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ATTORNEY GENERAL MASTO SECURES \$69 MILLION AGREEMENT WITH THREE MAJOR U.S. PUBLISHERS OVER E-BOOK PRICE- FIXING ALLEGATIONS

Harmed Nevada Consumers Eligible for Funds

Las Vegas, NV – Nevada Attorney General Catherine Cortez Masto, along with 54 attorneys general in other states, districts and U.S. territories, announced today an antitrust settlement with three of the largest book publishers in the United States. Hachette Book Group, Inc., HarperCollins Publishers L.L.C. and Simon & Schuster Inc. have agreed to pay a total of more than \$69 million to consumers to resolve claims of an alleged unlawful conspiracy to fix the prices of electronic books (e-books). They have also agreed to change the way they price e-books going forward.

“Today’s settlement restores e-book competition among retailers and paves the way for restitution for Nevadans harmed by the scheme,” said Masto. “This news comes at a welcome time, considering the Silver State’s sluggish economy and the fact that this is the first week back to school for many K-12 and college students in Nevada. Our legal action sends a strong message that competitors cannot get away with price-fixing.”

The settlement occurs in conjunction with a civil antitrust lawsuit filed today in federal court against Hachette, HarperCollins, and Simon & Schuster. In the lawsuit the States allege that the three settling publishers and others, including non-settling publishers Macmillan and Penguin (collectively, the “Agency Five” publishers), “conspired and agreed to increase retail e-book prices for all consumers” and “agreed to eliminate e-book retail price competition between e-book outlets, such that retail prices to consumers would be the same regardless of the outlet patronized by the consumer.”

Under the proposed settlement agreement, which the court must approve, Hachette, HarperCollins and Simon & Schuster will compensate consumers who purchased e-books from any of the Agency Five during the period of April 1, 2010 through May 21, 2012. Payments will begin 30 days after court approval of the settlement becomes final.

Consumers in Nevada are collectively expected to receive up to \$600,000 in total compensation. The settling publishers will also pay approximately \$7.5 million to the states for fees and costs.

In addition to paying the \$69 million consumer compensation, Hachette, HarperCollins and Simon & Schuster have agreed to the following relief (which parallels relief in another proposed settlement with the United States Department of Justice):

- They shall terminate their existing agency agreements with certain retailers, requiring the publishers to grant those retailers—such as Amazon and Barnes & Noble—the freedom to reduce the prices of their e-book titles.
- For two years they will be prohibited from making any new agreements that constrain retailers' ability to offer consumer discounts or other promotions which encourage the sale of e-books.
- They cannot further conspire or share competitively sensitive information with their competitors.
- They cannot agree to any kind of most favored nation clause with retailers that could undermine the effectiveness of the settlement.

Eligible Nevada consumers will receive funds in the form of a credit or check from the settlement's proceeds. Consumers who are eligible will receive direct notice of this opportunity by email. Notice will also be published in print and web media. A web site, created and maintained by a claims administrator, will also be available providing detailed information on the settlement.

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