restraint of trade.

THIRD DEFENSE

Plaintiffs' claims against Hachette are barred because Hachette's alleged actions did not result in any harm to competition.

FOURTH DEFENSE

Plaintiffs' claims against Hachette fail under the rule of reason because the procompetitive justifications for Hachette Book Group's alleged actions outweigh any alleged resulting harm to competition.

FIFTH DEFENSE

Plaintiffs' claims against Hachette are barred by the doctrine of unclean hands.

SIXTH DEFENSE

Plaintiffs' claims against Hachette are barred by the doctrine of laches.

SEVENTH DEFENSE

Plaintiffs' claims against Hachette are barred because the principal/agent relationship is not an "agreement" as defined by Section 1 of the Sherman Act.

EIGHTH DEFENSE

Plaintiffs' claims against Hachette are barred because Hachette Book Group's actions were undertaken in good faith to promote legitimate business purposes and in order promote competition.

NINTH DEFENSE

Plaintiffs' claims on behalf of a purported class are barred because there are not sufficient questions of law or fact that are common to the purported class and because the class fails to satisfy other necessary requirements for class certification.

TENTH DEFENSE

Plaintiffs' complaint fails to state a claim upon which relief may be granted.

ELEVENTH DEFENSE

Plaintiffs' state law claims for alleged harm are duplicative of claims under the Sherman Act and are therefore precluded.

TWELFTH DEFENSE

Plaintiffs' demand for injunctive relief is moot as a result of the Proposed Final Judgment already entered in *United States v. Apple, Inc.*, Case No. 1:12-cv-02826.

THIRTEENTH DEFENSE

The relief sought in the Complaint is not in the public interest.

FOURTEENTH DEFENSE

The Complaint is barred, in whole or in part, insofar as it challenges or seeks to impair the exercise of rights protected by the First Amendment of the United States Constitution and by the *Noerr-Pennington* doctrine.

FIFTEENTH DEFENSE

The Complaint is barred, in whole or in part, insofar as it challenges or seeks to impair the exercise of rights under the copyright laws.

SIXTEENTH DEFENSE

Hachette reserves the right to amend this Answer, and to assert additional defenses, cross-claims, and third party claims in this action when and if they become available.

ADDITIONAL DEFENSES

Hachette hereby adopts and incorporates by reference any and all other defenses asserted or to be asserted by any other defendant to the extent Hachette may share in such a defense. Hachette reserves the right to amend this Answer, and to assert additional

defenses, cross-claims, and third party claims in this action when and if they become appropriate.

Dated: September 14, 2012

Respectfully submitted,

/s/ Walter B. Stuart

Walter B. Stuart
Richard S. Snyder, Sr.
Samuel J. Rubin

Freshfields Bruckhaus Deringer US LLP

601 Lexington Avenue
New York, New York 10022
212-277-4000 (telephone)
212-277-4001 (facsimile)
walter.stuart@freshfields.com
samuel.rubin@freshfields.com

701 Pennsylvania Avenue, Suite 600
Washington D.C. 20004-2692
Phone: 202-777-4500
Fax: 202-777-4555
richard.snyder@freshfields.com

*Attorneys for Hachette Book Group, Inc.,
Hachette Digital, Inc. and Hachette Livre
SA*