

**Hunte, Sherree**

---

**Full Name:** Kent Walker  
**Last Name:** Walker  
**First Name:** Kent  
**Job Title:** Vice President & General Counsel  
**Company:** Google

**Business Address:** 1600 Amphitheatre Parkway  
Mountain View, CA 94040

**Business:** [REDACTED]  
**Mobile:** [REDACTED]  
**Business Fax:** [REDACTED]

**E-mail:** [REDACTED]  
**E-mail Display As:** [REDACTED]

**Assistant:** Becky Allen (temporary assistant) [REDACTED] BeckyA@google.com

**Assistant:** Sarah Poteet [REDACTED] temporary - back-up to Becky Allen) 1

**Main #:** [REDACTED]  
**Main Fax:** [REDACTED]



**FAX COVER SHEET**

---

**To:** David Drummond  
**Company:** Google, Inc.  
**Phone:** [REDACTED]  
**Fax:** [REDACTED]

**From:** Michael Fricklas  
**Company:** Viacom  
**Phone:** 212-258-6070  
**Fax:** 212-258-6099

**Date:** February 2, 2007  
**Pages including** 4  
**this cover page:**  
**Comments:**

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**FAX COVER SHEET**

---

**To:** Kent Walker  
**Company:** Google, Inc.  
**Phone:** [REDACTED]  
**Fax:** [REDACTED]

**From:** Michael Fricklas  
**Company:** Viacom  
**Phone:** 212-258-6070  
**Fax:** 212-258-6099

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---

Subject: FW: YouTube Term Sheet  
From: "Lehman, Nicholas" <EX:/O=VIACOM/OU=MTVUSA/CN=RECIPIENTS/CN=ONLINE/CN=MTVI/CN=LEHMANN>  
To: Lehman, Nicholas  
Cc: Date: Tue, 25 Jul 2006 00:55:45 +0000

---

From: Cahan, Adam  
Sent: Monday, July 24, 2006 5:54 PM  
To: Patel, Kruti; Witt, Jason; Lehman, Nicholas  
Cc: Bakish, Robert  
Subject: FW: YouTube Term Sheet

first in from youtube. have not even looked over yet. please keep circle small for now before folks start forming opinions pre-negotiations

---

From: Chris Maxcy [mailto:chris@youtube.com]  
Sent: Monday, July 24, 2006 11:59 AM  
To: Cahan, Adam; Bakish, Robert  
Cc: 'zahavah'; 'Kevin Donahue'  
Subject: YouTube Term Sheet

Adam & Bob,

At long last, attached is a preliminary draft of the Term Sheet we've discussed. Please let me know when you are available to discuss.

Best,

Chris

---

Chris Maxcy

VP, Business Development

YouTube, Inc.

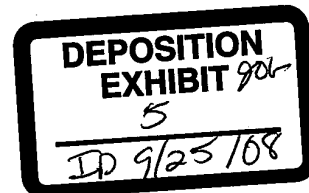
chris@youtube.com

650.685.6402

www.youtube.com

List of attachments:

Vaicom Termsheet (7 24 06).doc



**Highly Confidential**

**Viacom/ YouTube (YT) Term Sheet**

<p><b>STRUCTURE:</b></p>	<p>This term sheet summarizes the basic terms and conditions of a proposed content licensing agreement between Viacom, Inc. ("Viacom") and YouTube, Inc. ("YT"). This term sheet is not binding and does not create any rights or obligations between the parties. Any agreement between the parties is subject to the execution of definitive documentation.</p>
<p><b>TERM:</b></p>	<p>Twelve (12) Months (the "Term"), commencing on _____.</p>
<p><b>VIACOM OBLIGATIONS:</b></p>	<p>During the Term, Viacom shall provide the following:</p> <ul style="list-style-type: none"> <li>(a) Worldwide license to Viacom's domestic &amp; international catalog of short form videos on a streaming-only basis.</li> <li>(b) Periodic XML feed (weekly or monthly) of the videos it licenses to YT ("Licensed Videos") &amp; associated metadata, including electronic metadata updating the rights designations (e.g. takedowns, new adds, etc...) for the Licensed Videos on the YT Site (herein referred to as the "Service").</li> <li>(c) Viacom shall be solely responsible for obtaining and paying all necessary rights to the Licensed Content including but not limited to: (i) any third-party publishing rights, other than any music public performance rights, required in connection with the use hereunder of any audio or visual compositions (embodied in the Licensed Videos on the Service, (ii) any necessary royalties to so-called "royalty" participants (e.g. actors, producers, writers, etc.), (iii) any distribution rights, and (iv) any required union payments. The Parties agree that YT shall be solely responsible for obtaining public performance licenses in connection with YT's use of musical compositions embodied in the Licensed Videos performed on the Service.</li> <li>(d) Viacom shall rep and warrant its ownership to the Licensed Videos and indemnify YT for any errors.</li> <li>(e) Viacom shall be responsible for selling advertising on the pages of the Service where users can directly play the Licensed Videos, the "Watch Pages".</li> </ul>

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<p><b>COMPENSATION</b></p>	<p>Viacom shall pay YT on a monthly basis an amount equal to the greater of (i) fifty percent (50%) of Viacom's gross revenues associated with any advertising or sponsorships on the Watch Pages and (ii) \$0.005 per exhibition of each Licensed Video on the Service.</p> <p>Viacom shall provide monthly revenue reporting and payment to YT within thirty (30) days after the end of each month</p>
<p><b>YT OBLIGATIONS</b></p>	<p>During the Term, YT shall provide the following:</p> <ul style="list-style-type: none"> <li>(a) Hosting &amp; streaming of the Licensed Videos via the Service. Viacom shall retain the right to add or remove Licensed Videos from the Service at any time by updating the metadata associated with any Licensed Video(s) in the XML feed.</li> <li>(b) Co-branding: YT shall co-brand the video player on all Watch pages of the Service where the Licensed Content is available for viewing (mockups to be provided). YT shall also provide Viacom with the following branding elements:             <ul style="list-style-type: none"> <li>i. YT shall prominently display in connection with the exhibition of each Licensed Video on the Service a company logo of Viacom's choice with an accompanying URL, and</li> <li>ii. Viacom may also choose a secondary text link to be displayed in connection with the exhibition of each Licensed Video. Secondary text links are configurable on a video by video basis and will take users to a site(s) of Viacom's choosing (e.g. show website, etc.)</li> </ul> </li> <li>(c) Reporting: Within thirty (30) days after the end of each month, YT will render reasonably detailed accountings showing the number of exhibitions of Licensed Videos on the Service.</li> <li>(d) Content Claiming: During the Term YT shall develop an automated system using fingerprint technology to identify videos on the Service that contain Viacom copyrighted material and enable Viacom, in its discretion, to either (i) license such material for use on the Service as a Licensed Video hereunder</li> </ul>

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	or (ii) have YT remove such video from the Service altogether.
<b>CONFIDENTIALITY</b>	Neither YT nor Viacom may disclose to any third party (other than each party's employees, in their capacity as such) any information regarding the terms and conditions of this term sheet without the prior written consent of the other party

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Share Report Abuse Next Blog»

Create Blog Sign In

Search

Home Videos Channels Shows



MONDAY, SEPTEMBER 12, 2005

We are ecstatic to announce the changes we made to the site last night. As a result of many sleepless nights, we have completed a very feature-rich release. Once again, many of these changes are in direct response to your feedback, so please keep them coming. And the changes include...

- First up, **video flagging**. At the bottom of the video watch page, you will notice a new section for flagging a video. If you encounter a video that's inappropriate or copyrighted, please use this feature to notify us. We will aggressively monitor these submissions and respond as quickly as we can.
- Second, **Friends & Sharing**. We poured a tremendous amount of time and effort into enhancing our sharing functionality. With the new sharing feature, an easy-to-use pop-up appears over the video. From here, you can choose with whom you'd like to share the video with. This feature is really something that you have to see to appreciate. Trust me! Log in and watch a video. Then, click on 'Share this Video'... I told you so!
- Lastly, **Channels**. While the video uploads have been pouring in, we realized it grew ever more difficult for viewers to find relevant and interesting videos. Though tags are very efficient at identifying specific details about content, we wanted to further simplify the browsing experience. With the release of Channels, similar content will be categorized and grouped into common channels. By "flipping" to a channel such as Short Movies or Travel & Places, you can browse through all videos within the channel.

Once again, thanks for using the site! Please contact us with any suggestions or feedback.

4 comments:

- Lethal.IndusTry said...  
Porno izle
- Free Porn
- Porno Tube

Search This Blog

Search powered by Google



Subscribe To

- Posts
- Comments

Community Gatherings

Los Angeles, CA - Vidcon - July 9-11, 2010

Past Gatherings

**Hosting a meetup? Leave a comment on this channel with details**

Twitter / youtube

youtube: 5 yrs ago today @chad\_hurley registered a URL. Now 20+ hrs of video uploaded every min to @youtube http://bit.ly/be370y (via @hunterwalk)

youtube: Top 5 "I Love You's" in the Movies: http://youtu.be/kjTrcXyqwjg from @rottentomatoes and @current

youtube: Who needs real flowers when you can make a beautiful origami rose: http://youtu.be/A8EyLFWXV\_0 Happy Valentine's Day

youtube: For V-day, tales of YouTube love from @shaycarl, @alphalavie, @charlestrippy, @kickthepj & vloglovers: http://goo.gl/4xol

youtube: User experience manager shares her #TED sketchbook: http://goo.gl/8aFh

What We're Watching

Adopt a Feature

Citizentube





November 12, 2009 4:24 AM

**Harew said...**

film izle

film izle

program indir

dizi izle

dizi izle

erotik film izle

sehir

porno izle

November 17, 2009 6:28 AM

**artist said...**

thank you very nice this post

very good :))))))

porno izle

porno izle

adsense earn

December 5, 2009 6:31 PM

**zeroxy said...**

thx

sinema , vizyondakiler

December 15, 2009 8:25 AM

**Post a Comment**

Comment as:

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[MusicTuesday](#)

[News](#)

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**What We're Reading**

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[Creator's Corner](#)

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**Blog Archive**

▶ 2010 (51)

▶ 2009 (284)

▶ 2008 (251)

▶ 2007 (131)

▶ 2006 (37)

▼ 2005 (15)

▶ December (1)

▶ November (2)

▶ October (1)

▼ September (1)

We are ecstatic to announce the changes we made to...

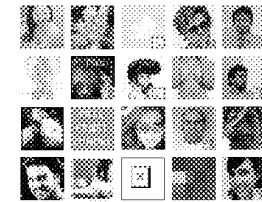
▶ August (3)

▶ July (7)

**Followers**

with Google Friend Connect

**Followers (3181)** [More »](#)



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# A-210

YouTube Blog

Page 3 of 3

[Case 1:07-cv-02103-LLS](#) [Document 217-22](#) [Filed 03/18/10](#) [Page 3 of 3](#)

[Newer Post](#)

[Home](#)

[Older Post](#)

[Subscribe to: Post Comments \(Atom\)](#)

**From:** Sean Dempsey <sdempsey@google.com>  
**Sent:** Friday, October 6, 2006 2:54 PM  
**To:** Maurus, Zach [REDACTED]; Duncan, Storm  
 [REDACTED]; Kim, James [REDACTED]  
**Subject:** Fwd: Snowmass video analysis

---

some manual analysis we did

----- Forwarded message -----

**From:** Salman Ullah [REDACTED]  
**Date:** Oct 6, 2006 11:43 AM  
**Subject:** Snowmass video analysis  
**To:** Salar Kamangar <salar@google.com>, "Dempsey, Sean [GOOGLE, INC. (Mountain View)]" <dempsey@google.com>  
**Cc:** Mike Pearson <pearson@google.com>, Jason Harinstein <jharinstein@google.com>

Gross Total 424 (includes 123 that aren't valid URLs)

Net Total	301	100%
No	112	37%
Prem/rem	189	63%

Premium/removed- means the content is copyright (either in whole or in substantial part) and removed were links that were taken down  
 No- no copyright but includes commercials, trailers, public service, promos, true ugc

we are working on gvideo now.

Sean C. Dempsey  
 Principal, Corporate Development  
 Google Inc.

[REDACTED]  
[dempsey@google.com](mailto:dempsey@google.com)

EXHIBIT 8  
 Drummond  
 FBI 2-12-09

Duncan S  
 EXHIBIT NO. 13  
 7-16-08  
 A. IGNACIO HOWARD CSR, RPR

**From:** Kim, James  
**Sent:** Friday, October 6, 2006 10:32 PM  
**To:** 'Salman Ullah' [redacted]; Duncan, Storm [redacted]; Kim, James [redacted];  
**Cc:** Dempsey, Sean [GOOGLE, INC. (Mountain View)] [redacted]; Scarborough, Chris [redacted]; Maurus, Zach [redacted]; Boutros, George [redacted]; 'marias@google.com'  
**Subject:** Project Snowmass (aka Agua) Model and Dial in for Saturday 9am Pacific  
**Attach:** agua model.xls;agua model.xls

Attached please find the latest version of the model.

We will also have a call tomorrow (Saturday) at 9am pacific to discuss the model and to have a status update.

Dial-in details are as follows.

(toll free) [redacted]  
(int'l) [redacted]  
pass: [redacted]

Please call me if you have any questions.

<<...>>

James Kim  
Mergers & Acquisitions  
Credit Suisse  
650 California Street  
San Francisco, CA 94108  
Direct: [redacted] | Fax: [redacted]

**From:** Salman Ullah [redacted]  
**Sent:** Friday, October 06, 2006 5:59 PM  
**To:** Storm Duncan; [redacted]  
**Cc:** Dempsey, Sean [GOOGLE, INC. (Mountain View)]  
**Subject:** Fwd: views broken down by country

----- Forwarded message -----  
**From:** Salar Kamangar [redacted]

Duncan, S  
EXHIBIT NO. 14  
7-16-08  
A. IGNACIO HOWARD CSR, RPR

HIGHLY CONFIDENTIAL  
CSSU 004069

Date: Oct 5, 2006 9:03 PM  
Subject: Fwd: views broken down by country  
To: Salman Ullah [REDACTED]

----- Forwarded message -----

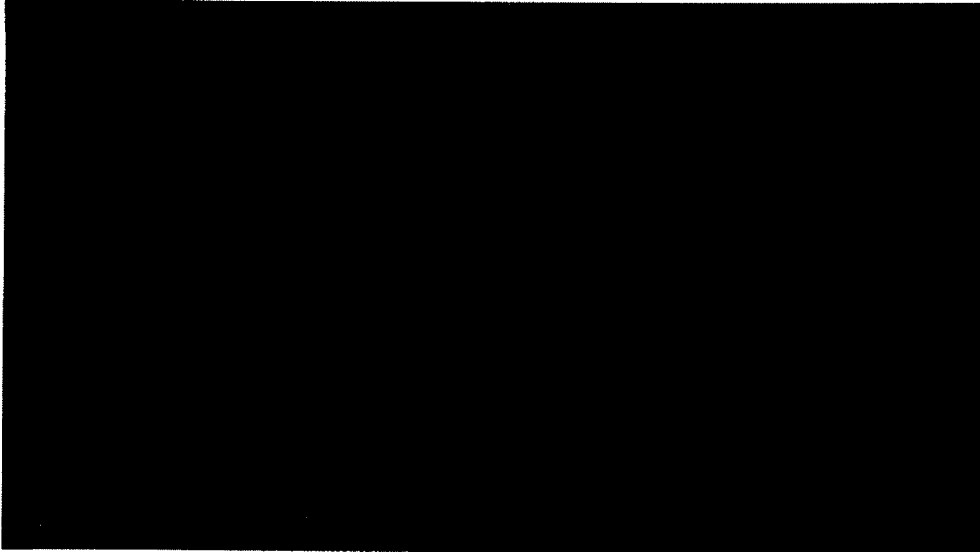
From: Steve Chen <steve@youtube.com <mailto:steve@youtube.com> >  
Date: Oct 5, 2006 6:16 PM  
Subject: views broken down by country  
To: Salar Kamangar [REDACTED]

<<...>>

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CSSU 004071

	2007	2008	2009	2010	2011
<b>(Units in MM)</b>					
<b>Video / Page View Data</b>					
<b>Stream Data</b>					
Total Daily Video Streams					
Annual Growth %					
% in Major Markets					
Total Daily Video Streams					
Embedded Videos on Partner Sites					
Net Daily Video Streams					
Page View / Video Stream Ratio					
<b>Page View Data</b>					
Home Page					
Search Page					
Watch Page					
Implied Daily Page Views					
<b>Video Content Split</b>					
% Premium					
% Non-Premium					
Total					
<b>Premium Video Content</b>					
Annual Net Video Streams					
% Permitted Content from Partners					
Premium Streams					
% Sell Through					
Sold Annual In-Stream Videos					
CPM					
Premium Video Content Revenue					
<b>Non-Premium Content</b>					
Annual Net Video Streams					
<b>High Quality Content</b>					

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CSSU 004072



% Non-Premium Content that is High Value  
 Non-Premium Streams  
 % Sell Through  
 Solid Annual In-Stream Videos  
 CPM  
 High Value Non-Premium Revenue

Run Of Site Content

Annual Page Views (Watch Page)  
 CPM  
 Non-Premium Video Content Revenue

Annual Page Views (Search Page)  
 CPM  
 Search Revenue

Sponsored Content

Annual Page Views (Home Page)  
 Sell Through  
 CPM  
 Sponsored Ad Revenue

Gross Revenue  
 Video Cost Allocation Adjustment  
 Cost Allocation Adjustment  
 % Partner Share Adjustment  
 Partner Share Adjustment

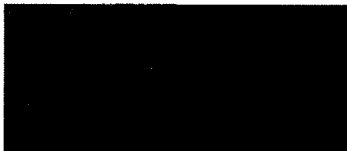
Net Revenue (2)

EBITDA  
 EBITDA Margin  
 D&A as % Sales

EBIT  
 EBIT Margin  
 Tax Rate  
 NOPAT (FCF) (1)

(1) Does not include the impact of working capital. Assumes D&A expense equals capex.  
 (2) Gross revenue minus partner share adjustment.

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CSSU 004073

	
<b>Illustrative Valuation</b>	
PV of '07-'10 FCF	
Terminal EBITDA (*11 EBITDA)	
Terminal Value	
PV of TV	
<b>NPV</b>	
<b>Inputs</b>	
Tax Rate	
WACC	
Terminal EBITDA Multiple	
D&A as % Revs	



*(Units in MM)*

	Calendar Year Ending				
	2007	2008	2009	2010	2011
Daily Video Playbacks					
Annual Growth %					
Embedded Videos on Partner Sites					
Daily Video Playbacks on Yellow Website					
Home Page					
Search Page					
Watch Page					
Implied Daily Page Views					
<b>Higher Watch Monetization Content</b>					
Sold Annual In-Stream Videos (Watch)					
% of Total Page Views					
Sell Through					
CPM					
Higher Monetization Revenue					
<b>Lower Watch Monetization Content</b>					
Sold Annual In-Stream Videos (Watch)					
% of Total Page Views					
Sell Through					
CPM					
Lower Monetization Revenue					
<b>Search Monetization Content</b>					
Sold Annual In-Stream Videos (Search)					
CPM					
Lower Monetization Revenue					
<b>Sponsored Ad Monetization</b>					
Sold Annual In-Stream Videos (Home Page)					
Sell Through					
CPM					
Sponsored Ad Revenue					
Total Gross Revenue					
Minus (Partner Share)					
Partner Share %					
<b>Net Revenue</b>					
<b>EBITDA</b>					
EBITDA Margin					
D&A as % Sales					
<b>EBIT</b>					
EBIT Margin					
Tax Rate					
<b>NOPAT (FCF) <sup>(1)</sup></b>					

(1) Does not include the impact of working capital. Assumes D&A expense equals capex.

Valuation	
PV of '07-'11 FCF	
Terminal EBITDA	
Terminal Value	
PV of TV	
<b>NPV</b>	
<b>Inputs</b>	
Tax Rate	
WACC	
Terminal EBITDA Multiple	
D&A as % Revs	

**From:** Rao, Amrit  
**Sent:** Monday, October 9, 2006 11:07 AM  
**To:** Duncan, Storm [REDACTED]  
**Cc:** Scarborough, Chris [REDACTED]; Kim, James [REDACTED]  
**Subject:** Green Board Materials  
**Attach:** Materials for Green Board.pdf

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Storm,

Attached please find the Green Board Materials in pdf format.

Thanks!

Amrit

**Amrit Rao**  
Credit Suisse Technology Group  
650 California Street, 33rd Floor  
San Francisco, CA 94108  
[REDACTED]  
amrit.rao@credit-suisse.com

<<...>>

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**CSSU 003560**

DATE: 5-4-09 EXHIBIT# 2  
DEPONENT: Schmidt, Eric  
CASE: Viacom, et al., v. YouTube, et al., The Football  
Association Premier League, et al., v. YouTube, et al.,  
Case Nos. 07-CV-2203 and 07-CV-3582



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**Project Snowmass**  
Presentation to Board of Directors of Green  
October 9, 2006

PRELIMINARY | SUBJECT TO FURTHER REVIEW AND EVALUATION  
THESE MATERIALS MAY NOT BE USED OR RELIED UPON FOR ANY PURPOSE OTHER THAN AS SPECIFICALLY CONTEMPLATED BY A WRITTEN AGREEMENT WITH CREDIT SUISSE

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CSSU 003561

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# Summary of Key Transaction Terms

Based on Draft Merger Agreement as of October 6, 2006

## Summary of Terms

- ▶ \$1.65 billion of Green Class A common stock in exchange for all shares, options, warrants and other equity interests of Yellow
  - Number of shares based on Green's 30 day average closing price two days prior to closing
  - Shares to be registered via S-3 post-closing
- ▶ One year indemnification period (except for certain representations and warranties)
  - Liability for breaches generally limited to 12.5% of the aggregate consideration
  - Escrow of 12.5% of the aggregate consideration
- ▶ Closing anticipated in 30 to 45 days

## Summary of Implied Transaction Statistics

(\$MM)	Txn Statistics		Green Street Statistics (3)	
	Implied Yellow	Street	Implied Yellow	Street
Fully-Diluted Equity Value	\$1,650		\$132,299	
- Net Cash	(1)		10,840	
Fully-Diluted Aggregate Value	1,651		121,458	
<b>IMPLIED MULTIPLES (4)</b>				
Revenue		Yellow Statistic (4)		
CY2007E	\$150		11.0x	12.3x
CY2008E	299		5.5	8.7
EBITDA				
CY2007E	\$67		24.5x	19.6x
CY2008E	144		11.5	15.3
NOPIAT (4)				
CY2007E	\$34		48.4x	31.3x
CY2008E	78		21.2	25.2

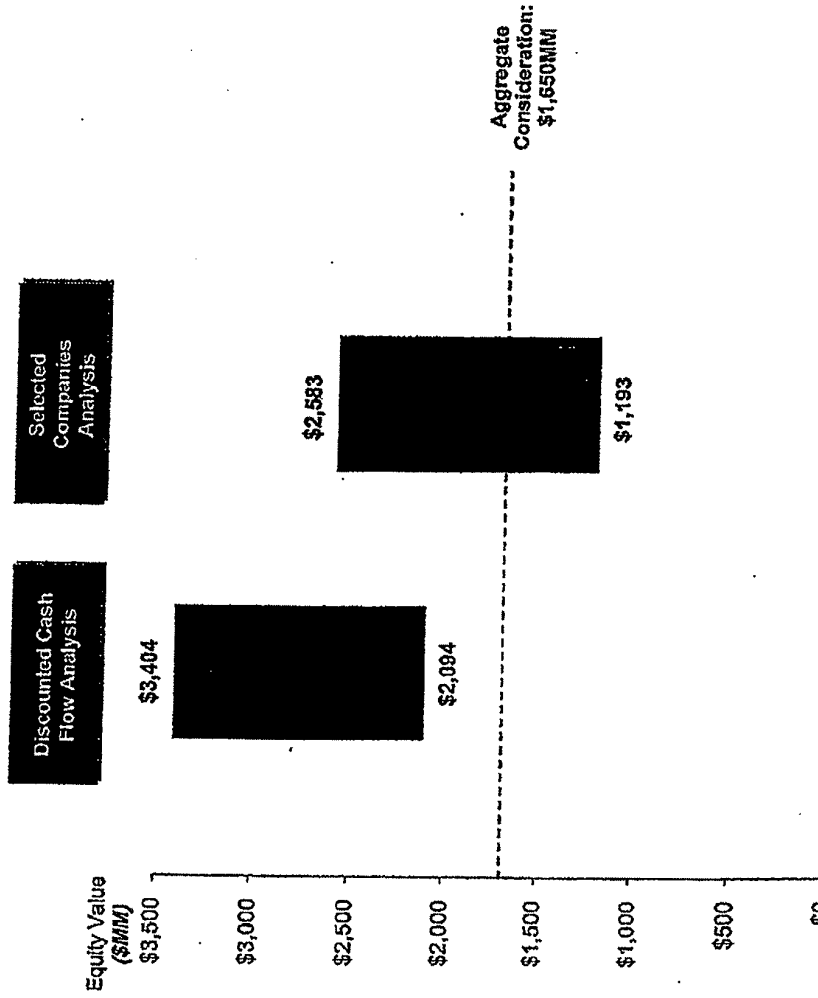
(1) Per Yellow management.  
 (2) Yellow projections per Green Management.  
 (3) Based on Green stock price of \$420.50 as of October 6, 2006. Projections based on Thomas Welsel analyst research dated September 14, 2006 for 2007 and IBES consensus estimates for 2008.  
 (4) Based on 35% tax rate.

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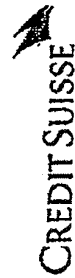
CSSU 003562

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# Summary of Financial Analyses of Yellow



Source: Based on Yellow financial data per Green management pro forma for transaction.



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CSSU 003563

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# Yellow Company Overview

Company Overview	
Status:	Private
Headquarters:	San Mateo, CA
Founded:	2005

Executives	
Management	
CEO	Chad Hurley
CTO	Steve Chen
CFO	Gideon Yu
Executive, PayPal	
Treasurer, Yahoo!	

Financing History					
Round	Round Type	Date	Amount Raised (\$MM)	Post-Money Valuation (\$MM)	Company Stage
1	1st	11/05	\$3.5	NA	Shipping Product
2	2nd	4/06	8.0	NA	Shipping Product

Investors Include: Sequoia Capital

Source: VentureSource and Yellow corporate website.

Service Overview	
<p>Yellow is a place for people to share, comment on, and view videos online. Yellow originally started as a personal video sharing service, and has grown into an entertainment destination with people watching more than ~180 million videos on the site daily. Yellow enables people to:</p> <ul style="list-style-type: none"> <li>▶ Upload, tag and share videos worldwide</li> <li>▶ Browse millions of original videos uploaded by community members</li> <li>▶ Find, join and create video groups to connect with people who have similar interests</li> <li>▶ Customize the experience by subscribing to member videos, saving favorites, and creating playlists</li> <li>▶ Integrate Yellow videos on websites using video embeds or APIs</li> <li>▶ Make videos public or private - users can elect to broadcast their videos publicly or share them privately with friends and family upon upload</li> </ul>	

Recent News	
<p>September 20, 2006 - Announced Cingular-sponsored promotion to discover unsigned bands and musicians.</p> <p>September 18, 2006 - Announced video distribution and revenue partnership with Warner Music Group.</p> <p>August 22, 2006 - Unveiled new advertising concepts—Participatory Video Ads (PVA) and Brand Channels—to encourage dialogue between community and marketers. Yellow names their first Brand Channel partner, Warner Brothers Records, and designates a channel for Paris Hilton to promote her debut album Paris.</p> <p>June 27, 2006 - Announced a strategic partnership that will combine NBC's programming with Yellow's audience.</p> <p>May 10, 2006 - Launched a service that allows people to upload videos directly from their mobile phones and PDAs to the Yellow Web site.</p>	

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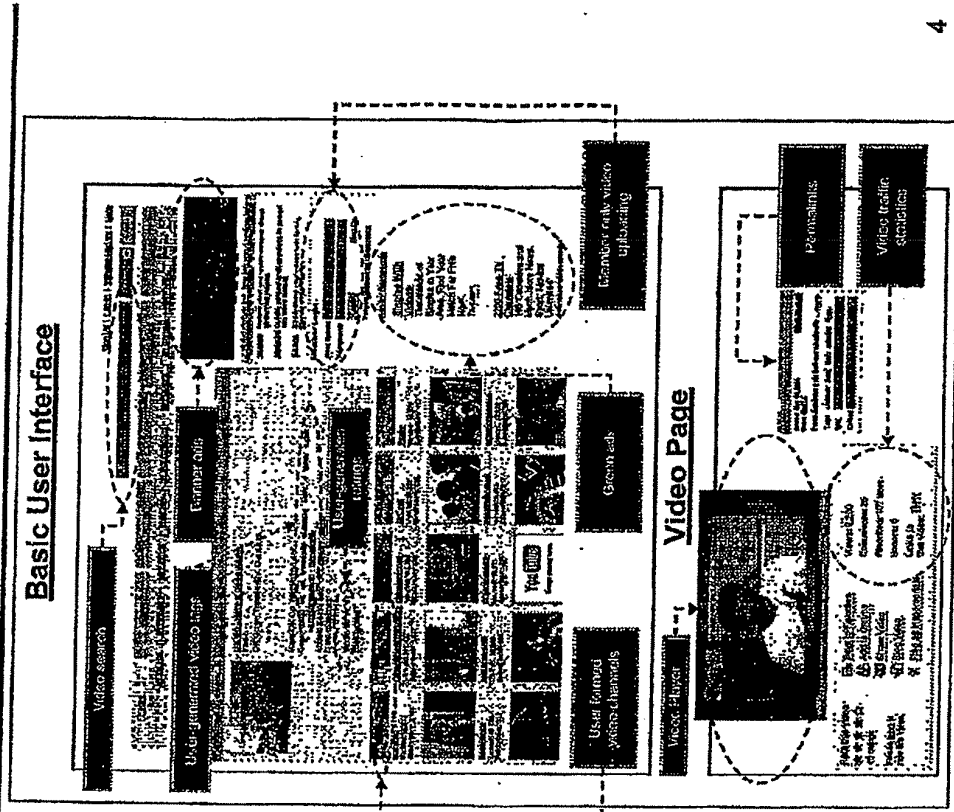
# Yellow Company Overview (continued)

Key Comscore Reported Metrics		
Metric	October 2005	July 2006
Total Unique Users	0.7MM	16.1MM
Total Pages Viewed	10MM	661MM
Streams Initiated by US Users	NA	649MM
Average Minutes Per Visitor	11.6 min	33.7 min

(1) Rank within online video space based on July 2006 metric per Comscore Media Metric

- ▶ Current number of videos viewed daily: 180MM
- ▶ Current number of videos uploaded daily: 100,000
- ▶ Current number of new daily registrations: 255,000

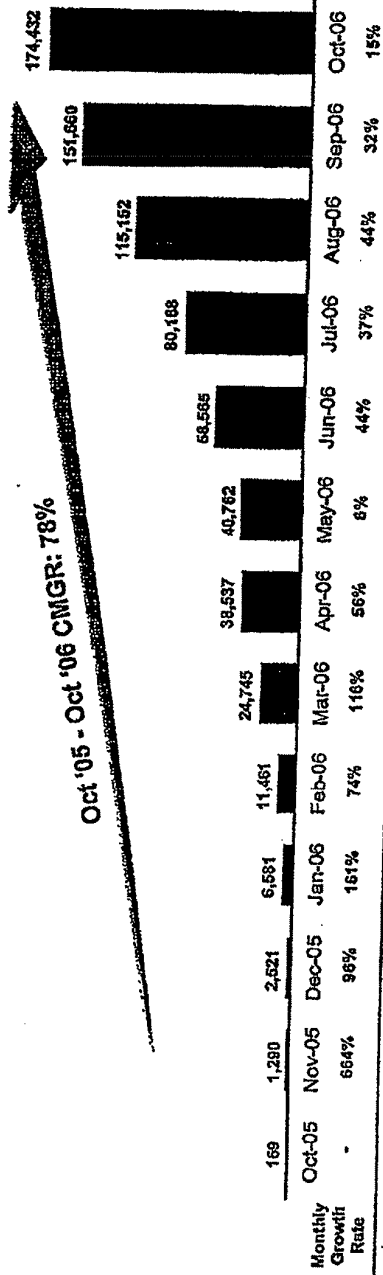
Source: Yellow management.



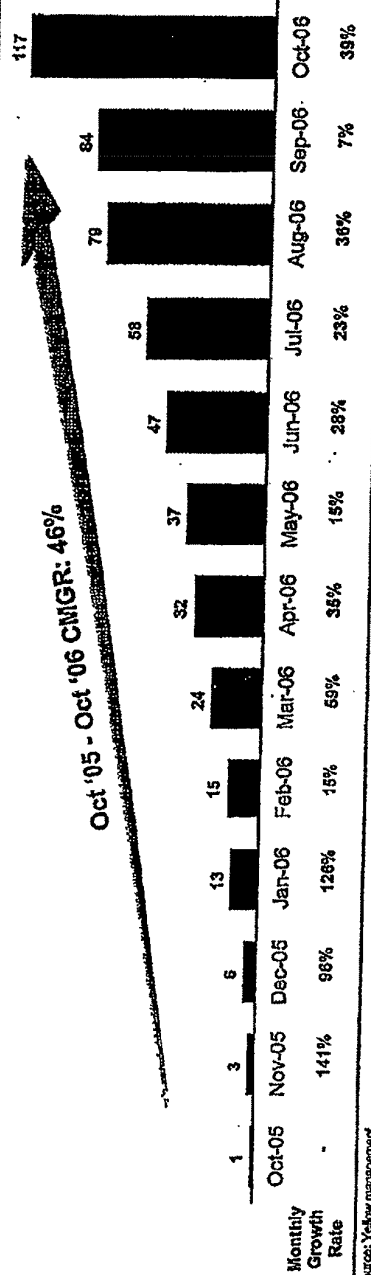
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# Yellow Site Metrics

# of Daily Videos Viewed ('000s)



# of Daily Video Uploads ('000s)



Source: Yellow management.

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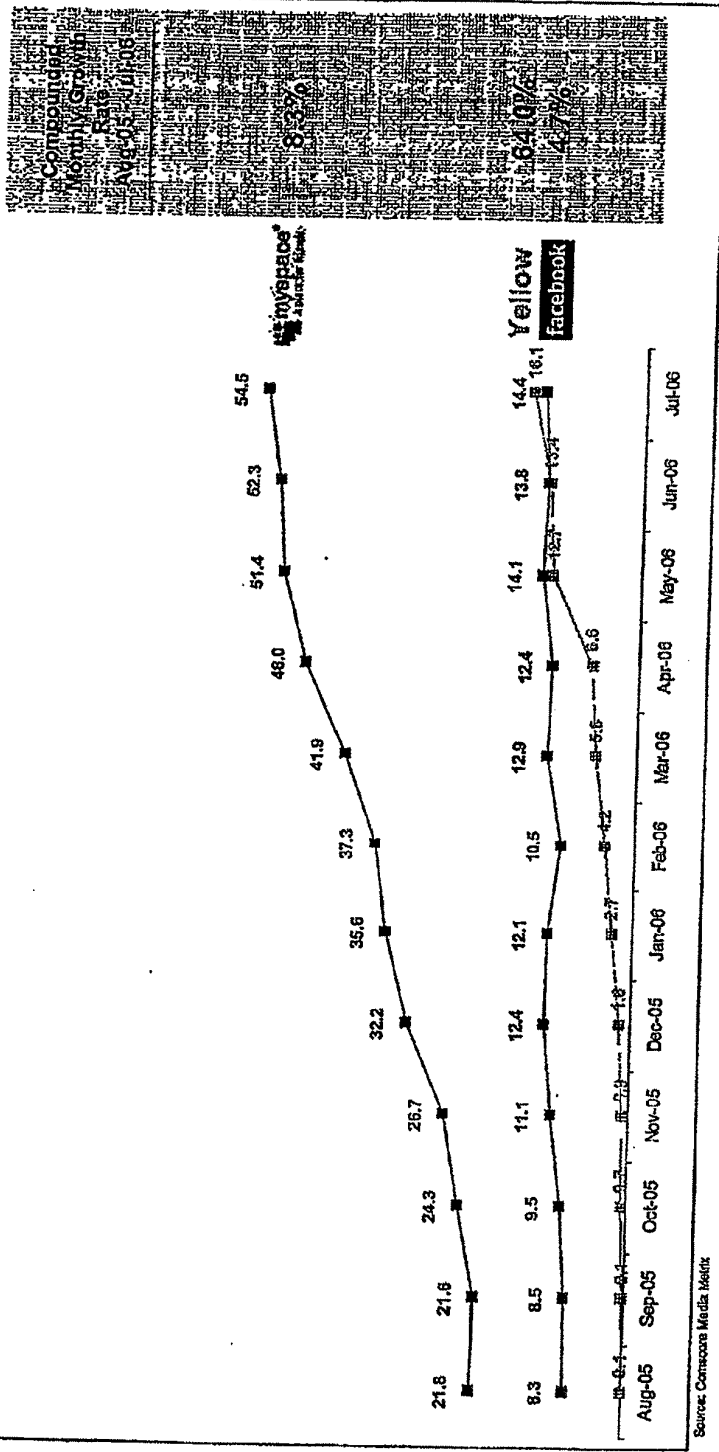
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# Benchmarking User Growth

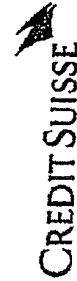
## Unique Users Over Time

(Unique Users in MM)



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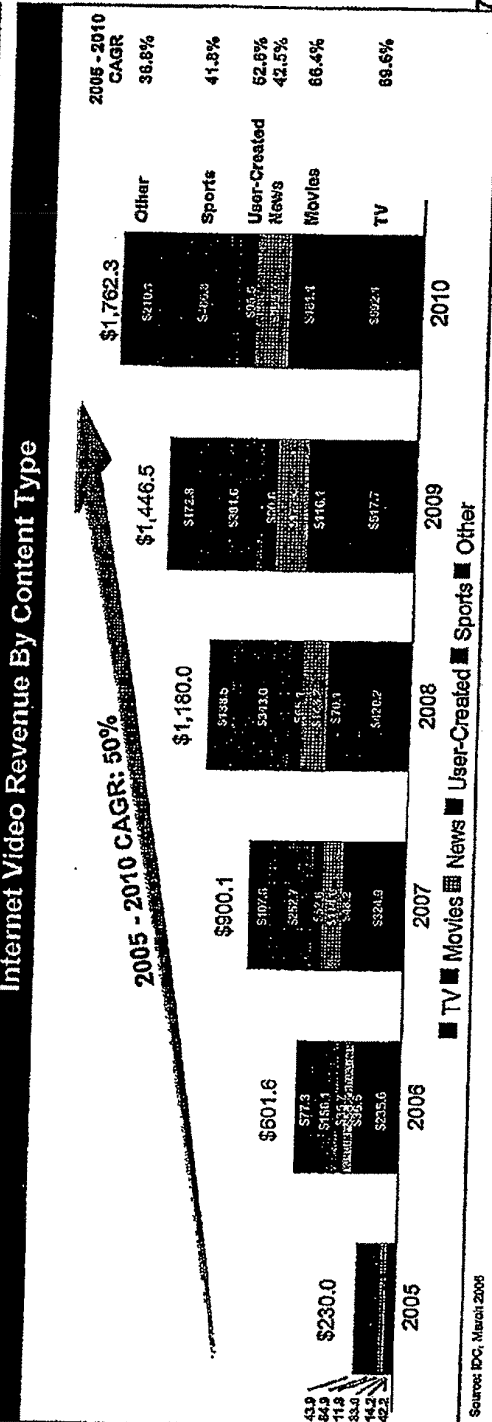
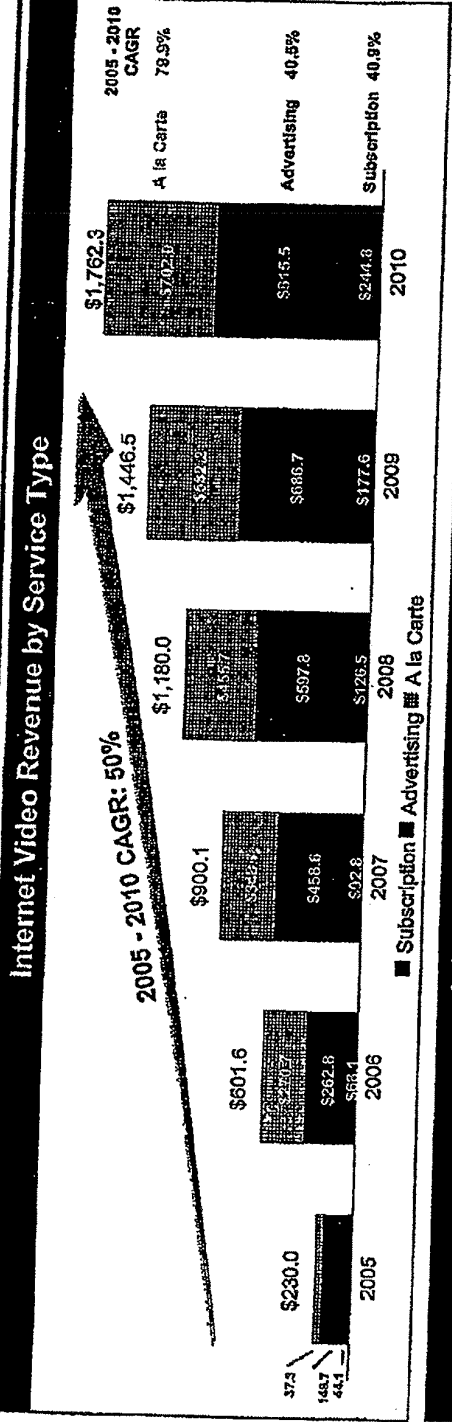
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# Online Video Market Forecasts



Source: IDC, March 2006


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## Yellow Transaction Rationale and Positioning

- ▶ **Yellow is one of the leading and fastest growing Web 2.0 companies**
  - Yellow has exhibited tremendous growth and has established a loyal global following
  - There are very few internet companies exhibiting this type of growth and traction with users
- ▶ **Enables Green to catapult to the leader in online video**
  - Online video has been a top priority for Green and stand alone efforts are in the early stages of market acceptance
  - Opportunity to extend monetization skills into a large, high growth market
  - Yellow has consistently extended its leadership position over Green and all other online players in 2006
- ▶ **Accelerates Green's push into stickier community-oriented content**
- ▶ **Revenue and cost synergies are expected to drive increasing profits**
  - Green can immediately increase usage of Yellow as part of its network
  - Green can better monetize Yellow's traffic and viewing with its technology and its relationships with advertisers, content owners and publishers
  - Green can realize cost savings in ad serving, bandwidth and sales
  - Yellow can drive additional monetizable traffic through Green's search engine (not currently included in financial model)
- ▶ **Issues for Consideration:**
  - New and improving business model
  - Large acquisition for an early stage company
  - Retention issues
  - Uncertain legal issues
  - Potential EPS dilution in the short term



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# Key Yellow Revenue Assumptions

Key Variable	Description / 2007E Traffic Assumptions	2011E Traffic Assumptions	CPM	Unmonetized Video Traffic
Videos Viewed	<ul style="list-style-type: none"> <li>Currently, there are ~180MM videos viewed per day on Yellow website</li> <li>Assumes 400MM avg. videos viewed per day in 2007E                             <ul style="list-style-type: none"> <li>90% of videos viewed are major geographic markets</li> <li>13% of videos viewed on partner websites (i.e., MySpace, MyAOL, etc.)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>950MM avg. videos viewed per day by 2011E</li> <li>CAGR of 24%</li> </ul>		
Pages Viewed	<ul style="list-style-type: none"> <li>Page views on three areas of the Yellow website:                             <ul style="list-style-type: none"> <li>Home Page: ~10% of total page views</li> <li>Search Page: ~45% of total page views</li> <li>Watch Page: ~45% of total page views</li> </ul> </li> <li>Assumes 1:1 Video Stream to Watch Page ratio</li> <li>Implies ~280BN annual page views in 2007E</li> </ul>	<ul style="list-style-type: none"> <li>670BN annual page views by 2011E</li> <li>CAGR of 24%</li> </ul>		
Premium Video	<ul style="list-style-type: none"> <li>60% of total video streams on Yellow website are "Premium"</li> <li>Assumes 10% of premium content providers allow Yellow to monetize their content in 2007E                             <ul style="list-style-type: none"> <li>75% sell through on advertising inventory</li> <li>50/50 revenue share split (after 10% allocation for Yellow expenses - bandwidth, storage, etc.)</li> </ul> </li> <li>68BN video ad streams sold in 2007E</li> </ul>	<ul style="list-style-type: none"> <li>60% of premium content providers allow Yellow to monetize their content                             <ul style="list-style-type: none"> <li>79% sell through on advertising inventory</li> </ul> </li> <li>64BN annual video ad streams sold</li> <li>CAGR of 88%</li> </ul>	<ul style="list-style-type: none"> <li>\$10 CPM in 2007E</li> <li>Growing to \$13 by 2011E</li> </ul>	<ul style="list-style-type: none"> <li>63BN premium videos viewed will not serve video ads in 2007E</li> <li>98BN in 2011E</li> </ul>
High Value Non-Premium Video	<ul style="list-style-type: none"> <li>40% of total video streams on Yellow website are Non-Premium</li> <li>Non-Premium Content is user generated videos and is segmented between high value content and regular content</li> <li>~2.5% of Non-Premium content can be monetized using video ads in 2007E                             <ul style="list-style-type: none"> <li>Sell through and revenue share assumptions consistent with premium video assumptions</li> </ul> </li> <li>~900MM video ad streams sold in 2007E</li> </ul>	<ul style="list-style-type: none"> <li>~10% of Non-Premium content can be monetized using video ads by 2011E</li> <li>~8.5BN video ad streams sold by 2011E</li> <li>CAGR of 78%</li> </ul>	<ul style="list-style-type: none"> <li>CPM of \$3 in 2007E</li> <li>Growing to \$5 by 2011E</li> </ul>	<ul style="list-style-type: none"> <li>45BN annual non-premium videos viewed will not serve video ads in 2007E</li> <li>100BN in 2011E</li> </ul>
Run-of-Site Ads	<ul style="list-style-type: none"> <li>Non-targeted run of site ads served on Search and Watch Pages</li> <li>254BN page views in 2007E</li> </ul>	<ul style="list-style-type: none"> <li>603BN page views by 2011E</li> <li>CAGR of 24%</li> </ul>	<ul style="list-style-type: none"> <li>CPM of \$0.14</li> </ul>	
Sponsored Ads	<ul style="list-style-type: none"> <li>Sponsored advertising on Yellow's home page (i.e., Paris Hilton sponsored by Fox's Prison Break)</li> <li>Assumes 100% sell through on advertising inventory</li> <li>28BN page views in 2007E</li> </ul>	<ul style="list-style-type: none"> <li>67BN page views by 2011E</li> <li>CAGR of 24%</li> </ul>	<ul style="list-style-type: none"> <li>CPM of \$3 in 2007E, growing to \$5 by 2011E</li> </ul>	

Source: Green management pro forma for transaction.

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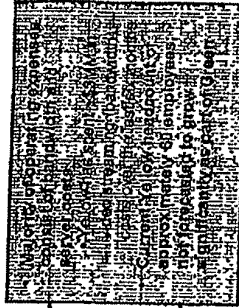
# Yellow Long-Term Financial Projections

Financials based on Green management (pro forma for transaction)  
(\$MM)

	Yellow Calendar Year Financial Performance					07-11
	2007E	2008E	2009E	2010E	2011E	CAGR
Premium Video	\$51	\$168	\$342	\$565	\$835	101%
High Value Non-Premium Video	3	9	20	35	43	102%
Run of Site Ads	36	53	67	77	84	24%
Sponsored Ads	85	148	212	274	335	41%
Gross Revenue	\$174	\$379	\$640	\$950	\$1,287	65%
Net Revenue (1)	\$150	\$299	\$477	\$681	\$902	57%
% Growth	NM	99%	60%	43%	33%	
EBITDA	67	144	246	374	496	65%
% Margin	45%	48%	52%	55%	55%	
% Growth	NM	128%	80%	58%	33%	
Less: D&A	15	24	31	34	45	
Operating Income	52	120	215	340	451	71%
% Margin	35%	40%	45%	50%	50%	
Income Taxes	18	42	75	119	158	
% Tax Rate	35%	36%	35%	35%	35%	
NOPAT	34	78	140	221	293	
% Margin	23%	26%	29%	33%	33%	71%

Sources: Yellow financial data per Green management pro forma for transaction.

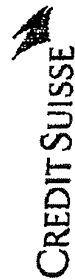
(1) Net of partner revenue share expenses.



Green Historical Calendar Year Financials

	2001	2002	2003	2004	2005	07-05
Revenue	\$86	\$345	\$979	\$1,961	\$4,024	161%
% Y/Y Growth	-	288%	184%	100%	105%	
EBITDA	38	237	627	1,280	2,624	189%
Margin	43%	69%	64%	65%	65%	

Source: Historical filings and analyst research.



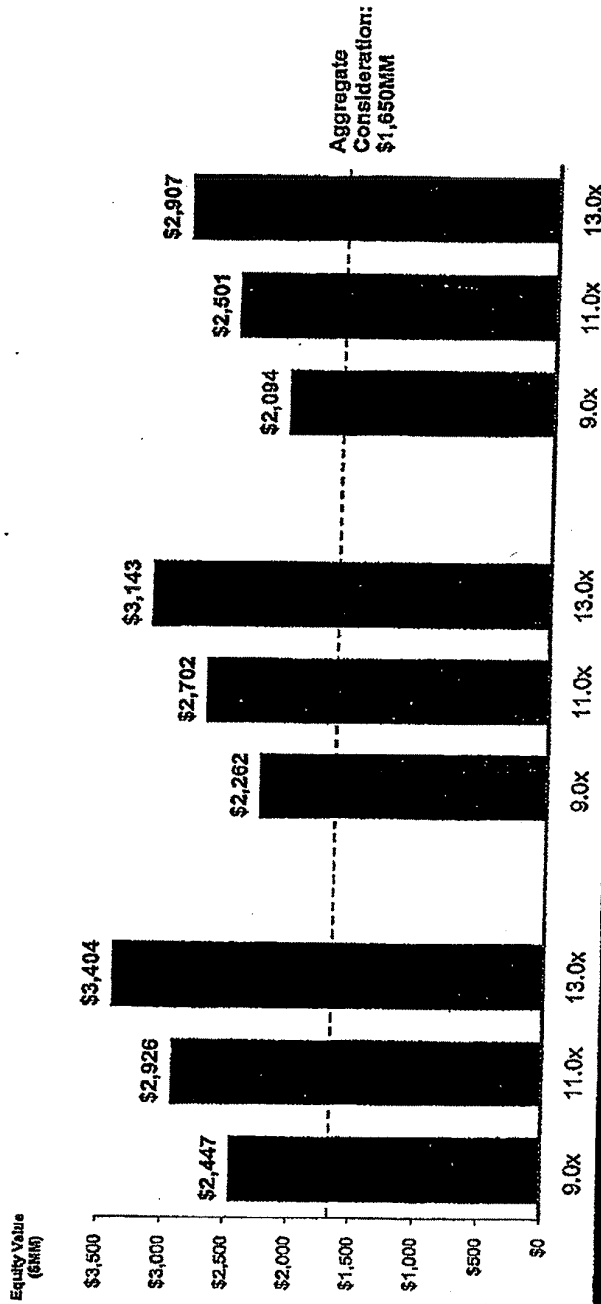
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# Yellow DCF Analysis

Discount Rate: [REDACTED]

Discounted Cash Flow Analysis [REDACTED]



**DCF analysis implies an equity reference range for Yellow of approximately \$2.1BN - \$3.4BN**

Source: Based on Yellow financial data per Green management pro forma for transaction.



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# Selected Companies Analysis

Company (FYE)	Trading Performance		FD Capitalization		Insurance		FD Aggregate Value		PE Multiple		CY07	CY08	CY09	CY10	CY11
	Stock Price / YTD	40/52	Equity	Market Value	CY06	CY07	CY08	CY09	CY10	CY11					
Green (Dec)	\$426.89	(10.6%)	48.0%	\$151,458	\$132,239	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%	17.1%
Intersect Learning (Dec)	\$39.39	(37.2%)	27.6%	\$42,400	\$39,045	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%	6.6%
Yield (Dec)	25.47	(41.5%)	5.3%	37,107	27,377	5.6%	4.7%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%
Amazon.com (Dec)	32.99	(34.2%)	23.0%	33,809	19,847	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Modular (Dec)	18.75	(37.2%)	24.0%	18,750	18,750	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Blueline (Dec)	18.75	(37.2%)	24.0%	18,750	18,750	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%
Online Content and Consumer Services															
Mastercard (Dec)	\$39.99	(20.1%)	34.6%	\$6,300	\$4,880	4.2%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
RealNetworks (Dec)	11.34	(9.3%)	97.6%	2,110	1,350	3.7%	3.1%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
CNET Networks (Dec)	9.85	(7.6%)	35.9%	1,617	1,617	3.9%	3.4%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
Knot (Dec)	21.17	(4.3%)	30.0%	601	587	7.9%	5.8%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%	4.2%
Bankrate (Dec)	25.91	(30.1%)	12.2%	522	419	6.2%	4.2%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%	3.4%
Mediacast (Dec)	11.34	(9.3%)	97.6%	2,110	1,350	3.7%	3.1%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%	2.8%
Source: I/B/E/S, Yahoo! Finance, and Wall Street Research															

Relevant Statistic	Multiple Reference Range		Implied Equity Reference Range	
	Low	High	Low	High
BASED ON RELEVANT STATISTICS				
CY2007E	18.0x	23.0x	\$1,214	\$1,651
CY2008E	13.0	18.0	\$1,565	\$2,583
BASED ON RELEVANT STATISTICS				
CY2007E	35.0x	45.0x	\$1,193	\$1,534
CY2008E	22.0	27.0	\$1,709	\$2,068

(1) Assume Yellow net debt of \$1.0MM per Yellow management.  
 (2) Yellow projections per Green Management pro forma for transaction.

**Implied equity reference range of approximately \$1.2BN to \$2.6BN based on selected company analysis**

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# Selected Internet Transactions

Date	Target	Acquirer	Fully-Diluted		EBITDA	NTM
			Equity Value	Aggr. Value		
08/09/06	Atom Entertainment	Viacom	\$200	\$200	NA	NA
04/24/06	Xfire	Viacom	102	102	NA	NA
03/06/06	iVillage	NBC Universal	665	609	36.9x	22.6x
01/17/06	ciMirc Broadcasting <sup>(3)</sup>	Green	1,238	1,238	NA	NA
09/12/05	Skype <sup>(2)</sup>	eBay	4,040	4,040	NA	NA
08/08/05	IGN <sup>(1)</sup>	News Corp	650	650	41.9x	NA
07/16/05	Intermix <sup>(1)</sup>	News Corp	575	571	NM	37.4x
03/21/05	Ask Jeeves	InterActiveCorp	1,966	1,858	21.9x	15.8x
03/21/05	Flickr	Yahoo	50	50	NA	NA
02/16/05	About.com	New York Times	410	410	30.0x	23.0x
11/14/04	MarketWatch Inc	Dow Jones & Co	512	458	52.9x	23.1x
09/14/04	MusichMatch	Yahoo!	180	180	NA	NA
03/26/04	Keikoo	Yahoo!	578	556	37.1x	22.2x
07/08/02	PayPal	eBay	1,532	1,408	NM	64.9x
Mediab						
filean						
	Yellow	Green	\$1,650	\$1,650	36.6x	28.4x
					36.5x	23.0x
					NM	24.5x

Note: Included for informational purposes.  
 Source: Analyst research reports, SEC filings and press releases.  
 (1) LTM calculated as of June 2005.  
 (2) Based on estimated CY05 revenue of \$60MM and CY06 revenue of \$200MM. Includes \$1.6BN in contingent payments.  
 (3) Transaction value based on \$102MM cash transaction value and includes \$1.1BN in contingent payments.



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# Green Potential Pro Forma EPS Impact

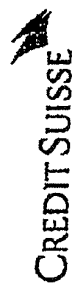
*(\$MM, except per share amounts)*

Projections (1)	Green		Yellow	
	CY2007E	CY2008E	CY2007E	CY2008E
Net Income	\$4,295	\$5,696	\$35.1	\$30.7
EPS	\$13.00	\$16.94		
Annualized P/E (2)	32.4x	24.8x		
Wtd. Avg. Shares (MM)	330.4	330.4		

Based on Green's Green Stock Repurchase Agreement, which provides for the repurchase of up to 330.4 million shares of Green common stock over a period of 36 months, beginning on the date of the closing of the transaction. The repurchase price will be based on the average two-day price of Green common stock on the date of repurchase.

Aggregate Consideration	Stock Consideration		Pro Forma EPS Accretion/(Dilution)
	Green	Yellow	
\$1,650	3.8	1.2%	CY2007E CY2008E
	FD Sh. Issued (3)	FD % Over (4)	

Note: Does not reflect the potential impact of certain purchase accounting and financial transaction variables, including (among others): equity compensation expense, excess purchase price treatment, depreciation and amortization of intangibles, tax charges/benefits and other non-recurring transaction items. Green projections per Green management pro forma for transaction. Assumes \$1MM and \$3MM of interest income in 2007 and 2008, respectively. (2) Based on Green Class A common stock analyst research report dated September 14, 2008, and IBES consensus for 2007 and 2008, respectively. (3) Based on Green tax rate of 29.2%. (4) Based on Green Class A common stock outstanding of 304.4MM from Green 10-Q for the period ended June 30, 2008, and options schedule from Green 10-Q for the period ended June 30, 2008.



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## Appendix

### A. Discounted Cash Flow Analysis Detail

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# Discounted Cash Flow Analysis Detail

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**DCF Assumptions**

**Income Statement:**

- Revenue and margin assumptions:
  - 57% CAGR from 2007E-2011E
  - 35% operating margins in 2007E rising to 50% by 2011E
  - Tax rate of 35%

**Cash Flow:**

- Assumes D&A expense equals 10% of sales in 2007E, declining to 6% by terminal year (2011E)
- Capex equal to D&A expenses
- Assumes net working capital does not have a meaningful impact on free cash flow

**Discount Rate and Terminal Multiples:**

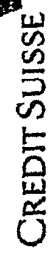
- WACC range of 20 - 26% (detail in appendix)
- Terminal EBITDA exit multiple of 9 - 13x

	Year Projections				CAGR 07E - 11E
	CY2007E	CY2009E	CY2010E	CY2011E (Terminal Yr)	
Revenue	\$160	\$289	\$477	\$681	57%
% Growth	-	80%	60%	43%	33%
EBITDA	67	144	246	374	65%
% Margin	42%	49%	51%	54%	60%
EBIT	52	120	215	340	71%
% Margin	33%	42%	45%	50%	60%
Tax Effect	18	42	75	118	71%
Free Cash Flow	35%	85%	89%	95%	35%
NOPAT	34	78	140	283	71%
Plus: Depreciation & Amortization	15	24	31	45	
% Margin	10%	8%	7%	5%	
Less: Capital Expenditures	(15)	(24)	(31)	(45)	
Unlevered Free Cash Flow	\$34	\$78	\$140	\$283	
% Growth	-	129%	80%	88%	33%

Illustrative Present Value as of December 31, 2006

	20.0%	11.0%	13.0%	9.0%	11.0%	13.0%	9.0%	11.0%	13.0%	25.0%
Discount Rate:	20.0%	11.0%	13.0%	9.0%	11.0%	13.0%	9.0%	11.0%	13.0%	25.0%
Terminal Forward EBITDA Multiples:	9.0x	11.0x	13.0x	15.2x	16.6x	22.0x	15.2x	16.6x	22.0x	13.0x
Implied Unlevered Net Income Multiple	15.2x	18.6x	22.0x	10.2%	12.4%	14.0%	12.6%	14.8%	16.4%	16.4%
Implied Perpetuity Growth Rate	7.8%	10.0%	11.9%							
PV of Unlevered FCF (CY2007E - CY2010E)	\$296	\$268	\$296	\$281	\$281	\$281	\$267	\$267	\$267	\$267
PV of Terminal Value (CY2011E & Beyond)	2,192	2,651	3,108	1,992	2,422	2,868	1,828	2,284	2,650	2,650
Implied Aggregate Value	\$2,448	\$2,927	\$3,405	\$2,263	\$2,703	\$3,144	\$2,095	\$2,502	\$2,908	\$2,908
Less: Net Debt/(Cash) <sup>(1)</sup>	-	-	-	-	-	-	-	-	-	-
Implied Equity Value	\$2,447	\$2,926	\$3,404	\$2,262	\$2,702	\$3,143	\$2,084	\$2,501	\$2,907	\$2,907

Source: Based on Yellow financial data per Green management pro forma for transaction.  
 (1) Based on Yellow management data as of September 18, 2006.



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# Weighted Average Cost of Capital Calculation

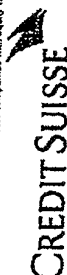
Company	Stock Price	FD Capitalization <sup>(1)</sup>	Debt %	Equity %	Debt	Equity	Debt %	Equity %	Cost of Eq	Cost of Eq	WACC	WACC	WACC
Greyhound	\$420.60	\$132,269	100.0%	0.0%	\$0	\$132,269	100.0%	0.0%	14.6%	14.6%	14.6%	14.6%	14.6%
Internet Leasing													
ebay (Dec)	\$29.39	\$2,400	100.0%	0.0%	\$0	\$2,400	100.0%	0.0%	17.5%	17.5%	17.5%	17.5%	17.5%
Yahoo! (Dec)	26.47	\$7,107	98.0%	2.0%	766	1,804	98.0%	2.0%	17.5%	17.5%	17.5%	17.5%	17.5%
Amazon.com (Dec)	32.59	43,859	91.0%	9.0%	1,953	1,822	91.0%	9.0%	17.5%	17.5%	17.5%	17.5%	17.5%
Walmart													
Mean													
Online Content and Consumer Services													
Home Depot (Dec)	\$39.98	\$5,329	89.6%	10.4%	\$21	1,845	89.6%	10.4%	16.5%	16.5%	16.5%	16.5%	16.5%
Reserve Bank (Dec)	11.34	2,116	95.6%	4.4%	100	1,410	95.6%	4.4%	14.5%	14.5%	14.5%	14.5%	14.5%
CVLT Networks (Dec)	9.85	1,817	91.4%	8.6%	143	1,568	91.4%	8.6%	17.5%	17.5%	17.5%	17.5%	17.5%
Kred (Dec)	21.17	601	100.0%	0.0%	\$0	1,300	100.0%	0.0%	14.0%	14.0%	14.0%	14.0%	14.0%
Banknote (Dec)	26.91	522	100.0%	0.0%	\$0	1,458	100.0%	0.0%	16.1%	16.1%	16.1%	16.1%	16.1%
Mean													
Overall Average													

(1) Company based on debt  
 (2) Based on BARBA...  
 (3) Based on...  
 (4) Based on...  
 (5) Size premium based 2008 Ibbotson data.

Unlevered Beta	Implied Public Co. WACC
1.65	18.2%
1.75	18.3%
2.00	20.7%
2.25	22.5%

Cost of Equity	14.0%
Market Risk Premium (R <sub>m</sub> - R <sub>f</sub> )	7.10%
Risk-Free Rate (R <sub>f</sub> )	4.77%
Mean Unlevered Beta of Selected Companies (N <sub>0</sub> )	1.64%
Retention Beta (N <sub>0</sub> /Assuming 0% Debt)	1.73%
Size Premium (P <sub>s</sub> )	0%
% Debt	0%
% Equity	100%

(1) Based on...  
 (2) Based on...  
 (3) Selected companies include Internet Leasing and Citicorp Global and Citicorp Services companies  
 (4) Based on... comparison with equity ratios between 1.00 and 2.00



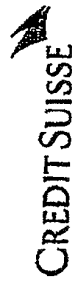
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# Appendix

## B. Yellow Financial Data

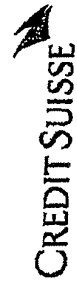


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# Yellow CY06 Historical and Projected Financial Performance

(\$)	Revenue		
	Q106A	Q206A	Q406E
Revenue	\$286,676	\$1,372,199	\$6,582,390
Cost of Revenues	<u>1,689,086</u>	<u>2,860,095</u>	<u>8,250,000</u>
Gross Margin	(1,402,410)	(1,487,896)	2,750,000
Margin	NM	NM	25%
G&A	258,476	461,597	801,242
S&M	137,104	240,161	1,035,299
R&D	370,175	424,543	913,460
Operating Expenses	765,755	1,126,301	2,750,000
Operating Income	(2,168,165)	(2,614,197)	(1,323,500)
			0

Note: Figures through August 2006 are actuals. September through December '06 based on Yellow management forecast.

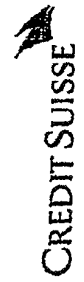


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# Appendix

## C. Green Overview



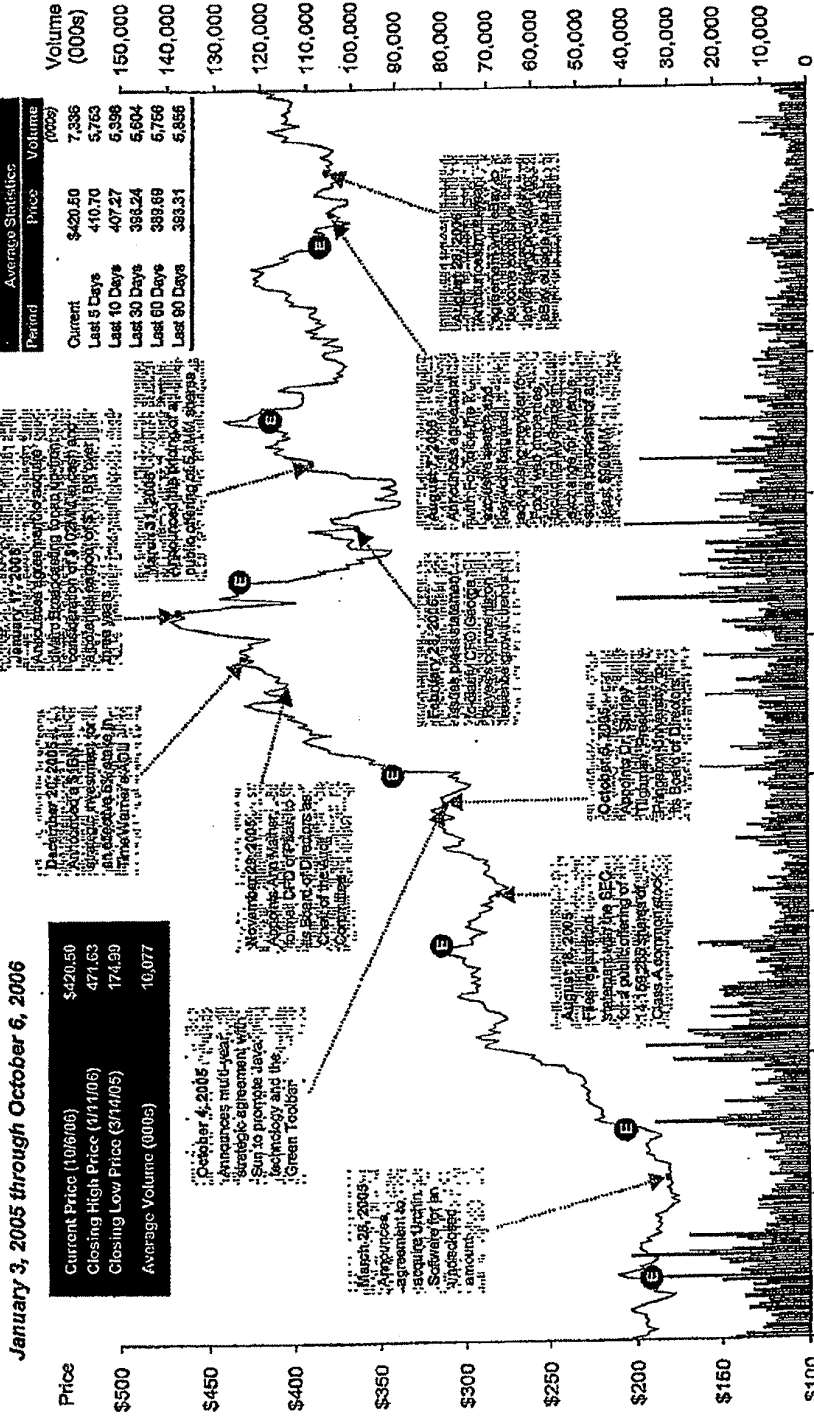


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# Green Historical Stock Trading Performance

January 3, 2005 through October 6, 2006

Current Price (10/6/06)	\$420.50
Closing High Price (1/11/05)	471.63
Closing Low Price (3/17/05)	174.99
Average Volume (000s)	10,077



Source: Factset  
 Note: E Denotes earnings announcement date.

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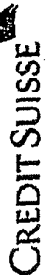
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# Summary of Green Analyst Estimates

Date	Company	Recommendation	Price Target	LT Growth Rate (%)	FY2009		FY2010		FY2011		FY2012		FY2013		FY2014	
					FY2009	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010	FY2009	FY2010
10/3/06	Needham	Buy	\$400.00	-	\$7,620	\$9,595	\$4,441	\$6,023	\$4,441	\$6,023	\$4,441	\$6,023	\$4,441	\$6,023	\$4,441	\$6,023
10/3/06	Barb Stearns	Buy	\$25.00	-	7,653	10,385	4,433	6,103	4,433	6,103	4,433	6,103	4,433	6,103	4,433	6,103
10/4/06	WR Hambrecht	Buy	450.00	15.0%	7,146	10,819	\$18,820	-	\$18,820	-	\$18,820	-	\$18,820	-	\$18,820	-
9/26/09	UBS	Hold	450.00	60.0%	7,654	9,976	3,974	6,408	3,974	6,408	3,974	6,408	3,974	6,408	3,974	6,408
9/18/09	Prudential Equity Group	Buy	\$20.00	-	7,587	11,414	4,051	6,343	4,051	6,343	4,051	6,343	4,051	6,343	4,051	6,343
9/10/05	Standard Financial Group	Buy	\$15.00	-	8,908	9,168	4,318	5,691	4,318	5,691	4,318	5,691	4,318	5,691	4,318	5,691
9/7/05	Thomas Weisel Partners	Buy	-	-	7,103	9,837	4,339	6,195	4,339	6,195	4,339	6,195	4,339	6,195	4,339	6,195
9/7/05	Green & Company	Buy	-	32.0%	9,622	9,682	4,339	6,221	4,339	6,221	4,339	6,221	4,339	6,221	4,339	6,221
9/7/05	Pepe Jeffrey	Buy	600.00	35.0%	7,090	9,923	4,414	6,110	4,414	6,110	4,414	6,110	4,414	6,110	4,414	6,110
9/13/09	JPMorgan	Buy	486.00	46.0%	7,148	10,461	4,471	6,430	4,471	6,430	4,471	6,430	4,471	6,430	4,471	6,430
9/11/09	RBC Capital Markets	Buy	500.00	30.0%	6,938	9,827	3,821	6,479	3,821	6,479	3,821	6,479	3,821	6,479	3,821	6,479
9/23/09	Global Crown Capital	Buy	540.00	-	7,658	10,237	13,274	-	13,274	-	13,274	-	13,274	-	13,274	-
9/23/09	Oppenheimer	Buy	525.00	20.0%	7,135	9,695	4,418	6,355	4,418	6,355	4,418	6,355	4,418	6,355	4,418	6,355
9/19/09	CIBC World Markets	Buy	525.00	-	7,471	11,513	16,982	-	16,982	-	16,982	-	16,982	-	16,982	-
9/16/09	CIBC Equities Research	Strong Buy	-	-	7,274	10,431	14,014	-	14,014	-	14,014	-	14,014	-	14,014	-
9/14/09	Morgan Stanley	Buy	500.00	32.0%	7,290	10,386	4,470	6,651	4,470	6,651	4,470	6,651	4,470	6,651	4,470	6,651
9/8/09	Jefferies	Buy	-	30.0%	7,042	9,380	4,272	6,673	4,272	6,673	4,272	6,673	4,272	6,673	4,272	6,673
9/8/08	William Blair	Buy	-	-	7,004	9,916	4,398	6,304	4,398	6,304	4,398	6,304	4,398	6,304	4,398	6,304
9/11/06	Gazman & Company	Underperform	-	-	7,205	9,628	-	-	-	-	-	-	-	-	-	-
7/24/06	First Global Stockpiling	Buy	500.00	-	7,399	12,012	4,942	6,125	4,942	6,125	4,942	6,125	4,942	6,125	4,942	6,125
7/27/06	Jefferies Securities	Buy	-	-	7,399	12,012	-	-	-	-	-	-	-	-	-	-
7/24/06	Argus Research	Strong Buy	-	-	7,276	10,863	14,271	-	14,271	-	14,271	-	14,271	-	14,271	-
7/24/06	Citi & Company	Strong Buy	-	-	9,091	9,831	4,341	6,011	4,341	6,011	4,341	6,011	4,341	6,011	4,341	6,011
7/24/06	TrustEquity Partners	Buy	-	-	7,071	10,387	3,968	6,735	3,968	6,735	3,968	6,735	3,968	6,735	3,968	6,735
7/22/06	JMP Securities	Buy	-	-	7,003	10,438	4,455	6,622	4,455	6,622	4,455	6,622	4,455	6,622	4,455	6,622
7/22/06	Lehman Brothers	Strong Buy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7/22/06	Merid Lynch	Strong Buy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7/22/06	Pacific Crest Securities	Buy	500.00	25.0%	7,354	10,841	4,448	6,466	4,448	6,466	4,448	6,466	4,448	6,466	4,448	6,466
7/22/06	Scotiabank	Hold	-	-	6,800	9,910	-	-	-	-	-	-	-	-	-	-
7/22/06	SVB Financial	Strong Buy	-	-	7,035	10,031	4,457	6,795	4,457	6,795	4,457	6,795	4,457	6,795	4,457	6,795
7/21/06	BMO Capital Markets	Hold	525.00	-	7,409	10,633	4,389	6,377	4,389	6,377	4,389	6,377	4,389	6,377	4,389	6,377
7/21/06	Citigroup	Strong Buy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7/21/06	First Albany	Buy	518.00	40.0%	7,134	10,342	4,462	6,397	4,462	6,397	4,462	6,397	4,462	6,397	4,462	6,397
7/21/06	Goldman Sachs & Co.	Buy	-	-	7,125	10,310	13,578	-	13,578	-	13,578	-	13,578	-	13,578	-
7/21/06	Susquehanna	Buy	-	-	7,090	9,678	4,408	6,338	4,408	6,338	4,408	6,338	4,408	6,338	4,408	6,338
7/14/06	American Technology Research	Buy	-	-	7,219	10,857	12,633	-	12,633	-	12,633	-	12,633	-	12,633	-

High = High estimate  
Low = Low estimate



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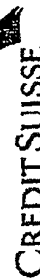
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# Green Summary Income Statement

(\$MM, except per share amounts)

	Green Quarterly Financial Performance												Green Annual Performance	
	FY2005A				FY2006E				FY2006E				FY Ended December 31,	
	Mar-05A	Jun-05A	Sep-05A	Dec-05A	Mar-06A	Jun-06A	Sep-06E	Dec-06E	2005A	2006E	2006E	2007E		
Net Revenue	\$795	\$890	\$1,049	\$1,230	\$1,531	\$1,671	\$1,800	\$2,100	\$4,024	\$7,103	\$9,887	\$9,887		
Cost of Goods Sold	83	103	124	147	202	218	254	284	457	853	1,198	1,198		
Gross Profit	711	787	925	1,144	1,352	1,469	1,582	1,846	3,567	6,250	8,689	8,689		
R&D	78	96	152	157	174	212	229	249	484	864	1,189	1,189		
S&M	83	97	105	155	176	182	186	283	440	817	1,167	1,167		
G&A	57	72	92	114	148	151	153	177	335	593	851	851		
Operating Income	482	523	576	718	888	925	1,005	1,157	2,308	3,973	5,485	5,485		
Plus: Depreciation	55	67	97	99	141	128	135	148	319	550	710	710		
EBITDA	548	590	672	814	1,029	1,051	1,140	1,305	2,624	4,523	6,195	6,195		
Interest (Income) / Expense	(14)	(20)	(21)	(20)	(68)	(108)	(107)	(116)	(124)	(397)	(572)	(572)		
Pretax Income	505	543	595	788	955	1,031	1,111	1,273	2,432	4,370	6,068	6,068		
Income Taxes	147	162	169	318	258	258	342	394	787	1,232	1,739	1,739		
Net Income	358	381	437	488	697	772	770	879	1,646	3,118	4,285	4,285		
EPS	\$1.25	\$1.33	\$1.51	\$1.54	\$2.20	\$2.49	\$2.42	\$2.73	\$5.84	\$9.94	\$13.00	\$13.00		
Average Shares	286.6	287.2	289.7	304.0	304.1	310.0	317.4	322.4	281.9	313.5	330.4	330.4		
1/8/05 EPS	-	-	-	-	-	-	\$2.42	\$2.76	-	\$9.65	\$13.07	\$13.07		
Margin	80%	86%	89%	89%	86%	86%	86%	86%	86%	86%	86%	86%		
Gross Profit	10%	11%	14%	12%	11%	13%	13%	12%	12%	12%	12%	12%		
R&D	10%	11%	10%	12%	11%	11%	11%	13%	11%	11%	12%	12%		
S&M	7%	8%	9%	9%	8%	9%	8%	9%	8%	8%	8%	8%		
G&A	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%	6%		
Operating Income	62%	69%	69%	69%	67%	67%	67%	67%	67%	67%	67%	67%		
EBITDA	69%	69%	64%	63%	67%	63%	63%	62%	65%	64%	64%	64%		
Tax Rate	29%	30%	27%	40%	27%	25%	31%	31%	35%	35%	35%	35%		
Net Income	45%	43%	42%	39%	46%	46%	43%	42%	41%	44%	43%	43%		
Growth Refs														
Revenue Y/Y	22%	27%	30%	25%	33%	88%	72%	63%	105%	77%	38%	38%		
Revenue Q/Q	(23%)	12%	16%	23%	78%	6%	6%	77%	-	-	-	-		
Operating Income Y/Y	113%	115%	105%	116%	81%	77%	75%	61%	106%	72%	35%	35%		
Operating Income Q/Q	47%	6%	10%	20%	24%	4%	9%	16%	-	-	-	-		
EPS Y/Y	42%	34%	64%	117%	83%	83%	61%	77%	115%	76%	31%	31%		
EPS Q/Q	76%	6%	14%	2%	48%	9%	(5%)	12%	-	-	-	-		

Source: Thomas Weasel analyst research report dated September 14, 2006.



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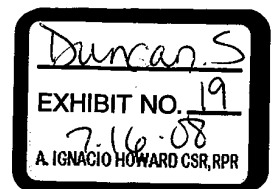
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**Sent:** Saturday, October 7, 2006 7:19 PM  
**To:** Scarborough, Chris <cscarbor@credit-suisse.com>; Maurus, Zach <zmaurus@credit-suisse.com>  
**Subject:** Project Snowmass - Oct. Board Materials\_v8.PPT  
**Attach:** Project Snowmass - Oct. Board Materials\_v8.PPT

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Scarby/Zach. Attached is a draft of the materials. I'm around to discuss.

Thx,  
James

<<...>>





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**Project Snowmass**  
**IBC Materials**

October 9, 2006

DRAFT

PRELIMINARY | SUBJECT TO FURTHER REVIEW AND EVALUATION

THESE MATERIALS MAY NOT BE USED OR RELIED UPON FOR ANY PURPOSE OTHER THAN AS SPECIFICALLY CONTEMPLATED BY A WRITTEN AGREEMENT WITH CREDIT SUISSE.

# Summary of Key Transaction Terms

Based on Draft Merger Agreement as of October 6, 2006

# DRAFT

## Summary of Terms

- ▶ \$1.65 billion of Green Class A Common Stock in exchange for all shares, options, warrants and other equity interests of Yellow
- ▶ One year indemnification period, with certain customary carveouts
  - Liability for breaches is limited to [20%] of the aggregate consideration
  - Escrow of [10%] of the aggregate consideration
- ▶ Expected to sign and publicly announce after market on October 9
- ▶ Closing anticipated in 30 to 45 days

## Summary of Statistics

	Illustrative Yellow Txn Statistics	Green Street Statistics (3)
<b>TRANSACTION VALUES</b>		
Fully-Diluted Equity Value	\$1,650	\$132,299
- Net Cash (1)	0	(10,840)
Fully-Diluted Aggregate Value	1,650	121,458
<b>IMPLIED VALUATION MULTIPLES</b>		
Revenue	Statistic (2)	
CY2007E	\$150	11.0x
CY2008E	299	5.5
EBITDA		
CY2007E	\$67	24.5x
CY2008E	144	11.5
NOPAT		
CY2007E	\$34	48.4x
CY2008E	78	21.2

(1) Based on Green management data provided October 6, 2006.

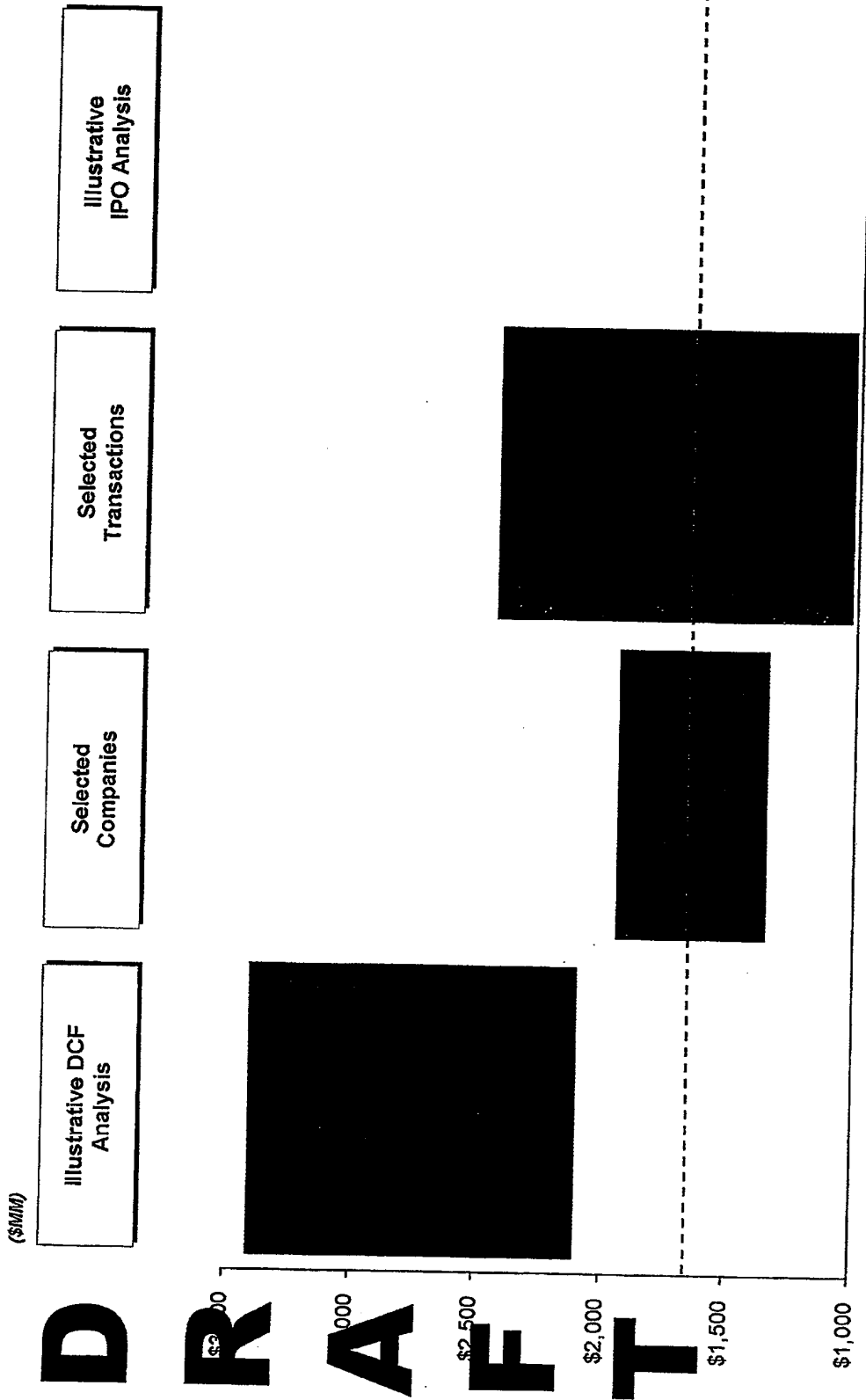
(2) Yellow projections based on Green Management data provided October 7, 2006.

(3) Based on Green stock price of \$420.50 as of October 6, 2006. Projections based on Thomas Weisel analyst research dated September 14, 2006 and consensus estimates for 2007 and 2008, respectively.

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# Summary of Valuation Analyses

Update Football Field Last  
- To discuss IPO Analysis





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# Yellow Company Overview

## Company Overview

Status: Private  
 Headquarters: San Mateo, CA  
 Founded: 2005

## Executives

Management	
Name	Title
Chad Hurley	CEO
Steve Chen	CTO
Gideon Yu	CFO
Background	
Executive, Paypal	
Executive, Paypal	
Treasurer, Yahoo!	

## Financing History

Round	Round Type	Date	Amount Raised (\$MM)	Post-Money Valuation (\$MM)	Company Stage
1	1st	11/05	\$3.5	NA	Shipping Product
2	2nd	4/06	8.0	NA	Shipping Product

Investors Include: Sequoia Capital

## Product Overview

Yellow is a place for people to share, comment on, and view videos online. Yellow originally started as a personal video sharing service, and has grown into an entertainment destination with people watching more than 100 million videos on the site daily. Yellow enables people to:

- ▶ Upload, tag and share videos worldwide
- ▶ Browse millions of original videos uploaded by community members
- ▶ Find, join and create video groups to connect with people who have similar interests
- ▶ Customize the experience by subscribing to member videos, saving favorites, and creating playlists
- ▶ Integrate Yellow videos on websites using video embeds or APIs
- ▶ Make videos public or private - users can elect to broadcast their videos publicly or share them privately with friends and family upon upload

## Recent News

- September 20, 2006 - Announced Cingular-sponsored promotion to discover unsigned bands and musicians.
- September 18, 2006 - Announced video distribution and revenue partnership with Warner Music Group.
- August 22, 2006 - Unveiled new advertising concepts—Participatory Video Ads (PVA) and Brand Channels—to encourage dialogue between community and marketers. Yellow names their first Brand Channel partner, Warner Brothers Records, and designates a channel for Paris Hilton to promote her debut album Paris
- May 10, 2006 - Launched a service that allows people to upload videos directly from their mobile phones and PDAs to the Yellow Web site.
- June 27, 2006 - Announced a strategic partnership that will combine NBC's programming with Yellow's audience.
- May 10, 2006 - Launched a service that allows people to upload videos directly from their mobile phones and PDAs to the Yellow Web site

**D R A F T**

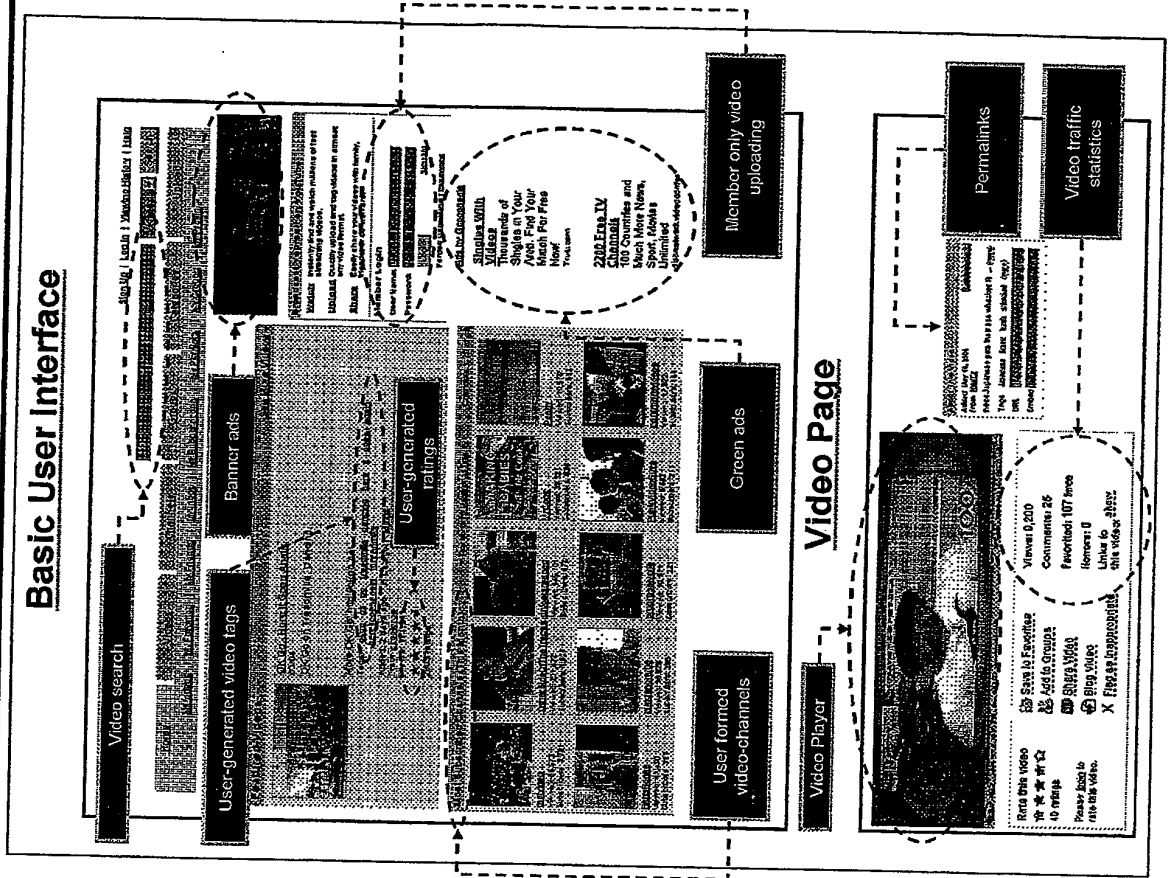
# Yellow Company Overview (continued)

Key Metrics			
Metric	Metric	Rank (1)	
	October 2005	July 2006	
Total Unique Users	0.7MM	16.1MM	3
Total Pages Viewed	10MM	661MM	1
Average Minutes Per Visitor	11.6 min	33.7 min	1

(1) Rank within online video space. Based on July 2006 metric per Comscore Media Matrix

- ▶ Current number of videos viewed daily: 180MM
- ▶ Current number of videos uploaded daily: 100,000

Source: Yellow Management date provided October 6, 2006.



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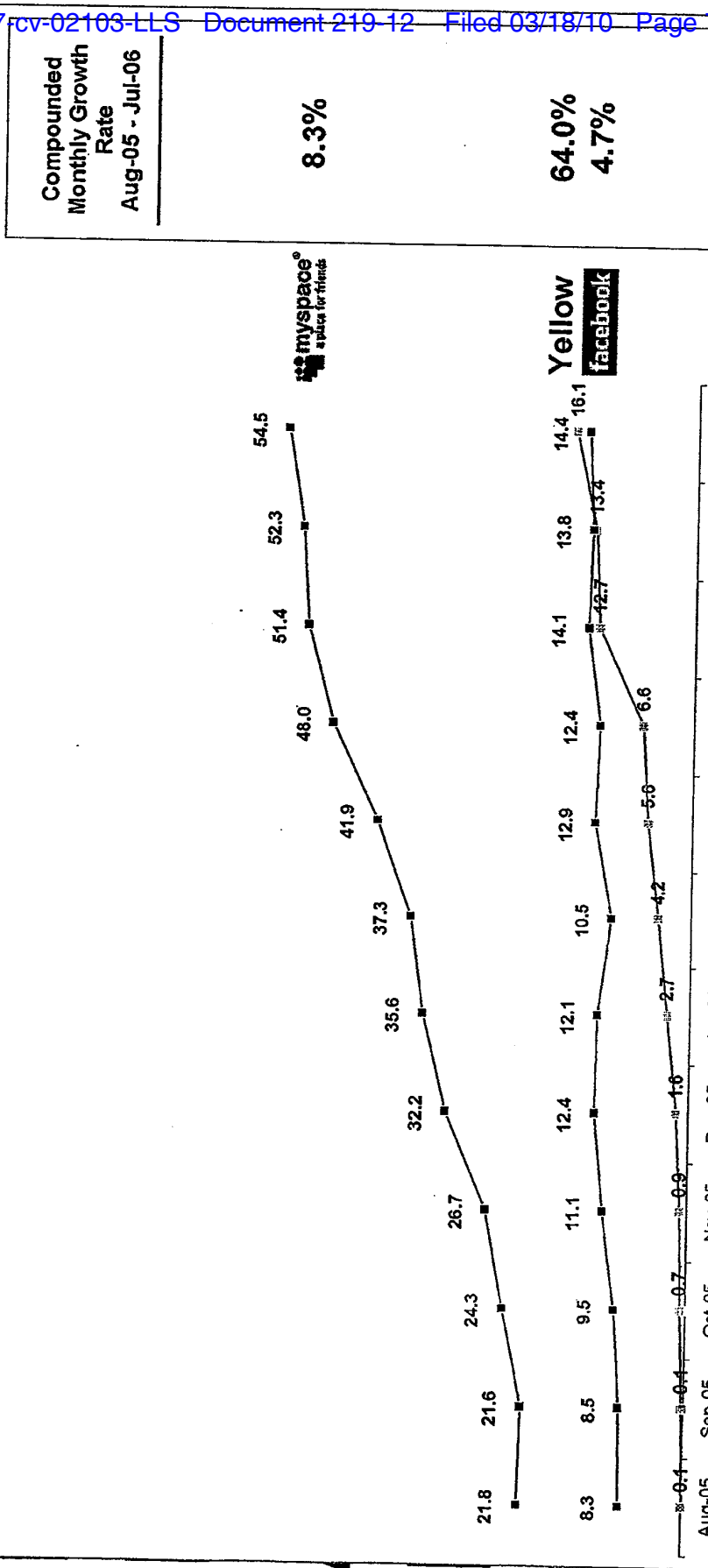
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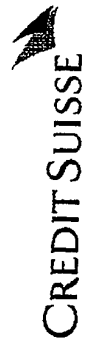
# Benchmarking User Growth

## Unique Users Over Time

(Unique Users in MM)



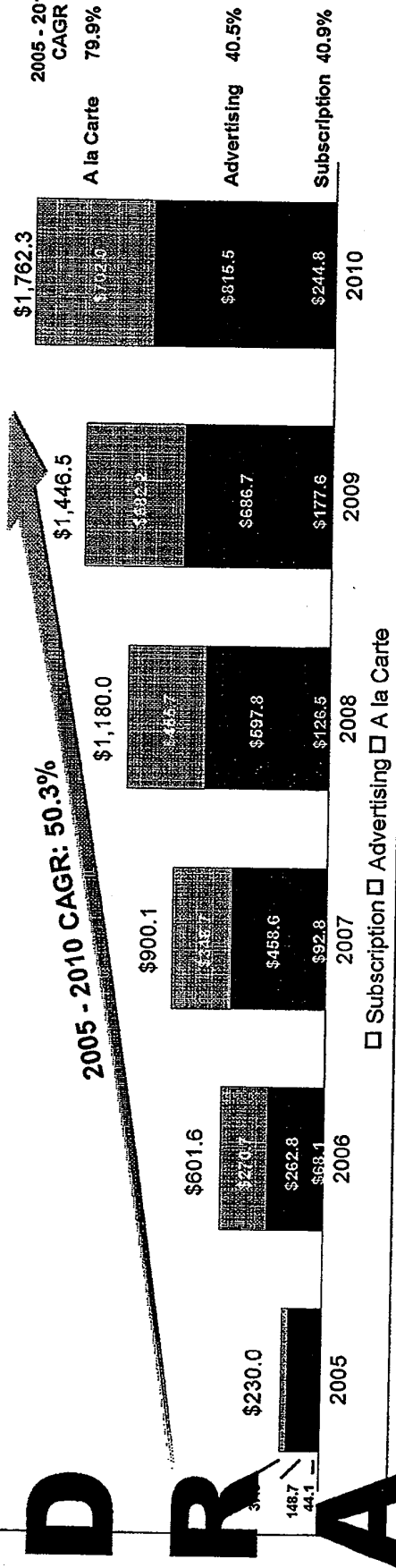
Source: Comscore Media Metrix



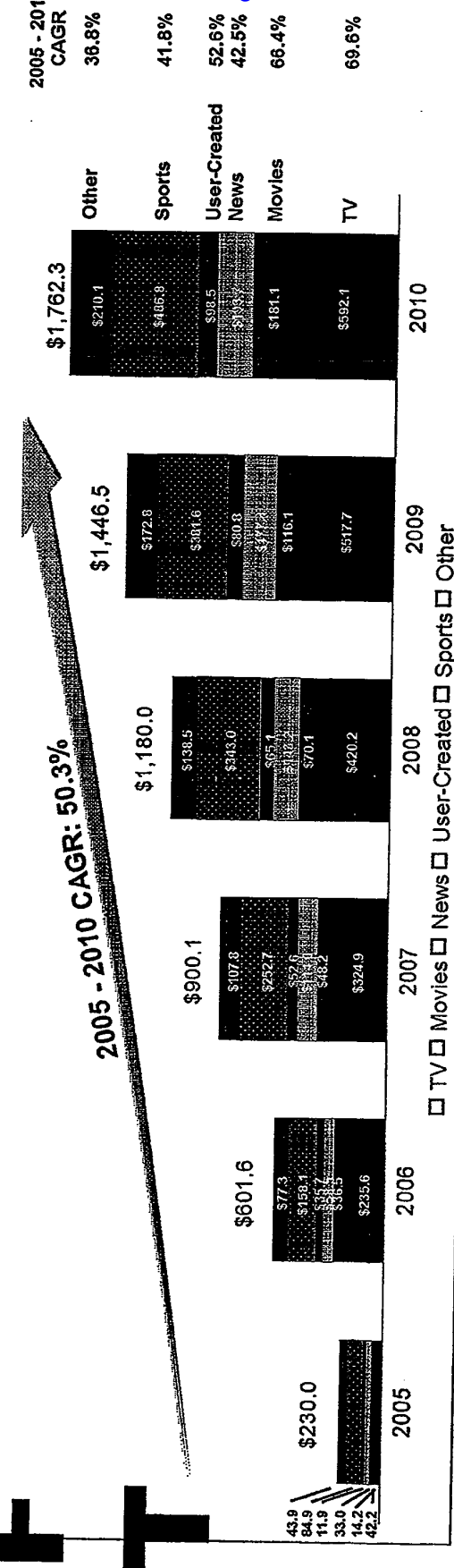
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# Online Video Market Forecasts

Internet Video Revenue by Service Type



Internet Video Revenue By Content Type




Source: IDC, March 2006

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## Transaction Rationale and Positioning

- ▶ **Enables Green to catapult to the clear number one position in online video**
  - Online video has been a top priority for Green and they have not been able to gain meaningful traction with their stand alone efforts
  - Yellow has consistently extended its leadership position over Green and all other online players in 2006
- ▶ **Numerous revenue and cost synergies will drive increasing profits**
  - Green can increase usage of Yellow as part of its network
  - Green can better monetize Yellow's traffic and viewing with its technology and advertiser relationships
  - Green can realize significant cost savings in ad serving, bandwidth and sales
- ▶ **Yellow is one of the leading and fastest growing Web 2.0 companies**
  - Company has exhibited tremendous growth and has established a loyal global following
    - There are only a handful of private internet companies exhibiting this type of growth and traction

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# Key Revenue Assumptions in Yellow Model

Key Variable	Description/2007E Traffic Metrics	2011E Traffic Metrics	CPM	Unmonetized Video Traffic
Videos Viewed	<ul style="list-style-type: none"> <li>Currently, there are ~ 180MM videos viewed per day on Yellow website</li> <li>Assumes 400MM avg. videos viewed per day in 2007E                             <ul style="list-style-type: none"> <li>90% of videos viewed are major geographic markets</li> <li>13% of videos viewed on partner websites (i.e. MySpace, etc.)</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>950MM avg. videos viewed per day by 2011E</li> <li>CAGR of 24%</li> </ul>		
Pages Viewed	<ul style="list-style-type: none"> <li>Page views on 3 areas of the Yellow website:                             <ul style="list-style-type: none"> <li>Home Page: ~ 10% of total page views</li> <li>Search Page: ~ 45% of total page views</li> <li>Watch Page: ~ 45% of total page views</li> </ul> </li> <li>Assumes 1:1 Video Stream to Watch Page ratio</li> <li>~ 280BN annual page views in 2007E</li> </ul>	<ul style="list-style-type: none"> <li>670BN annual page views by 2011E</li> <li>CAGR of 24%</li> </ul>		
Premium Video	<ul style="list-style-type: none"> <li>60% of total video streams on Yellow website are Premium</li> <li>Premium Content is copyrighted content such as movie / TV trailers, music videos, etc.</li> <li>Assumes 10% of premium content providers allow Yellow to monetize their content in 2007E                             <ul style="list-style-type: none"> <li>75% sell through on advertising inventory</li> <li>50/50 revenue share split (after 10% allocation for expenses - bandwidth, storage, etc.)</li> </ul> </li> <li>~ 5BN video ad streams sold in 2007E</li> </ul>	<ul style="list-style-type: none"> <li>50% of premium content providers allow Yellow to monetize their content                             <ul style="list-style-type: none"> <li>79% sell through on advertising inventory</li> </ul> </li> <li>~ 64BN annual video ad streams sold</li> <li>CAGR of 88%</li> </ul>	<ul style="list-style-type: none"> <li>\$10 CPM in 2007E</li> <li>Growing to \$13 by 2011E</li> </ul>	<ul style="list-style-type: none"> <li>63BN premium videos viewed will not serve video ads in 2007E</li> <li>99BN in 2011E</li> </ul>
High Value Non-Premium Video	<ul style="list-style-type: none"> <li>40% of total video streams on Yellow website are Non-Premium</li> <li>Non-Premium Content is user generated videos and is segmented between high value content and regular content</li> <li>~ 2.5% of Non-Premium content can be monetized using video ads in 2007E                             <ul style="list-style-type: none"> <li>Sell through and revenue share assumptions consistent with premium video assumptions</li> <li>~ 900MM video ad streams sold in 2007E</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>~ 10% of Non-Premium content can be monetized using video ads by 2011E</li> <li>~ 8.5BN video ad streams sold by 2011E</li> <li>CAGR of 78%</li> </ul>	<ul style="list-style-type: none"> <li>CPM of \$3 in 2007E</li> <li>Growing to \$5 by 2011E</li> </ul>	<ul style="list-style-type: none"> <li>45BN annual non-premium videos viewed will not serve video ads in 2007E</li> <li>100BN in 2011E</li> </ul>
Run of Site Ads	<ul style="list-style-type: none"> <li>Non-targeted run of site ads served on Search and Watch Pages                             <ul style="list-style-type: none"> <li>254BN page views in 2007E</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>603BN page views by 2011E</li> <li>CAGR of 24%</li> </ul>	<ul style="list-style-type: none"> <li>CPM of \$0.14</li> <li>~\$0.50 CPM on GreenMail</li> </ul>	
Sponsored Ads	<ul style="list-style-type: none"> <li>Sponsored advertising on Yellow's home page (i.e. Paris Hilton sponsored by Fox's Prison Break)                             <ul style="list-style-type: none"> <li>Assumes 100% sell through on advertising inventory</li> <li>28BN page views in 2007E</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>67BN page views by 2011E</li> <li>CAGR of 24%</li> </ul>	<ul style="list-style-type: none"> <li>CPM of \$3 in 2007E, growing to \$5 by 2011E</li> <li>Green estimates that AOL Home Page CPM is ~\$5 and YHOO Home Page CPM is ~\$3</li> </ul>	

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# Yellow Long-Term Financial Projections

Financials based on Green Management Case

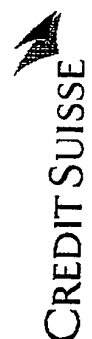
# D R A F T

(\$MM)

	Yellow Calendar Year Financial Performance				'07-'11 CAGR	
	2007E	2008E	2009E	2010E		2011E
Premium Video	\$51	\$168	\$342	\$565	\$835	101%
High Value Non-Premium Video	3	9	20	35	43	102%
Run of Site Ads	36	53	67	77	84	24%
Sponsored Ads	85	148	212	274	335	41%
Gross Revenue	\$174	\$379	\$640	\$950	\$1,297	65%
Net Revenue (1)	\$150	\$299	\$477	\$681	\$902	57%
% Growth	NM	99%	60%	43%	33%	57%
EBITDA	67	144	246	374	496	65%
% Margins	45%	48%	52%	55%	55%	65%
% Growth	NM	128%	80%	58%	33%	65%
Less: D&A	15	24	31	34	45	71%
Operating Income	52	120	215	340	451	71%
% Margins	35%	40%	45%	50%	50%	71%
Income Taxes	18	42	75	119	158	71%
% Tax Rate	35%	35%	35%	35%	35%	71%
NOPAT	34	78	140	221	293	71%
% Margins	23%	26%	29%	33%	33%	71%

• Current headcount of approximately 60 employees growing to ~200 by 2011E  
 • Majority of other operating expenses consist of bandwidth and server costs  
 • ~\$3MM in video streaming (bandwidth) costs over the last 6 months

Projections based on Green Management data provided October 7, 2006.  
 (1) Net of partner revenue share expenses.



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# Selected Companies Trading Statistics

*(\$MM, except per share amounts)*

COMPANY (FYE)	Trading Performance		FD Capitalization		Revenue		EBITDA		NOPAT		LT CY2007 PE / (LTGR)
	Stock Price 10/6/06	Disc. / Prem. to LTM	Equity Market Value	Aggr. Market Value	CY06	CY07	CY06	CY07	CY06	CY07	
<b>Internet Leaders</b>											
eBay (Dec.)	\$29.39	(37.2%)	\$39,045	\$29.3X	17.7X	4.2X	17.1X	10.6X	28.6X	22.8X	24%
Yahoo! (Dec.) <sup>(1)</sup>	25.47	(41.3%)	37,107	50.6X	29.6X	3.9X	14.1X	10.9X	NM	37.5X	28%
Amazon.com (Dec.)	32.59	(34.2%)	13,889	NM	29.0X	1.0X	22.0X	13.4X	NM	45.1X	21%
<b>Online Content and Consumer Services</b>											
Monster Worldwide (Dec.)	\$39.98	(32.6%)	\$5,309	32.2X	18.7X	3.1X	18.0X	10.3X	28.9X	22.6X	25%
RealNetworks (ex litigation) (Dec.)	11.34	(0.5%)	2,119	NM	NA	2.8X	NM	31.8X	11.4X	34.0X	23%
Netflix (Dec.)	24.11	(23.9%)	1,727	46.7X	18.3X	1.4X	6.7X	6.2X	NM	30.1X	43%
CNET Networks (Dec.)	9.85	(37.8%)	1,519	45.4X	28.4X	3.4X	17.1X	13.5X	48.4X	47.0X	28%
Knot (Dec.)	21.17	(4.3%)	643	51.8X	24.8X	4.5X	42.7X	21.3X	NA	34.3X	33%
Bankrate (Dec.)	26.91	(48.1%)	522	29.5X	18.0X	3.4X	14.8X	10.9X	28.9X	20.8X	29%
Median	24.3%	37.2%	15.7%	45.7%	18.7%	3.1X	15.0%	10.7%	28.9%	33.5%	29%
Mean	24.8%	37.2%	15.7%	45.7%	18.7%	3.1X	15.0%	10.7%	28.9%	33.5%	29%

Source: IBES consensus estimates and Wall Street Research  
 (1) Yahoo! net cash is adjusted to include the market value of Yahoo! ownership in Yahoo! Japan. Assumed 54% of current market capitalization of Yahoo! Japan, with a 20% liquidity discount.  
 (2) Yahoo! net cash is adjusted to include the market value of Yahoo! ownership in Yahoo! Japan. Assumed 54% of current market capitalization of Yahoo! Japan, with a 20% liquidity discount.

(\$MM)

Selected Statistic (2)	Multiple Reference Range		Implied Equity Value (1)	
	Low	High	Low	High

**BASED ON EBITDA STATISTICS**

CY2007E	\$67	20.0x - 30.0x	\$1,350	\$2,024
CY2008E	144	11.0 - 17.0	\$1,579	\$2,440

**BASED ON NOPAT STATISTICS**

CY2007E	\$34	30.0x - 50.0x	\$1,023	\$1,706
CY2008E	78	20.0 - 30.0	\$1,555	\$2,332

(1) Assumes Yellow net cash of \$0.0MM based on management data provided October 6, 2006.  
 (2) Yellow projections based upon Green Management provided October 7, 2006.

**Implied valuation range of \$1.0BN to \$2.3BN based on selected company statistics**

**D R A F T**



Consider adding mobile content?

# Selected Internet Transactions

Date	Target	Acquirer	Fully-Diluted		Revenue		EBITDA	
			Equity Value	Agg. Value	LTM	NTM	LTM	NTM
08/09/06	Atom Entertainment	Viacom	\$200	\$200	NA	NA	NA	NA
04/24/06	Xfire	Viacom	102	102	NA	NA	NA	NA
03/16/06	uSwitch <sup>(1)</sup>	EW Scripps	366	366	14.6x	8.6x	NA	NA
03/06/06	iVillage	NBC Universal	665	609	6.7x	5.3x	35.9x	21.0x
01/17/06	dMarc Broadcasting <sup>(4)</sup>	Green	1,238	1,238	NA	NA	NA	NA
12/14/05	PriceGrabber.com	GUS plc	485	485	8.1x	NA	19.4x	NA
09/12/05	Skype <sup>(2)</sup>	eBay	2,600	2,600	43.3x	13.0x	NA	NA
09/08/05	IGN <sup>(1)</sup>	News Corp	650	650	11.3x	NA	41.9x	NA
07/18/05	Intermix <sup>(1)</sup>	News Corp	575	571	7.2x	4.8x	NM	37.4x
06/07/05	Shopzilla <sup>(3)</sup>	E.W. Scripps	560	560	6.6x	4.0x	28.0x	16.8x
06/01/05	Shopping.com	eBay	667	524	4.9x	3.9x	24.3x	18.9x
05/04/05	LowerMyBills.com	Experian	350	350	2.9x	NA	NA	NA
03/21/05	Ask Jeeves	InterActiveCorp	1,966	1,858	7.1x	4.8x	21.9x	15.8x
03/21/05	Flickr	Yahoo	50	50	NA	NA	NA	NA
02/16/05	About.com	New York Times	410	410	10.0x	NA	30.0x	23.0x
12/16/04	Rent.com	eBay	415	415	10.4x	NA	NA	NA
11/14/04	MarketWatch Inc	Dow Jones & Co	512	456	6.4x	4.8x	52.9x	23.1x
09/14/04	MusicMatch	Yahoo!	160	160	6.5x	NA	NA	NA
08/03/04	Pricerunner.com	ValueClick	29	27	3.7x	NA	16.6x	NA
03/26/04	Keikoo	Yahoo!	576	556	11.1x	6.2x	37.1x	22.2x
07/08/02	PayPal	eBay	1,532	1,406	10.1x	5.5x	NM	54.9x

Median	Mean
10.0x	6.1x
7.2x	5.1x
30.8x	26.9x
29.0x	22.2x

Source: Analyst research reports, SEC filings and press releases.  
 (1) LTM calculated as of June 2005.  
 (2) Based on estimated CY05 revenues of \$60mm and CY06 revenues of \$200mm.  
 (3) LTM calculated as CY04 and NTM calculated as CY05.  
 (4) Transaction value based on \$102MM cash transaction value and includes \$1.1BN in contingent payments.

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# Selected Transactions Analysis

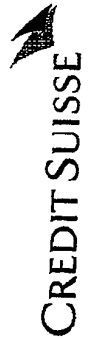
**D R A F T**

	Yellow Statistic <sup>(2)</sup>	Multiple Reference Range		Implied Equity Value <sup>(1)</sup>	
		Low	High	Low	High
<b>(\$MM)</b>					
<b>BASED ON FORWARD EBITDA STATISTICS</b>					
CY2007E	\$67	23.0x	30.0x	\$1,552	\$2,024
<b>BASED ON FORWARD REVENUE STATISTICS</b>					
CY2007E	\$150	9.0x	13.0x	\$1,350	\$1,949

(1) Adjusted for Yellow, net cash of \$0.0MM based on management data for the period ended September 30, 2006.

(2) Forward financial statistics for Yellow based on calendar year 2007E financials.

**Implied valuation range of \$1.4BN to \$2.0BN based on selected transaction statistics**



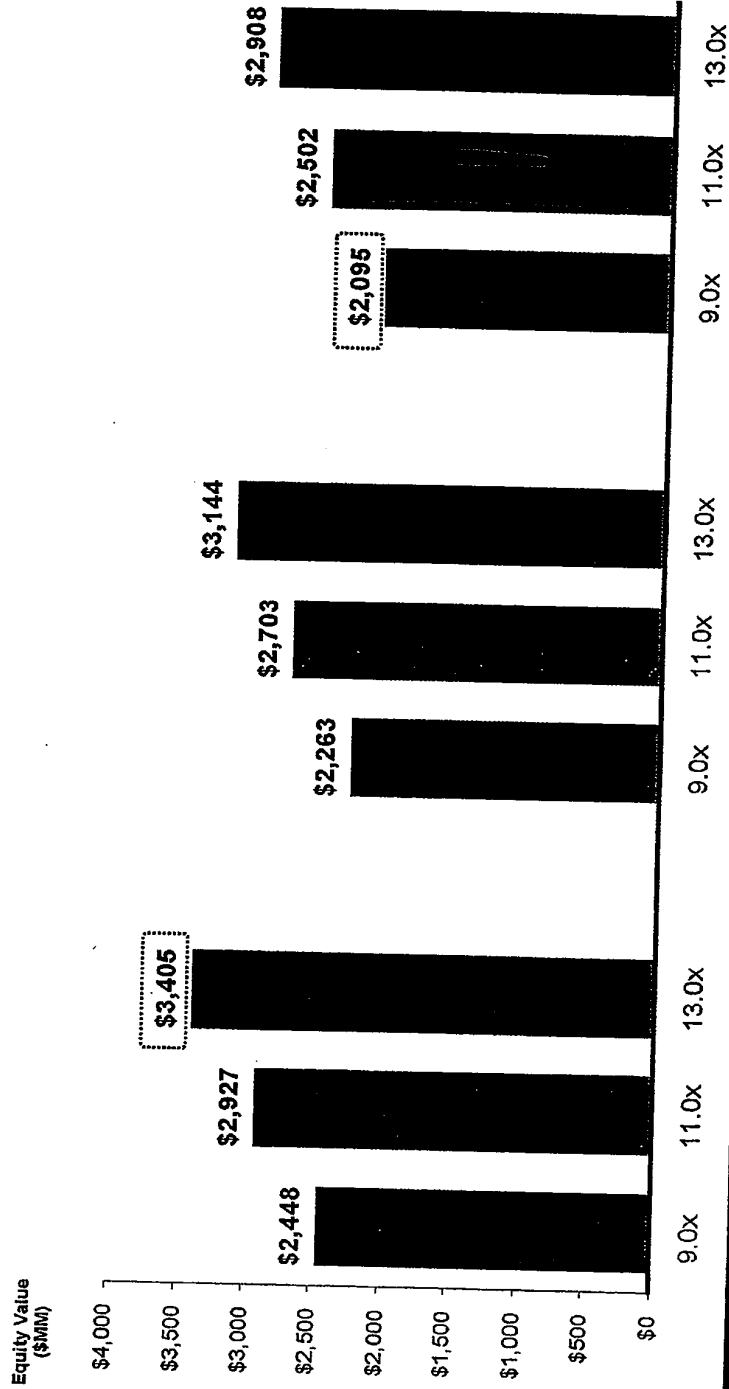
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# Illustrative Yellow DCF Analysis

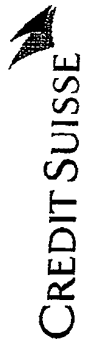
**D**iscount Rate: **20.0%** **22.5%** **25.0%**

**Discounted Cash Flow Analysis**

# DRAFT



DCF analysis implies a valuation range for Yellow of \$2.1BN - \$3.4BN



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# Illustrative DCF Sensitivity on Financial Performance

Sensitivity based on revenue growth and EBITDA margin

# D R A F T

CY07E - CY11E Average Annual EBITDA Margin %		CY07E - CY11E Revenue CAGR		Illustrative DCF Valuation Range	
40.0%	\$834	25%	\$576	\$902	\$1,406
45.0%	941	40%	1,268	57%	75%
52.9%	1,138		1,431	2,225	3,339
55.0%	1,156		1,735	2,703	4,067
60.0%	1,264		1,755	2,729	4,091
			1,918	2,981	4,467

Note: Based on a 22.5% discount rate and a 11.0x terminal EBITDA multiple.

= Denotes base case



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# Green Pro Forma Transaction Impact

# DRAFT

*(\$MM, except per share amounts)*

Projections <sup>(1)</sup>	Green		Yellow	
	CY2007E	CY2008E	CY2007E	CY2008E
Net Income	\$4,294.6	\$5,586.3	\$35.1	\$80.7
EPS	\$13.00	\$16.94		
Annualized P/E <sup>(2)</sup>	32.4x	24.8x		
Weighted Average Shares (MM)	330.4	330.4		

ANALYSIS SWAGOV  
Current Chart Prices  
Tom Will be based on 530  
REVISED: 10/10/06

Trans. Value	Stock Consideration		Pro Forma EPS Accretion/Dilution		Pre-Tax Synergies <sup>(3)</sup> for No Dilution % of Yellow OpEx		Annualized P/E to Maintain Current Share Price <sup>(2)</sup>	
	Green FD Sh. Issued <sup>(4)</sup> (MM)	Yellow FD % Own. <sup>(4)</sup>	CY2007E	CY2008E	CY2007E	CY2008E	CY2007E	CY2008E
\$1,650	3.9	1.2%	\$12.95	\$16.98	\$22	NM	32.5x	24.8x
\$1,136	2.7	0.9%	13.00	17.00		NM	32.4	24.7
2,005	4.8	1.5%	12.92	16.94	\$38	NM	32.6	24.8

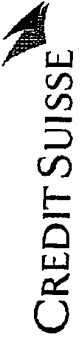
Note: Does not reflect the potential impact of certain purchase accounting and financial transaction variables including (among others): equity compensation expense, excess purchase price treatment, depreciation and amortization of intangibles, tax charges/benefits and other non-recurring/transaction items.

(1) Yellow projections based on Green Management data provided October 7, 2006. Assumes \$1MM and \$3MM of interest income in 2007 and 2008, respectively.

(2) Based on current prices of \$420.50 for Green as of October 6, 2006.

(3) Based on Green tax rate of 29.2%.

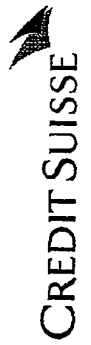
(4) Based on Green shares outstanding of 304.4MM from 10-Q for the period ended June 30, 2006, and options schedule from 10-Q for the period ended June 30, 2006.



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# Appendix

## A. Discounted Cash Flow Analysis Detail



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# Illustrative Discounted Cash Flow Analysis Detail

## Yellow Management Base Case DCF Analysis

# DRAFT

DCF Assumptions	
<b>Income Statement:</b>	
Revenue and margin assumptions based on Green management projections	
57% CAGR from 2007E-2011E	
35% operating margins in 2007E rising to 50% by 2011E	
Tax rate of 35%	
<b>Cash Flow:</b>	
Management assumes D&A expense equals 10% of sales in 2007E, declining to 5% by terminal year (2011E)	
Capex In-line with D&A expense	
Assumes net working capital does not have a meaningful impact on free cash flow	
<b>Discount Rate and Terminal Multiples:</b>	
Assumes WACC range of 20 - 25%	
Terminal EBITDA exit multiple of 9 - 13x	

	Yellow Projections				CAGR	
	CY2007E	CY2008E	CY2009E	CY2010E		CY2011E (Terminal Yr)
Revenue	\$150	\$299	\$477	\$681	\$902	57%
% Growth	-	99%	60%	43%	33%	
EBITDA	67	144	246	374	496	65%
% Margin	45%	48%	52%	55%	55%	
EBIT	52	120	215	340	451	71%
% Margin	35%	40%	45%	50%	50%	
Tax Effect	18	42	75	119	158	
Tax Rate	35%	35%	35%	35%	35%	
NOPAT	34	78	140	221	293	71%
Plus: Depreciation & Amortization	15	24	31	34	45	
% Margin	10%	8%	7%	5%	5%	
Less: Capital Expenditures	(15)	(24)	(31)	(34)	(45)	
Unlevered Free Cash Flow	\$34	\$78	\$140	\$221	\$293	71%
% Growth	-	128%	80%	58%	33%	

	Illustrative Present Value as of December 31, 2006					
	9.0x	11.0x	13.0x	9.0x	11.0x	13.0x
Discount Rate:	20.0%	11.0x	13.0x	22.5%	11.0x	13.0x
Terminal Forward EBITDA Multiple:	9.0x	11.0x	13.0x	9.0x	11.0x	13.0x
Implied Unlevered Net Income Multiple	15.2x	18.6x	22.0x	15.2x	18.6x	22.0x
Implied Perpetuity Growth Rate	7.8%	10.0%	11.6%	12.4%	14.0%	16.4%
PV of Unlevered FCF (CY2007E - CY2010E)	\$296	\$296	\$296	\$281	\$281	\$267
PV of Terminal Value (CY2011E & Beyond)	2,152	2,631	3,109	1,992	2,422	2,863
Implied Aggregate Value	\$2,448	\$2,927	\$3,405	\$2,263	\$3,144	\$2,908
Less: Net Debt/(Cash) <sup>(1)</sup>	0	0	0	0	0	0
Implied Equity Value	\$2,448	\$2,927	\$3,405	\$2,263	\$3,144	\$2,908
Premium/(Discount) to Offer <sup>(2)</sup>	48%	77%	106%	37%	91%	76%

(1) Based on Yellow net cash of \$0.0MM based on management data provided October 6, 2006.

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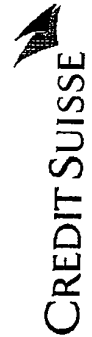
# Weighted Average Cost of Capital Analysis

(\$MM)

Company	Stock Price 10/6/06	Equity	FD Capitalization (1)	Debt	Debt %	Beta (2)	Equity	Asset (3)	Cost of (4)	Equity	Asset	Premium (5)	Size	Current WACC (3,4)	WACC Assuming Varying Levels of Debt/Total Cap (3,4)	
Green (Dec)	\$420.60	\$132,299	100.0%	\$0	0.0%	1.371	1371	1371	14.9%	14.9%	14.9%	(0.4%)	(0.4%)	14.2%	14.2%	
<b>Internet Leaders</b>																
eBay (Dec)	\$29.39	\$42,400	100.0%	\$0	0.0%	1.933	1,933	1,933	18.5%	18.5%	18.5%	(0.4%)	(0.4%)	18.1%	18.1%	
Yahoo! (Dec)	25.47	37,107	98.0%	758	2.0%	1.953	1,929	1,929	18.6%	18.5%	18.5%	(0.4%)	(0.4%)	18.0%	18.1%	
Amazon.com (Dec)	32.59	13,899	91.0%	1,567	9.8%	1.933	1,822	1,822	18.5%	17.7%	17.7%	0.7%	0.7%	17.8%	17.5%	
Median			99.0%		2.0%	1.933	1,933	1,933	18.5%	18.5%	18.5%	(0.4%)	(0.4%)	18.0%	18.1%	
Mean			96.3%		4.0%	1.940	1,894	1,894	18.2%	18.2%	18.2%	(0.0%)	(0.0%)	18.0%	17.6%	
<b>Online Content and Consumer Services</b>																
Monster Worldwide (Dec)	\$39.98	\$5,309	99.6%	\$21	0.4%	1.649	1,649	1,649	16.5%	16.4%	16.4%	0.9%	0.9%	17.3%	16.8%	
RealNetworks (ex filiation) (Dec)	11.34	2,119	95.5%	100	4.7%	1.410	1,370	1,370	14.8%	14.5%	14.5%	1.5%	1.5%	15.8%	15.5%	
Netflix (Dec)	24.11	1,727	100.0%	0	0.0%	1.649	1,649	1,649	16.5%	16.5%	16.5%	1.7%	1.7%	18.2%	18.0%	
CNET Networks (Dec)	9.85	1,517	91.4%	143	9.4%	1.933	1,826	1,826	18.5%	17.7%	17.7%	1.7%	1.7%	18.9%	18.5%	
Knot (Dec)	21.17	643	100.0%	0	0.0%	1.300	1,300	1,300	14.0%	14.0%	14.0%	2.3%	2.3%	16.3%	16.3%	
Bankrate (Dec)	26.91	522	100.0%	0	0.0%	1.649	1,649	1,649	16.5%	16.5%	16.5%	2.8%	2.8%	19.2%	18.7%	
Median			99.8%		0.1%	1.649	1,649	1,649	16.5%	16.5%	16.5%	1.7%	1.7%	17.7%	17.3%	
Mean			97.7%		2.4%	1.588	1,573	1,573	16.1%	16.1%	16.1%	1.8%	1.8%	17.8%	17.2%	
<b>Overall Average</b>																
			99.5%		0.4%	1.649	1,649	1,649	16.5%	16.5%	16.5%	1.8%	1.8%	17.8%	17.2%	

(1) Converts treated as debt  
 (2) Based on BARRA research dated October 5, 2006.  
 (3) Based on marginal tax rate of 38%  
 (4) Based on twenty-year U.S. Treasury of 4.77% as of October 7, 2006, and equity market risk premium of 7.10%. (Source: Bloomberg)  
 (5) Size premia based 2006 Ibbotson data.

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# Appendix

## B. Green Overview



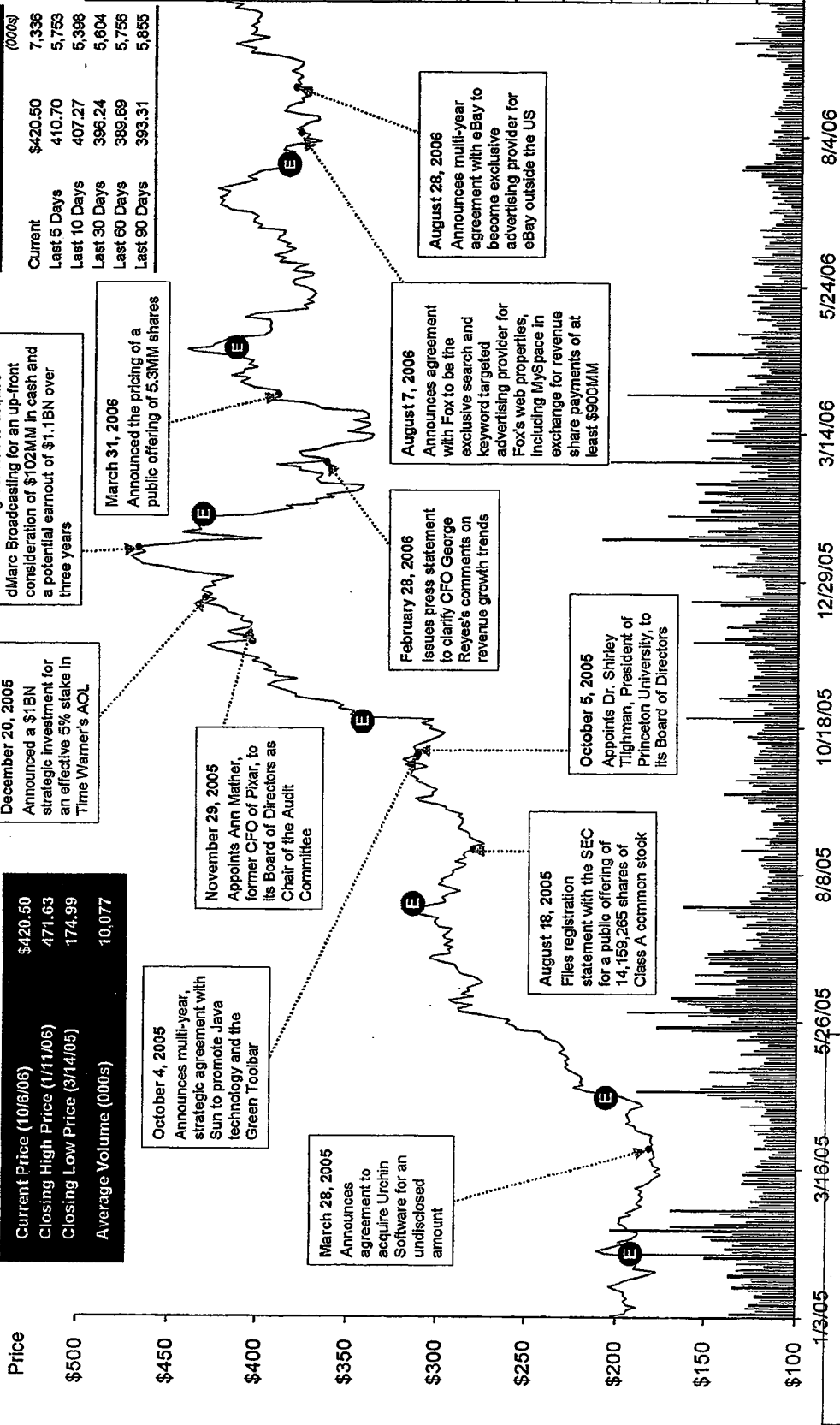
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# Green Trading Performance

January 3, 2005 through October 6, 2006

Current Price (10/6/06)	\$420.50
Closing High Price (1/11/06)	471.63
Closing Low Price (3/14/05)	174.99
Average Volume (000s)	10,077

Period	Price	Volume (000s)
Current	\$420.50	7,336
Last 5 Days	410.70	5,753
Last 10 Days	407.27	5,398
Last 30 Days	396.24	5,804
Last 60 Days	389.69	5,756
Last 90 Days	393.31	5,855



Source: Factset  
 Note: E Denotes earnings announcement date.

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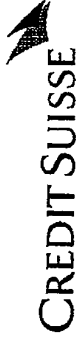
# Green Summary of Analyst Estimates

Date	Company	Recommendation	Price Target	LT Growth Rate (%)	Revenue		EBITDA		EPS	
					FY2008E	FY2009E	FY2008E	FY2009E	FY2008E	FY2009E
10/6/06	Needham	Buy	\$490.00	-	\$7,020	\$9,556	\$4,441	\$6,023	\$9.94	\$11.55
10/5/06	Bear Stearns	Buy	\$25.00	-	7,093	10,265	4,439	6,403	8.74	12.64
10/4/06	WR Hambrecht	Buy	465.00	15.0%	7,149	10,819	-	9,642	10.23	12.87
9/25/06	UBS	Hold	450.00	-	7,054	9,875	3,974	5,495	9.00	11.40
9/19/06	Prudential Equity Group	Buy	520.00	50.0%	7,397	11,414	4,031	6,241	9.12	12.84
9/14/06	Stantford Financial Group	Buy	515.00	-	6,908	9,188	4,318	5,681	9.84	11.75
9/14/06	Thomas Weisel Partners	Buy	-	-	7,103	9,887	4,523	6,165	9.94	13.00
9/14/06	Conen & Company	Buy	-	32.0%	6,922	9,682	4,339	6,221	9.58	12.93
9/14/06	Piper-Jaffray	Buy	600.00	35.0%	7,080	9,823	4,414	6,110	8.83	11.37
9/13/06	JPMorgan	Buy	-	-	-	-	-	-	-	-
9/11/06	RBC Capital Markets	Buy	465.00	48.0%	7,146	10,461	4,471	6,430	8.71	12.28
8/29/06	Global Crown Capital	Buy	500.00	30.0%	6,933	9,827	3,921	5,479	10.16	13.28
8/28/06	Oppenheimer	Buy	540.00	-	7,058	10,237	4,342	6,276	10.20	13.25
8/16/06	CIBC World Markets	Buy	525.00	23.0%	7,135	9,668	4,418	5,855	10.17	14.10
8/16/06	Global Equities Research	Strong Buy	-	-	7,471	11,513	-	-	9.75	12.75
8/14/06	Morgan Stanley	Buy	-	-	7,214	10,431	3,673	6,078	9.91	11.41
8/8/06	Jefferies	Buy	500.00	32.0%	7,060	10,398	4,470	6,557	10.11	13.56
8/8/06	William Blair	Buy	-	30.0%	7,042	9,380	4,272	5,873	8.85	12.84
8/1/06	Guzman & Company	Underperform	-	-	7,004	9,915	4,368	5,804	10.17	12.74
7/30/06	First Global Stockbroking	Buy	500.00	-	7,209	9,528	-	-	10.46	13.20
7/27/06	Jackson Securities	Buy	-	-	7,389	12,012	4,942	8,125	9.84	13.20
7/24/06	Argus Research	Strong Buy	-	-	-	-	-	-	-	-
7/24/06	Caris & Company	Strong Buy	-	-	7,275	10,883	-	-	9.97	13.59
7/24/06	ThinkEquity Partners	Buy	-	-	6,981	9,831	4,341	6,011	10.30	13.24
7/22/06	JMP Securities	Buy	-	-	7,071	10,387	3,998	5,795	9.65	13.10
7/22/06	Lenman Brothers	Buy	-	-	7,003	10,426	4,465	6,522	9.90	13.14
7/22/06	Merrill Lynch	Strong Buy	-	-	-	-	-	-	8.75	11.46
7/22/06	Pacific Crest Securities	Buy	500.00	25.0%	7,254	10,841	4,449	6,466	8.90	13.28
7/22/06	Soleil	Hold	-	-	6,930	9,810	-	-	9.57	12.55
7/22/06	Stifel Nicolaus	Strong Buy	-	-	7,085	10,081	4,457	5,763	8.84	13.16
7/21/06	BMO Capital Markets	Hold	525.00	-	7,409	10,883	4,289	6,377	10.68	14.24
7/21/06	Citigroup	Strong Buy	-	-	-	-	-	-	-	-
7/21/06	First Albany	Buy	515.00	40.0%	7,134	10,342	4,462	6,387	8.76	12.62
7/21/06	Goldman Sachs & Co.	Buy	-	-	7,125	10,310	4,358	6,118	9.76	11.87
7/21/06	Susquehanna	Buy	-	-	7,050	9,976	4,408	5,836	10.09	12.70
7/14/06	American Technology Research	Buy	-	-	7,219	10,887	4,499	7,022	10.09	13.57

13.30 = High estimate  
12.76 = Low estimate

**D**  
**TWP used for 2007 financial analysis. Consensus used for 2008 financial analysis.**  
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Source: Bloomberg & Factset.  
 \* Denotes excluded by median and IBES mean statistics.



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# Green Summary Income Statement

(\$MM, except per share amounts)

	Green Quarterly Financial Performance												Green Annual Performance		
	FY2005A			FY2006E			FY2006E			FY2006E			FY2007E		
	Mar-05A	Jun-05A	Sep-05A	Dec-05A	Mar-06E	Jun-06E	Sep-06E	Dec-06E	2006A	2006E	2007E	2006E	2007E		
Net Revenue	\$795	\$890	\$1,049	\$1,290	\$1,581	\$1,671	\$1,800	\$2,100	\$4,024	\$7,103	\$9,887	\$4,024	\$7,103		
Cost of Goods Sold	83	103	124	147	179	202	218	254	457	853	1,198	457	853		
Gross Profit	711	787	925	1,144	1,352	1,469	1,582	1,846	3,567	6,250	8,691	3,567	6,250		
R&D	79	96	152	157	174	212	229	249	484	864	1,189	484	864		
S&M	83	97	105	155	175	182	196	263	440	817	1,167	440	817		
G&A	57	72	92	114	116	151	153	177	335	596	851	335	596		
Operating Income	492	523	576	718	888	925	1,005	1,157	2,308	3,973	5,485	2,308	3,973		
Plus: Depreciation	56	67	97	96	141	126	135	148	316	550	710	316	550		
EBITDA	548	590	672	814	1,029	1,051	1,140	1,305	2,624	4,523	6,195	2,624	4,523		
Interest (Income) / Expense	(14)	(20)	(21)	(70)	(68)	(106)	(107)	(116)	(124)	(397)	(579)	(124)	(397)		
Pretax Income	505	543	596	788	965	1,031	1,111	1,273	2,432	4,370	6,063	2,432	4,370		
Income Taxes	147	162	159	319	258	258	342	394	787	1,252	1,789	787	1,252		
Net Income	358	381	437	469	697	772	770	879	1,646	3,118	4,295	1,646	3,118		
EPS	\$1.25	\$1.33	\$1.51	\$1.54	\$2.29	\$2.49	\$2.42	\$2.73	\$5.64	\$9.94	\$13.00	\$5.64	\$9.94		
Average Shares	286.6	287.2	289.7	304.0	304.1	310.0	317.4	322.4	291.9	313.5	330.4	291.9	313.5		
IB/E/S EPS	-	-	-	-	-	-	\$2.42	\$2.76	-	\$9.95	\$13.07	-	\$9.95		
<b>Margins</b>															
Gross Profit	90%	88%	88%	89%	88%	88%	88%	88%	89%	88%	86%	89%	88%		
R&D	10%	11%	14%	12%	11%	13%	13%	12%	12%	12%	12%	12%	12%		
S&M	10%	11%	10%	12%	11%	11%	11%	13%	11%	11%	12%	11%	12%		
G&A	7%	8%	9%	9%	8%	9%	8%	8%	8%	8%	9%	8%	9%		
Operating Income	62%	59%	55%	56%	58%	55%	56%	55%	57%	56%	55%	57%	56%		
EBITDA	69%	66%	64%	63%	67%	63%	63%	62%	65%	64%	63%	65%	63%		
Tax Rate	29%	30%	27%	40%	27%	25%	31%	31%	32%	29%	29%	32%	29%		
Net Income	45%	43%	42%	36%	46%	46%	43%	42%	41%	44%	43%	41%	43%		
<b>Growth Rates</b>															
Revenue Y/Y	22%	27%	30%	25%	93%	88%	72%	63%	105%	77%	39%	105%	77%		
Revenue Q/Q	(23%)	12%	18%	23%	19%	9%	8%	7%	-	-	-	-	-		
Operating Income Y/Y	113%	113%	106%	114%	81%	77%	75%	61%	106%	72%	38%	106%	72%		
Operating Income Q/Q	47%	6%	10%	25%	24%	4%	9%	16%	-	-	-	-	-		
EPS Y/Y	421%	342%	694%	177%	89%	88%	61%	77%	113%	76%	31%	113%	76%		
EPS Q/Q	76%	6%	14%	2%	48%	9%	(3%)	12%	-	-	-	-	-		

Projections based on Thomas Weisel analyst research dated September 14, 2006.



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Message: Proposal from MPAA on Content Identification and Filtering

Proposal from MPAA on Content Identification and Filtering

From Garfield, Dean Date Thursday, October 12, 2006 7:12 PM
To 'chris@youtube.com'
Cc



Subject Proposal from MPAA on Content Identification and Filtering

YouTube - - Proposed Pilot Filtering Project.doc (37 Kb)

Hi Chris. I trust that things are well. Congrats on the Google deal. How does it feel to be rich? Hopefully, you are still working - - at least for now. In that regard, I have attached a proposal for moving forward on our last discussion. As you may imagine, all the studios are getting calls every day to comment on the Google deal and so there is a lot of focus on this issue. Please let me know when it would be a good time to continue our conversation. Thanks.

Dean

MPAA/YouTube

Copyright Identification and Filtering Pilot Test

Proposal October 13, 2006

Overview: YouTube and the MPAA member studios have an interest in working cooperatively to develop a process and systems to identify, and filter (if not otherwise licensed) any on-going infringing content available on YouTube. In order to expedite this effort, a pilot test is proposed to identify and filter a subset of the MPAA's members' content. Leveraging the technology and processes currently being put into place, the MPAA proposes to create a quick to implementation test in cooperation with YouTube.

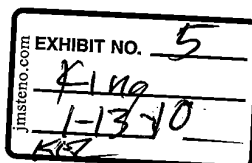
Objectives

- Demonstrate the ability to automatically identify and filter studio content.
• Fast implementation of a prototype system that proves the process.
• Minimize the out of pocket costs.

Proposal

- Current YouTube Process: Based on previous discussions it is our understanding that currently the process at YouTube occurs as follows: 1) Users upload video files to the YouTube site. 2) Files are checked using an MD5 hash to filter previously taken down content. 3) YouTube transcodes the video files into flash. 4) The encoded files are published on the YouTube site.
• Music Filtering Process: Based on public reports and the MPAA's familiarity with Audible Magic's general processes, we would estimate that the new identification and filtering process currently being implemented involves: 1) Users upload video files to YouTube site. 2) Files are checked using an MD5 hash to filter previously taken down content. 3) Using Audible Magic tools, soundtrack on files is fingerprinted and sent to Audible Magic servers for identification. 4) YouTube transcodes the video

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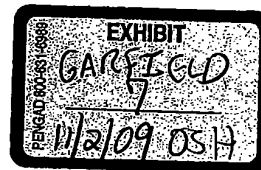
MPAA012777

files into flash. 5) Audible Magic sends identification and business rules for usage to YouTube. 6) If approved, the encoded files are published on the YouTube site.

- **MPAA Test:** Proposed is a test using a modified version of Audible Magic's music filtering service. We propose that:
  - The MPAA provides Audible Magic with the information necessary to identify segments/scenes of films or TV shows.
  - Audible Magic will provide its fingerprint generation tools to the studios. Studios will provide fingerprints for its works to Audible Magic.
  - MPAA and YouTube develop a test involving approximately 1,000 works.
  - Defined and limited reporting capabilities (Special or custom reports asked for by individual studios will be charged at time and materials)
- **Test Parameters:** Test will operate for 30 days. After which the parties will agree on a plan for further deployment.
- The development and test occur after the current soundtrack identification process is put into production.

**Message: Proposal from MPAA on Content Identification and Filtering** **Proposal from MPAA on Content Identification and Filtering**

**From** Garfield, Dean **Date** Wednesday, November 08, 2006 7:59 PM  
**To** 'Kelly Liang'  
**Cc** 'chris@youtube.com'  
**Subject** Proposal from MPAA on Content Identification and Filtering



**YouTube - - Proposed Pilot Filtering Project - - November 9th.doc (37 Kb)**

Hi Kelly, I hope that life is well. I am attaching below a revised proposal based on our last discussion as well as the RFI we discussed. I am traveling over the next two days, but would like to catch up and move things forward next week. Let me know what works best for you. Thanks and take care.

**MPAA/YouTube****Copyright Identification and Filtering Pilot Test**

Proposal November 9, 2006

**Overview:** YouTube and the MPAA member studios have an interest in working cooperatively to develop a process and systems to identify, and filter (if not otherwise licensed) any on-going infringing content available on YouTube. In order to expedite this effort, a pilot test is proposed to identify and filter a subset of the MPAA's members' content. Leveraging the technology and processes currently being put into place, the MPAA proposes to create a quick to implementation test in cooperation with YouTube.

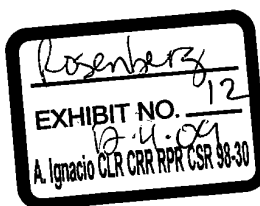
**Objectives**

- Demonstrate the ability to automatically identify and filter studio content.
- Fast implementation of a prototype system that proves the process.

**Proposal**

- **Current YouTube Process:** Based on previous discussions it is our understanding that currently the process at YouTube occurs as follows: 1) Users upload video files to the YouTube site. 2) Files are checked using an MD5 hash to filter previously taken down content. 3) YouTube transcodes the video files into flash. 4) The encoded files are published on the YouTube site.
- **Music Filtering Process:** Based on public reports and the MPAA's familiarity with Audible Magic's general processes, we would estimate that the new identification and filtering process currently being implemented involves: 1) Users upload video files to YouTube site. 2) Files are checked using an MD5 hash to filter previously taken down content. 3) Using Audible Magic tools, soundtrack on files is fingerprinted and sent to Audible Magic servers for identification. 4) YouTube transcodes the video files into flash. 5) Audible Magic sends identification and business rules for usage to YouTube. 6) If approved, the encoded files are published on the YouTube site.
- **MPAA Test:** Proposed is a test using a modified version of Audible Magic's music filtering service. We propose that:
  - The MPAA provides Audible Magic with the information necessary to identify segments/scenes of films or TV shows.

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- Audible Magic will provide its fingerprint generation tools to the studios. Studios will provide fingerprints for its works to Audible Magic.
- MPAA and YouTube develop a test involving approximately 1,000 works. The MPAA will provide a list of keyword or phrases based on the list of works.
- YouTube will provide a custom web-based interface for the studios to efficiently identify their works (using thumbnails and streaming capabilities) and determine appropriate action (removal, promotional material, royalty generation, etc.).
- After content has been manually reviewed, an Audible Magic fingerprint and MD5 hash will be created and placed into the database (either blacklist or whitelist) for future use.
- Defined and limited reporting capabilities (Special or custom reports asked for by individual studios will be charged at time and materials)
- **Test Parameters:** Test will operate for 45 days. After which the parties will agree on a plan for further deployment. Key metrics include: number of fingerprint checks requested from Audible Magic, number of fingerprints generated from manual review (blacklist and whitelist), number of positive matches from the fingerprint database, and number of false positive matches resulting from the fingerprinting process.

**From:** Kaltman, Elizabeth  
**Sent:** Monday, February 12, 2007 10:32 AM  
**To:** Winter, Craig <Craig\_Winter@mpaa.org>; Seymour, Dan <Dan\_Seymour@mpaa.org>;  
Desai, Darshit <Darshit\_Desai@mpaa.org>  
**Subject:** Just in case you missed it . . .

---

## *Los Angeles Times*

### **MySpace erasing disputed content**

**The social networking website has set up a filter for weeding out copyrighted video.**

By Meg James  
Times Staff Writer

February 12, 2007

Internet social networking giant MySpace.com plans to announce today that it has introduced a video-filtering program that should automatically remove copyrighted material from its website.

The pilot program, according to MySpace, which is part of Rupert Murdoch's News Corp. empire, will begin by weeding out unauthorized content belonging to Universal Music Group and NBC Universal.

The use of copyrighted material on the popular website has led to a major skirmish in recent months after Google Inc. purchased MySpace rival YouTube.

The move is significant because it illustrates that media companies — including music labels and television programmers — want to be compensated for use of their material, and they appear to be gaining leverage in their negotiations.

Until now, such websites as MySpace and YouTube took the position that they could legally allow content to stay on their sites unless they received a formal notice to remove the material.

This month, Viacom Inc. flexed its muscle by ordering YouTube to remove 100,000 clips on its site that Viacom said were unauthorized.

Viacom isn't alone. In November, Universal Music sued MySpace alleging that the site illegally profited from its copyrighted songs and music videos.

With the new program, MySpace said it now is the largest Internet video site to offer free video-filtering to copyright holders. It is using a digital fingerprinting technology licensed from a company called Audible Magic.

Josh Bernoff, principal analyst with Forrester Research, said the MySpace announcement reflected a changing corporate culture, one that seems to want to work more closely with the major entertainment companies.

"They've realized that they really have a choice of being part of an anything-goes-pirate kind of culture," Bernoff said. "But that makes it difficult to negotiate with any media company because the media companies are going to say we don't deal with pirates."

But MySpace's move is not without risk, Bernoff said, because it could ultimately steer away some users who want to post whatever clip they want. That, he said, may send users to competing sites with fewer restrictions.

*Elizabeth Kaltman  
Communications Director  
Motion Picture Association of America, Inc. (MPAA)  
(818) 995-6600 ext. 293*

UNITED STATES DISTRICT COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK

VIACOM INTERNATIONAL, INC., COMEDY )  
 PARTNERS, COUNTRY MUSIC )  
 TELEVISION, INC., PARAMOUNT )  
 PICTURES CORPORATION, and BLACK )  
 ENTERTAINMENT TELEVISION, LLC, )  
 )  
 Plaintiffs, )  
 )  
 vs. ) NO. 07-CV-2203  
 )  
 YOUTUBE, INC., YOUTUBE, LLC, )  
 and GOOGLE, INC., )  
 )  
 Defendants. )

THE FOOTBALL ASSOCIATION PREMIER )  
 LEAGUE LIMITED, BOURNE CO., et al., )  
 on behalf of themselves and all )  
 others similarly situated, )  
 )  
 Plaintiffs, )  
 vs. ) NO. 07-CV-3582  
 )  
 YOUTUBE, INC., YOUTUBE, LLC, and )  
 GOOGLE, INC., )  
 )  
 Defendants. )

VIDEOTAPED DEPOSITION OF CHAD HURLEY  
 SAN FRANCISCO, CALIFORNIA  
 WEDNESDAY, APRIL 22, 2009

BY: ANDREA M. IGNACIO HOWARD, CSR, RPR, CLR  
 JOB NO. 16789

DAVID FELDMAN WORLDWIDE, INC.  
 805 Third Avenue, New York, New York 10022 (212) 705-8585

1 HURLEY, CHAD

12:02:02 2 Q And then farther over it says -- the final  
12:02:04 3 column on the right says "earnings"; you see that?

12:02:07 4 A Yes.

12:02:07 5 Q This -- this spread spreadsheet is -- is --  
12:02:09 6 is communicating how much YouTube is earning based on  
12:02:16 7 ads sold on different types of web pages at different  
12:02:20 8 dates; isn't that right?

12:02:21 9 MR. SCHAPIRO: Objection; calls for  
12:02:22 10 speculation; mischaracterizes the document.

12:02:24 11 THE WITNESS: Yeah. Again, I -- I don't  
12:02:25 12 remember what this -- this spreadsheet is referring  
12:02:29 13 to, you know. To me, it potentially looks like it's,  
12:02:34 14 you know, managing or tracking ad impressions.

12:02:38 15 MR. BROWNE: Q. Now, do you have an  
12:02:40 16 understanding, though, as to what -- what is meant my  
12:02:43 17 "channel watch," and it says -- like, look at the  
12:02:45 18 first row. It says "Watch Top"; do you know what that  
12:02:48 19 means?

12:02:48 20 A Uh-huh. Not specifically, you know, like --  
12:02:54 21 you know, it may be referring to a page.

12:02:58 22 Q The Watch Page?

12:02:59 23 A It could be. I -- I don't remember the  
12:03:02 24 document, but it could be.

12:03:02 25 Q What is -- what is -- what is the Watch Page?

1 HURLEY, CHAD

12:03:07 2 A Well, typically, we refer to Watch Pages  
12:03:10 3 where a video is being watched where it's being  
12:03:12 4 played.

12:03:13 5 Q On the YouTube website?

12:03:14 6 A Yes.

12:03:14 7 Q Okay. And this -- this document is  
12:03:16 8 communicating that YouTube was selling advertisements  
12:03:19 9 as of June 1st, 2006, on the Watch Page; isn't that  
12:03:21 10 right?

12:03:23 11 A I guess. I guess that's what it's tracking.  
12:03:25 12 I don't know. I don't remember again.

12:03:26 13 Q Aside from this document, as the CEO of  
12:03:29 14 YouTube, in June of 2006, you -- you know that YouTube  
12:03:33 15 was, in fact, selling advertisements on its Watch Page  
12:03:37 16 at that time; right?

12:03:38 17 A You know, again, I don't call -- recall  
12:03:41 18 specific dates. It looks like this -- this document  
12:03:44 19 is implying that, but I -- I can't remember.

12:03:46 20 Q And then down a little bit further it says  
12:03:49 21 "results"; do you see that?

12:03:51 22 A Uh-huh.

12:03:51 23 Q Is there a -- is there something called a  
12:03:53 24 results page on YouTube?

12:03:55 25 A Typically, results, just like in a search

DAVID FELDMAN WORLDWIDE, INC.

805 Third Avenue, New York, New York 10022 (212) 705-8585

1 HURLEY, CHAD

12:03:58 2 engine, is the results -- it's a page that you get  
12:04:01 3 when you're looking for something, searching for  
12:04:03 4 something. It lists --

12:04:03 5 Q And as of -- as of June --

12:04:04 6 A -- results.

12:04:05 7 Q Oh, I'm sorry.

12:04:06 8 A Just a list of results.

12:04:07 9 Q And as of June 2006, YouTube was selling  
12:04:10 10 advertisements on -- on its results page; isn't that  
12:04:13 11 right?

12:04:13 12 MR. SCHAPIRO: Objection; lacks foundation.

12:04:15 13 THE WITNESS: I -- I don't know. I -- I  
12:04:25 14 can't remember.

12:04:25 15 MR. BROWNE: Q. Do you have any reason to  
12:04:27 16 believe that it wasn't?

12:04:32 17 A No, I mean, I can't remember, so I wouldn't  
12:04:34 18 know why. Wouldn't have any reason not to.

12:04:38 19 Q And then a little bit down -- well, just the  
12:04:43 20 next group down below, it says "browse" under that  
12:04:47 21 channel column; do you see that?

12:04:49 22 A Yes.

12:04:49 23 Q Do you know what that's referring to?

12:04:54 24 A I think it's referring to -- probably to  
12:04:57 25 the -- the browse pages, the pages where you have the

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12:04:59 2 ability to -- to browse. Not simply -- you know, not  
12:05:03 3 search the result, but page of videos.

12:05:05 4 Q And -- and -- and how does that work? How do  
12:05:07 5 the browse pages work at YouTube? At least how did  
12:05:10 6 they work as of June 2006?

12:05:12 7 A I can't remember how they -- they -- they  
12:05:14 8 worked at that time, but, typically, you can just look  
12:05:17 9 at videos by category.

12:05:22 10 Q And in June of 2006, YouTube was selling  
12:05:26 11 advertisements on its -- on its browse pages; isn't  
12:05:28 12 that right?

12:05:29 13 A Again, I can't remember. It looks like a  
12:05:33 14 spread shot -- spreadsheet is implying that, but I --  
12:05:37 15 I don't know.

12:05:37 16 Q And then it says "channels" under the column  
12:05:43 17 marked "channel."

12:05:44 18 A Uh-huh.

12:05:45 19 Q What -- what's channels?

12:05:48 20 A Typically, channels are, you know, the  
12:05:51 21 profile page of a user. You know, representing  
12:05:56 22 yourself within the YouTube community. It's kind of  
12:05:59 23 how you express yourself, how you broadcast yourself.

12:06:02 24 Q And as of June 2006, YouTube was selling  
12:06:04 25 advertisements on its channels pages; right?

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12:06:08 2 A Again, I -- I don't know. I don't remember.  
12:06:10 3 Again, the document looks like it's implying that.

12:06:13 4 Q Now, I'm just looking down the earnings  
12:06:16 5 column on the right, and I see the largest earnings  
12:06:19 6 numbers seem to equate to the Watch Pages. Why is  
12:06:24 7 that?

12:06:24 8 MR. SCHAPIRO: Objection; document speaks for  
12:06:25 9 itself.

12:06:26 10 THE WITNESS: Yeah, again, I -- I don't know  
12:06:30 11 the reasons. I don't remember this document, but it  
12:06:33 12 looks like the case in this -- in this spreadsheet.

12:06:37 13 MR. BROWNE: Q. Could YouTube make more  
12:06:39 14 money selling advertisements on the Watch Pages than  
12:06:43 15 elsewhere on its site?

12:06:45 16 A In -- in terms of what -- I mean, when?  
12:06:47 17 What -- what are you implying here? Can you -- can  
12:06:47 18 you --

12:06:50 19 Q I wasn't really implying anything.

12:06:52 20 A Can you restate the question?

12:06:53 21 Q Sure.

12:06:54 22 Did YouTube make more money selling  
12:06:56 23 advertisements on its Watch Pages than it did selling  
12:07:00 24 advertisements on other portions of the YouTube  
12:07:02 25 website?

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14:27:39 2 they -- they thought about the clip, I guess. You  
14:27:41 3 know, one through five. One being bad and five being  
14:27:45 4 great.

14:27:46 5 Q Does that five stars there indicate that the  
14:27:48 6 people were rank -- ranking it as five stars, or does  
14:27:52 7 that indicate something else?

14:27:53 8 A It looks like I can't -- I can't tell the --  
14:27:55 9 the color. It's either zero stars or all five stars.

14:27:59 10 Q Oh, okay. I have just one question about  
14:28:03 11 this.

14:28:03 12 On the bottom right-hand corner it says  
14:28:07 13 "featured videos."

14:28:08 14 How did it come to be that those particular  
14:28:10 15 videos are featured on this Watch Page with the  
14:28:12 16 Arsenal versus Manchester United video clip?

14:28:16 17 A Again, with -- with the name changes  
14:28:20 18 recently, I'm not sure. I think -- well, it looks  
14:28:21 19 like they're all partners. Expert Village, Blooms --  
14:28:26 20 Bloomberg, Beyonce. They're all partner videos that  
14:28:28 21 have been randomly selected.

14:28:29 22 Q And YouTube generates revenue from its  
14:28:33 23 partner deals; right?

14:28:35 24 A Yeah, potentially, yes.

14:28:41 25 Q Now, the re- -- the related video -- I'm

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14:28:46 2 sorry.

14:28:46 3 On the right-hand corner, it also says

14:28:48 4 "related videos"; do you see that?

14:28:51 5 A Yep.

14:28:51 6 Q What -- what -- and then -- and then I think

14:28:53 7 it has a list of similar videos?

14:28:55 8 A Uh-huh.

14:28:55 9 Q How did that list come to be generated?

14:28:58 10 A Again, I think it's -- well, it's a technical

14:29:01 11 question that I don't know the answer for. Somehow

14:29:03 12 some kind of algorithm choosing what -- what's

14:29:06 13 appropriate to show.

14:29:08 14 Q So there's some algorithm at YouTube that --

14:29:12 15 that determined that the videos in this block were

14:29:15 16 related to the video that's playing on the watch

14:29:18 17 block?

14:29:18 18 MR. SCHAPIRO: Objection; calls for

14:29:20 19 speculation.

14:29:21 20 THE WITNESS: Yeah, I -- I -- again, I don't

14:29:26 21 know the details of how that actually works, but it's

14:29:29 22 trying to show related videos, however that is

14:29:32 23 determined.

14:29:32 24 MR. BROWNE: Okay. I have just one document

14:29:39 25 and then I'm done.

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14:45:51 2 cofounders --

14:45:52 3 A That's correct.

14:45:52 4 Q -- of YouTube; correct?

14:45:54 5 A That's correct.

14:45:54 6 Q And did you perceive the three of you as

14:45:55 7 being partners at the time?

14:45:57 8 MR. SCHAPIRO: Objection; vague.

14:46:01 9 THE WITNESS: Partners in -- in what way?

14:46:03 10 MR. BASKIN: Q. Well, did you perceive the

14:46:04 11 other two gentlemen as being your partners?

14:46:07 12 MR. SCHAPIRO: Objection; vague. Partners?

14:46:10 13 MR. BASKIN: Q. Do you understand the word

14:46:12 14 "partner"?

14:46:14 15 A Partner in -- in terms of, you know, a

14:46:17 16 corporate structure partner?

14:46:21 17 Q Well, did you view these two gentlemen as

14:46:22 18 your partners?

14:46:23 19 MR. SCHAPIRO: Same objection.

14:46:24 20 THE WITNESS: Yeah, I mean, we were a -- we

14:46:27 21 were a team trying to develop this.

14:46:30 22 MR. BASKIN: Q. Now, as I understand it --

14:46:34 23 let me ask you to put in front of you what I guess was

14:46:37 24 Hurley 7, and on the bottom of Hurley --

14:46:56 25 MR. SCHAPIRO: Hold on, Counsel. I don't

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14:46:58 2 have it yet.

14:47:00 3 MR. WILLEN: Here it is.

14:47:01 4 MR. SCHAPIRO: Okay. I got it.

14:47:08 5 MR. BASKIN: Okay.

14:47:08 6 Q If we go to the bottom of the first page of

14:47:10 7 Hurley 7, you have the paragraph that Mr. Browne

14:47:14 8 referred you to in the course of your earlier

14:47:16 9 testimony; do you remember that?

14:47:18 10 A Yeah, I think I recall that.

14:47:19 11 Q And in particular, in that paragraph, if I'm

14:47:23 12 reading it right, Mr. Chen is accusing your other

14:47:37 13 partner/colleague/cofounder of being a copyright thief

14:47:44 14 and dropping the copyrights or uploading the copy --

14:47:48 15 the stolen copyrighted materials onto the YouTube

14:47:53 16 website?

14:47:53 17 MR. SCHAPIRO: Objection; blatant

14:47:57 18 mischaracterization of the document.

14:47:59 19 MR. BASKIN: Q. Is that the way you read

14:47:59 20 that paragraph, sir?

14:48:02 21 A I don't think that's what he's trying to say.

14:48:03 22 I think Steve obviously saw some type of videos that

14:48:07 23 he thought may look professional. I -- I don't know

14:48:07 24 Steve -- what videos Steve was referring to.

14:48:09 25 Q Well, I didn't ask you what videos he was

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14:48:11 2 referring to.

14:48:12 3 What I'm asking you is, do you read that  
14:48:13 4 paragraph as saying that "Jawed --" who is Jawed, sir?

14:48:18 5 A He was one of the cofounders of the site.

14:48:22 6 Q "Was putting stolen videos on the site."

14:48:24 7 Do you read that, sir?

14:48:29 8 A Yeah, well, Steve was saying "Please stop  
14:48:33 9 putting stolen videos on the site."

14:48:34 10 Q And he -- in the last line of that paragraph,  
14:48:39 11 if I'm reading it right, he's accusing one of the  
14:48:43 12 cofounders of YouTube of blatantly stealing content  
14:48:48 13 from another site and trying to get everyone to see  
14:48:52 14 it; do you see that?

14:48:53 15 MR. SCHAPIRO: Objection to the  
14:48:54 16 characterization of "accusing."

14:48:57 17 MR. BASKIN: Q. Do you see that, sir?

14:48:59 18 A Well, I see what Steve is saying. I think  
14:49:03 19 maybe for -- for some of this, he's just referring --  
14:49:06 20 you know, he's saying he's referring to content from  
14:49:09 21 another site. I don't know if that -- you know, he  
14:49:12 22 had authorized -- authorization to do that or what  
14:49:14 23 type of content that was. I have no idea.

14:49:18 24 Q Well, I appreciate if you have no idea,  
14:49:20 25 because you didn't ask; is that right, sir?

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14:49:21 2 MR. SCHAPIRO: Objection; argumentative.

14:49:24 3 MR. BASKIN: Q. Did you ask?

14:49:25 4 A Ask what?

14:49:25 5 Q Did you ask Mr. Chen what he meant by this

14:49:28 6 paragraph?

14:49:28 7 A I don't remember this e-mail. I --

14:49:29 8 Q Do you remember --

14:49:30 9 A I don't know.

14:49:30 10 Q Do you remember ever discussing with Mr. Chen

14:49:32 11 this paragraph?

14:49:33 12 A Potentially. I can't recall.

14:49:35 13 Q I didn't ask potentially what you can or

14:49:38 14 cannot do.

14:49:38 15 MR. SCHAPIRO: Objection.

14:49:39 16 MR. BASKIN: Q. Do -- do you recall

14:49:40 17 discussing this with Mr. Chen?

14:49:41 18 A I don't remember it.

14:49:43 19 Q Do you remember confronting Mr. Karim with

14:49:46 20 this, the accusation in this paragraph?

14:49:49 21 MR. SCHAPIRO: Objection to the

14:49:50 22 characterization.

14:49:51 23 THE WITNESS: I can't remember having a

14:49:53 24 discussion with him, no.

14:49:55 25 MR. BASKIN: Q. Do you remember consulting

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14:49:57 2 counsel regarding this paragraph, any legal counsel?

14:50:00 3 A I don't even know if we had counsel at the  
14:50:03 4 time. I -- I don't remember at this time.

14:50:04 5 Q Is it your testimony that the first time you  
14:50:10 6 have knowledge of this incident from this deposition  
14:50:13 7 today?

14:50:14 8 MR. SCHAPIRO: Objection; lacks foundation;  
14:50:16 9 mischaracterizes the testimony.

14:50:17 10 THE WITNESS: Like I said, I don't -- I don't  
14:50:21 11 remember seeing this e-mail in the past, so I don't  
14:50:24 12 remember it.

14:50:24 13 MR. BASKIN: Q. When you -- back in 2005,  
14:50:33 14 when this incident happened, according to Mr. Chen,  
14:50:39 15 were you reporting to work every day?

14:50:43 16 A Sure. We worked around the clock, yeah.

14:50:44 17 Q You were CEO of YouTube at the time; were you  
14:50:47 18 not?

14:50:48 19 A Yes, I was.

14:50:48 20 Q And during the course of reporting to work  
14:50:52 21 every day, did you see Mr. Chen virtually every  
14:50:55 22 working day?

14:50:58 23 A I don't know about every day, but a fair  
14:51:02 24 amount.

14:51:02 25 Q And did you see Mr. -- how do you pronounce

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14:51:05 2 it, Karim?

14:51:07 3 A Karim.

14:51:07 4 Q Did you see Mr. Karim virtually every day?

14:51:10 5 A No.

14:51:10 6 Q How frequently did you see Mr. Karim?

14:51:13 7 A I can't recall. I mean, early on he was  
14:51:14 8 involved with a few things, but ultimately he ended up  
14:51:18 9 deciding to go back to school, so we didn't really see  
14:51:21 10 him very often at all.

14:51:22 11 Q And you had his telephone number, I take it;  
14:51:25 12 did you not?

14:51:26 13 A I believe so.

14:51:27 14 Q Now, how far was Mr. Chen's office from yours  
14:51:31 15 back in and around September 2005 or July 2005? How  
14:51:38 16 many feet was his office from yours?

14:51:42 17 A I'm not sure. I can't remember where we sat.  
14:51:44 18 If this was in Sequoia's office when we had little  
14:51:48 19 incubator space, or if it was when we were in  
14:51:52 20 San Mateo, we had our little -- little place there.

14:51:55 21 Q Okay. Well, assuming it's one or the other,  
14:51:59 22 what was the furthest distance that Mr. Chen's office  
14:52:02 23 was from yours back in September 2005?

14:52:04 24 A I mean, we were always close to each other.

14:52:06 25 I -- I don't know the distance, exactly, but I could

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14:52:09 2 see him.

14:52:09 3 Q And would it be fair to say that you were  
14:52:13 4 e-mailing with Mr. Karim virtually every day during  
14:52:15 5 this period?

14:52:18 6 A I -- I -- I don't remember. I -- I -- I  
14:52:22 7 probably doubt it. I was more in touch with Steve  
14:52:25 8 during this entire process.

14:52:26 9 Q Do you remember e-mailing with Mr. Karim  
14:52:31 10 frequently during this period?

14:52:33 11 A Maybe in the beginning, but then, again, like  
14:52:36 12 I was saying, he decided to go back to school and we  
14:52:38 13 didn't stay in touch as much.

14:52:40 14 Q And I take it you don't remember sending him  
14:52:43 15 an e-mail inquiring as to the validity of this  
14:52:47 16 allegation on the part of Mr. Chen?

14:52:49 17 MR. SCHAPIRO: Objection to the  
14:52:49 18 characterization.

14:52:50 19 THE WITNESS: I may have. I mean, this is  
14:52:52 20 obviously not what we wanted him to do, if -- you  
14:52:55 21 know, if, in fact, he didn't have authorization.

14:53:00 22 MR. BASKIN: Q. Are you saying you now have  
14:53:01 23 a memory of doing it or you may have done it?

14:53:03 24 A I may have --

14:53:04 25 MR. SCHAPIRO: Objection; form.

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14:53:05 2 THE WITNESS: -- done it. I mean, I could  
14:53:06 3 imagine. I mean, we wouldn't want him to -- to do  
14:53:09 4 that, and so if --

14:53:12 5 MR. BASKIN: Q. Do you have any --

14:53:13 6 MR. SCHAPIRO: Can you let him finish his  
14:53:15 7 answer?

14:53:16 8 MR. BASKIN: No, not at all.

14:53:17 9 MR. SCHAPIRO: No, you're not going to let  
14:53:18 10 him finish his answer?

14:53:20 11 MR. BASKIN: I said not at all. He's welcome  
14:53:22 12 to finish his answer.

14:53:23 13 Q Do you have any recollection --

14:53:23 14 MR. SCHAPIRO: Hold on.

14:53:25 15 Did you finish your answer?

14:53:25 16 THE WITNESS: I can't remember what I was  
14:53:26 17 trying to say, so sorry.

14:53:29 18 MR. BASKIN: Q. Do you remember whether  
14:53:32 19 these videos that Mr. Chen is alleging that Mr. Karim  
14:53:41 20 stole were any of those Viacom videos, sir?

14:53:44 21 A I have no idea, but I don't remember.

14:53:47 22 Q Do you remember whether the videos that  
14:53:55 23 Mr. Chen accuses Mr. Karim of stealing, whether they  
14:54:00 24 were many or a few?

14:54:03 25 MR. SCHAPIRO: Same objection.

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14:54:04 2 THE WITNESS: Yeah, I don't -- I don't  
14:54:05 3 remember. I can't recall the number.

14:54:06 4 MR. BASKIN: Q. And do you remember whether  
14:54:10 5 he was being accused of stealing entire movies and  
14:54:13 6 posting it on the website?

14:54:16 7 A Again, I don't -- I don't recall.

14:54:19 8 Q When -- in your life at YouTube, is it fair  
14:54:33 9 to say that it was a -- an unusual event to have a  
14:54:39 10 cofounder accused of being the copyright thief?

14:54:45 11 MR. SCHAPIRO: Objection to the  
14:54:46 12 characterization.

14:54:47 13 THE WITNESS: Can you -- can you repeat the  
14:54:48 14 question?

14:54:55 15 MR. BASKIN: Q. Well, is it an unusual event  
14:54:58 16 during your time as CEO to have one of your cofounders  
14:55:02 17 being accused of putting stolen videos on the YouTube  
14:55:06 18 website?

14:55:06 19 MR. SCHAPIRO: Objection.

14:55:09 20 THE WITNESS: I would assume it's -- it's  
14:55:11 21 unusual, because I -- you know, seeing this, I  
14:55:13 22 don't -- I don't remember it and it's not what our  
14:55:16 23 site was about.

14:55:17 24 MR. BASKIN: Q. Now, were you a frequent  
14:55:24 25 user of e-mails back in this time period?

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14:55:26 2 A I can't remember to -- to what extent I  
14:55:29 3 receive or send e-mails, no.

14:55:30 4 Q What about today? Are you a frequent user of  
14:55:33 5 e-mails?

14:55:34 6 A I've never really enjoyed e-mail.

14:55:35 7 Q How many e-mails do you receive and send  
14:55:39 8 during the course of a business day today?

14:55:42 9 A I don't know the exact number. Probably  
14:55:43 10 receive a lot more than I respond to. That's for  
14:55:46 11 sure.

14:55:46 12 Q You think you receive and send hundreds of  
14:55:52 13 e-mails in the course of a day?

14:55:53 14 MR. SCHAPIRO: Objection; compound.

14:55:54 15 THE WITNESS: Again, I don't know the  
14:55:56 16 specific numbers. I receive more than I send.

14:55:59 17 MR. BASKIN: Q. Back in 2005, do you have a  
14:56:02 18 recollection when this event was happening how many  
14:56:09 19 e-mails you receive and send during the course --  
14:56:12 20 course of one of those business days?

14:56:14 21 A I can't --

14:56:14 22 MR. SCHAPIRO: Objection to the form.

14:56:23 23 Mr. Hurley, you got to wait until he finishes  
14:56:26 24 asking his question to answer it.

14:56:29 25 THE WITNESS: Okay.

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14:56:30 2 MR. BASKIN: Q. Do you know what happened to  
14:56:33 3 your e-mails from 2005?

14:56:39 4 A Well, like I said, during the -- you know,  
14:56:42 5 the procedure to prepare for this case, I -- at one  
14:56:44 6 point I tried to transition from POP to IMAP or IMAP  
14:56:50 7 to pop. I mean, different ways to handle e-mail and  
14:56:53 8 lost it.

14:56:54 9 Q Well, I didn't know that you lost e-mails  
14:56:55 10 in -- when -- when did you lose e-mails, sir?

14:57:01 11 A I can't remember the specific date. We were  
14:57:03 12 in the office in San Mateo. I just remember being  
14:57:05 13 upset and having to go over to talk to Bradley to see  
14:57:08 14 if he can recover it.

14:57:10 15 Q And you lost all of your e-mails?

14:57:11 16 A I believe so.

14:57:12 17 Q And who is Bradley, by the way?

14:57:22 18 A Bradley is one of the engineers.

14:57:24 19 Q And Bradley, you discussed -- strike that.

14:57:28 20 You discussed with Mr. Bradley the fact that  
14:57:32 21 you lost almost all your e-mails?

14:57:35 22 A Yeah. I mean, I just remember getting up and  
14:57:37 23 going over to talk to him to see if there's a way  
14:57:41 24 to -- to recover it, and if there was a way, he was  
14:57:43 25 trying to look into it.

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14:57:44 2 MR. SCHAPIRO: Is there a time frame?

14:57:46 3 THE WITNESS: Right, you know, when it  
14:57:47 4 happened. I --

14:57:49 5 MR. BASKIN: Q. Is it fair to say that these  
14:57:50 6 lost e-mails occurred during the summer of 2005 when  
14:57:58 7 you and Mr. Karim and Mr. Chen were sending e-mails  
14:58:03 8 back and forth to each other about copyright  
14:58:06 9 compliance on the YouTube site?

14:58:09 10 MR. SCHAPIRO: Objection; vague; occurred?

14:58:12 11 THE WITNESS: You know, it just happened. It  
14:58:13 12 didn't happen because of any kind of discussions we  
14:58:16 13 were having. I was trying to be more efficient with  
14:58:18 14 my e-mail and unfortunately didn't know what the hell  
14:58:20 15 I was doing.

14:58:21 16 MR. BASKIN: Q. Well, do you recall if it  
14:58:24 17 happened in 2005 or 2006 that you lost all these  
14:58:28 18 e-mails, Mr. -- sir?

14:58:34 19 A I -- like I said, I can't recall a specific  
14:58:36 20 day.

14:58:37 21 Q If I told you that as far as we can tell, for  
14:58:43 22 July of 2005, you produced from your custodian account  
14:58:48 23 33 e-mails, does that sound like a pretty scanty  
14:58:53 24 number of e-mails for the course of a month, sir?

14:58:56 25 MR. SCHAPIRO: Objection; argumentative;

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15:16:52 2 MR. SCHAPIRO: Objection.

15:16:54 3 MR. BASKIN: Q. Is that correct?

15:16:55 4 A Potentially one of the ways, yes.

15:16:57 5 Q Was there any other way to monetize your  
15:16:59 6 website, other than selling advertisements?

15:17:05 7 A You know, I can't recall at the time. We  
15:17:07 8 continued to look for ways to build a -- a business,  
15:17:10 9 but primarily it's going to be supported by ads.

15:17:13 10 Q And the larger the user base, the higher  
15:17:17 11 number of ads that could be sold; correct?

15:17:19 12 MR. SCHAPIRO: Objection; asked and answered.

15:17:20 13 THE WITNESS: Yeah, again, that could be the  
15:17:21 14 case.

15:17:22 15 MR. BASKIN: Q. Well, that is the case; is  
15:17:24 16 it not?

15:17:24 17 MR. SCHAPIRO: Objection; argumentative.

15:17:26 18 THE WITNESS: Like I said, it could be the  
15:17:27 19 case.

15:17:28 20 MR. BASKIN: Q. Well, when you sell ads  
15:17:30 21 today, do you sell it based on the user base? Likely  
15:17:35 22 number of viewers?

15:17:36 23 A I -- I'm not sure exactly how we sell today.

15:17:39 24 Like -- like I said, the site continues to change.

15:17:42 25 You'd have to ask probably Suzie for -- for that

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1 HURLEY, CHAD

15:42:48 2 to do that by telling Google that [REDACTED] bid was  
15:42:56 3 \$800 million higher than it really was; is that right,  
15:43:01 4 sir?

15:43:01 5 A I mean, using a -- a typical bluffing tactic,  
15:43:06 6 sure. It worked.

15:43:30 7 Q Now, let me show you -- can you find this for  
15:44:01 8 me? No, I don't need it. Forget it.

15:44:08 9 During your time as CEO of Yahoo --

15:44:33 10 MR. SCHAPIRO: Objection.

15:44:38 11 THE WITNESS: YouTube.

15:44:39 12 MR. BASKIN: Withdrawn. Sorry.

15:44:40 13 Q You -- you have been CEO of YouTube from its  
15:44:43 14 founding to today; correct?

15:44:44 15 A Yeah, pretty much.

15:44:45 16 Q Now, during that time period, has YouTube  
15:44:51 17 experienced the phenomenon where individuals seek to  
15:44:57 18 upload entire movies serially on the website?

15:45:09 19 A I -- I can't think of a specific example. I  
15:45:12 20 mean, could have happened in the past.

15:45:15 21 Q You truly cannot think of a single example of  
15:45:18 22 a movie that was serially loaded on the website?

15:45:23 23 MR. SCHAPIRO: Objection; asked and answered.

15:45:24 24 THE WITNESS: Like I said, I can't remember  
15:45:26 25 if a -- an -- an example.

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1 HURLEY, CHAD

15:45:27 2 MR. BASKIN: Q. Well, for example, how about  
15:45:32 3 United 93? Is that a movie that was loaded onto the  
15:45:40 4 YouTube website in ten-minute intervals? Do you know,  
15:45:48 5 sir?

15:45:49 6 A I can't -- I can't recall. I'm not aware of  
15:45:51 7 that, to the best of my knowledge.

15:45:54 8 Q How about Slither?

15:46:04 9 A Again, I don't know.

15:46:08 10 Q And how about Breakup?

15:46:11 11 A Don't know.

15:46:11 12 Q How about Transformers?

15:46:16 13 A I can't recall.

15:46:18 14 Q How about Sicko?

15:46:24 15 A I can't -- can't recall.

15:46:26 16 Q How about Tropic Thunder?

15:46:33 17 A May have happened. I can't recall.

15:46:34 18 Q You do not recall whether you learned that a  
15:46:39 19 single one of these movies had been uploaded serially  
15:46:43 20 onto the website?

15:46:45 21 A I may have, but I don't remember  
15:46:47 22 specifically.

15:46:53 23 Q And am I right that it is -- strike that.

15:46:57 24 Do I understand your testimony that you do  
15:47:01 25 not -- you're not aware of a single incident where an

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1 HURLEY, CHAD

15:47:04 2 entire movie was serially loaded onto the website in  
15:47:09 3 ten-minute intervals?

15:47:11 4 A I'm -- I'm sure it -- it's -- it's happened  
15:47:13 5 in the past. I -- it probably was brought to my  
15:47:16 6 attention at some time. I -- I don't recall any  
15:47:19 7 specific instance.

15:47:20 8 Q Well, are you familiar with circumstances  
15:47:31 9 when movies, entire movies, were uploaded onto the  
15:47:38 10 YouTube website while they were still in the theater?

15:47:48 11 A Again, it may have happened. Someone may  
15:47:52 12 have sent me an e-mail, but I can't -- I can't recall  
15:47:54 13 which movies or when that happened.

15:47:57 14 Q Well, without regard to which movies, do you  
15:48:00 15 recall that happening, that entire movies being  
15:48:04 16 uploaded onto your website while they were still in  
15:48:11 17 first runs in the movie theaters?

15:48:13 18 A I can't remember.

15:48:16 19 Q Do you recall incidents where entire movies  
15:48:26 20 were uploaded onto your website before they reached  
15:48:30 21 the movie theater?

15:48:34 22 A Again, it may have happened. I -- I don't  
15:48:36 23 recall a specific example.

15:48:38 24 Q Well, again, without regard to whether you  
15:48:41 25 can name a specific movie, do you recall being advised

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1 HURLEY, CHAD

15:48:51 2 that entire movies were uploaded onto YouTube even  
15:48:57 3 before the movie hit the movie theaters?

15:49:01 4 A You know, may have happened. You know, I  
15:49:05 5 would forward it onto the appropriate people to deal  
15:49:07 6 with it, if it did.

15:49:08 7 Q But you -- as you sit here today, it's your  
15:49:10 8 testimony you don't remember one such incident?

15:49:12 9 MR. SCHAPIRO: Objection; mischaracterizes  
15:49:14 10 the testimony.

15:49:14 11 THE WITNESS: Yeah, again, like I said, I  
15:49:17 12 can't remember a specific example.

15:49:18 13 MR. BASKIN: Q. Well, if that happened, is  
15:49:29 14 that the sort of incident that -- what you might  
15:49:32 15 expect you would remember, sir?

15:49:38 16 A I received a lot of e-mails, and like all of  
15:49:42 17 these documents, I -- you know, I don't necessarily  
15:49:44 18 recall every single conversation. You know, I've  
15:49:48 19 built a team where I'm able to forward and delegate.

15:49:53 20 Q Well, because I didn't ask whether you  
15:49:55 21 remembered each conversation. I asked if you were  
15:49:58 22 advised by e-mail or orally that entire movies were  
15:50:06 23 being uploaded onto the YouTube website.

15:50:12 24 MR. SCHAPIRO: Objection; that's not what you  
15:50:14 25 asked.

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