

EXHIBIT A

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11 UNITED STATES DISTRICT COURT
12 NORTHERN DISTRICT OF CALIFORNIA
13 SAN JOSE DIVISION

14 DIGITAL ENVOY, INC.,
15 Plaintiff/Counterdefendant,
16 v.
17 GOOGLE, INC.,
18 Defendant/Counterclaimant.

Case No. C 04 01497 RS

**DECLARATION OF ROBERT
FRIEDMAN IN SUPPORT OF DIGITAL
ENVOY'S MOTION TO COMPEL
FURTHER RESPONSES TO ITS FIRST
AND SECOND SETS OF
INTERROGATORIES AND ITS FIRST
AND SECOND SETS OF REQUESTS FOR
PRODUCTION OF DOCUMENTS TO
GOOGLE, INC.**

The Honorable Richard Seeborg

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1 I, Robert Friedman, declare as follows:

2 1. I am Executive Vice-President and General Counsel for Digital Envoy, Inc. I am
3 over twenty-one years of age and not under any legal disability. I have personal knowledge of all
4 facts set forth herein.

5 2. Digital Envoy has many web site customers who have built their own
6 infrastructures.

7 3. Google itself built its own ad infrastructure solely for use on www.google.com
8 before it considered the idea of third-party advertising and licensed Digital Envoy's technology to
9 geo-target advertisements on Google.com.

10 4. AdSense is deployed on 60% of the Top 100 properties on the Internet, properties
11 that typically license Digital Envoy's technology for thousands or tens of thousands of dollars per
12 month each. See the Corporate Information page of Google's web site, located at
13 http://www.google.com/corporate/facts.html.

14 5. DoubleClick and Accipter deploy enterprise ad servers to web sites so that those
15 web sites can serve ads to their users.

16 6. Digital Envoy has contractual relationships with various companies who pay
17 Digital Envoy when customers of those companies use geo-targeting. Digital Envoy receives
18 revenue for the use of Digital Envoy's technology in geo-targeting, sometimes as much as 72%
19 and up to tens-of-thousands of dollars per year per web site.

20 7. For some ad networks with which Digital Envoy has ongoing relationships or has
21 had relationships, Digital Envoy receives \$0.10 per CPM ("cost per 1,000 impressions"), \$500 per
22 million lookups, \$750.00 per 250,000 lookups, and \$4,000.00 per billion lookups of IP addresses.

23 8. Ask Jeeves, a Digital Envoy customer, has stated "Just by virtue of our relationship
24 with Google, we benefit from their improvements with AdWords in the local space," said
25 Lanzone. "They've done a lot of work in geotargeting, and we are recipients of that." Under Ask
26 Jeeves' license agreement, it is only entitled to use Digital Envoy's technology for limited
27 purposes (and specifically not for ad targeting, typically the most lucrative use). The Ask Jeeves
28 deal alone was valued at \$100 million by Google according to its public statements and Digital

1 Envoy received \$0 as a result of this relationship and, in fact, Digital Envoy believes that its
2 prospects were damaged through its lost business opportunity. *See* ClickZ News article “Yahoo!,
3 Ask Jeeves Bow Local Search Tools” dated August 3, 2004, a true copy of which is attached
4 hereto as Exhibit B.

5 9. In many cases, Digital Envoy supplies geo-targeting directly to individual web sites
6 (its customers include many of the largest properties on the Internet – such as AOL, CNN.com,
7 InfoSpace, CNet, Disney.com, ESPN.com, ABCNews.com, Guardian UK), many of whom have
8 developed their own internal ad networks.

9 10. Google's SEC filings indicate that their AdSense program is an important part of
10 their revenue stream. *See, e.g.*, Amendment No. 2 to Form S-1 Registration Statement filed June
11 21, 2004, a true copy of which is attached as Exhibit A.

12 11. Google has admitted that it “licenses” AdSense to third parties. *See* April 3, 2003
13 Google Press Release, a true copy of which is attached hereto as Exhibit C.

14 I declare these things under penalty of perjury and under the laws of the United States of
15 America. Executed on June 8, 2005, at Atlanta, Georgia.

16
17 /s/ Robert Friedman
18 Robert Friedman
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EXHIBIT A

S-1/A 1 ds1a.htm AMENDMENT NO. 2 TO FORM S-1

Table of Contents

Index to Financial Statements

As filed with the Securities and Exchange Commission on June 21, 2004
Registration No. 333-114984

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 2
TO
FORM S-1
REGISTRATION STATEMENT
Under
The Securities Act of 1933

GOOGLE INC.

(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

7375
(Primary Standard Industrial
Classification Code Number)

77-0493581
(L.R.S. Employer
Identification Number)

1600 Amphitheatre Parkway
Mountain View, CA 94043
(650) 623-4000

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

Eric Schmidt
Chief Executive Officer
Google Inc.
1600 Amphitheatre Parkway
Mountain View, CA 94043
(650) 623-4000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this Registration Statement.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, as amended (the "Securities Act"), check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration number of the earlier effective registration statement for the same offering.

Table of Contents**Index to Financial Statements**

There has been a trend toward industry consolidation among our competitors, and so smaller competitors today may become larger competitors in the future. If our competitors are more successful than we are at generating traffic, our revenues may decline.

We face competition from traditional media companies, and we may not be included in the advertising budgets of large advertisers, which could harm our operating results.

In addition to Internet companies, we face competition from companies that offer traditional media advertising opportunities. Most large advertisers have set advertising budgets, a very small portion of which is allocated to Internet advertising. We expect that large advertisers will continue to focus most of their advertising efforts on traditional media. If we fail to convince these companies to spend a portion of their advertising budgets with us, or if our existing advertisers reduce the amount they spend on our programs, our operating results would be harmed.

We expect our growth rates to decline and anticipate downward pressure on our operating margin in the future.

We expect that in the future our revenue growth rate will decline and anticipate that there will be downward pressure on our operating margin. We believe our revenue growth rate will decline as a result of anticipated changes to our advertising program revenue mix, increasing competition and the inevitable decline in growth rates as our net revenues increase to higher levels. We believe our operating margin will decline as a result of increasing competition and increased expenditures for all aspects of our business as a percentage of our net revenues, including product development and sales and marketing expenses. We also expect that our operating margin may decline as a result of increases in the proportion of our net revenues generated from our Google Network members. The margin on revenue we generate from our Google Network members is generally significantly less than the margin on revenue we generate from advertising on our web sites. Additionally, the margin we earn on revenue generated from our Google Network could decrease in the future if our Google Network members require a greater portion of the advertising fees.

Our operating results may fluctuate, which makes our results difficult to predict and could cause our results to fall short of expectations.

Our operating results may fluctuate as a result of a number of factors, many of which are outside of our control. For these reasons, comparing our operating results on a period-to-period basis may not be meaningful, and you should not rely on our past results as an indication of our future performance. Our quarterly and annual expenses as a percentage of our net revenues may be significantly different from our historical or projected rates. Our operating results in future quarters may fall below expectations. Any of these events could cause our stock price to fall. Each of the risk factors listed in this "Risk Factors" section, and the following factors, may affect our operating results:

- Our ability to continue to attract users to our web sites.
- Our ability to attract advertisers to our AdWords program.
- Our ability to attract web sites to our AdSense program.
- The mix in our net revenues between those generated on our web sites and those generated through our Google Network.
- The amount and timing of operating costs and capital expenditures related to the maintenance and expansion of our businesses, operations and infrastructure.
- Our focus on long term goals over short term results.
- The results of our investments in risky projects.

Table of Contents**Index to Financial Statements**

Although our operating margin was greater in the three months ended March 31, 2004 compared to the year ended December 31, 2003, we believe that our operating margin will decline in 2004 compared to 2003. We believe the decrease in operating margin will result from an increased portion of our net revenues being generated through our AdSense program, and from an anticipated increase in costs and expenses, other than stock-based compensation, as a percentage of net revenues in 2004 compared to 2003. This expected increase in the portion of our net revenues generated through our AdSense program is a result of an anticipated increase in the portion of ad clicks that occur on Google Network member web sites compared to our Google web sites, as we increase the number of Google Network members. In other words, net revenues earned through our Google Network members under our relatively newer Google AdSense program are growing more rapidly than those earned through our Google web sites. The operating margin we realize on revenues generated from the web sites of our Google Network members through our AdSense program is significantly lower than that generated from paid clicks on our web sites. This lower operating margin arises because most of the advertiser fees from our AdSense agreements are shared with our Google Network members, leaving only a portion of these fees for us. The lower operating margin also results from the higher costs attributable to the additional sales and information systems infrastructure required to secure and manage our Google Network. The expected increase in costs and expenses, other than stock-based compensation, as a percentage of net revenues is primarily a result of building the necessary employee and systems infrastructures required to manage the anticipated growth of our company. This anticipated decline to our operating margin is expected to be partially offset by a decrease in stock-based compensation as a percentage of net revenues in 2004 compared to 2003.

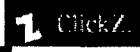
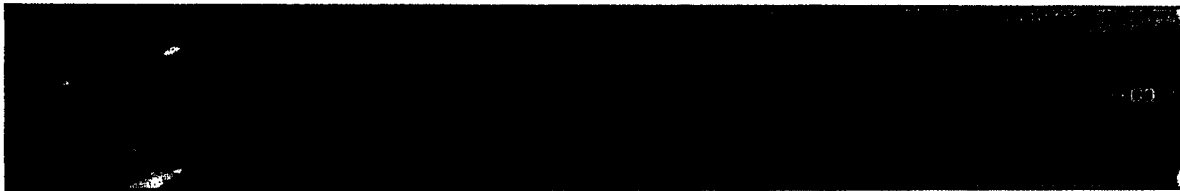
We have a large and diverse base of advertisers and Google Network members. No advertiser generated more than 3% of our net revenues in either 2001, 2002, 2003 or in the three months ended March 31, 2004. In addition, no Google Network member accounted for more than 5% of our net revenues in 2002, 2003 or in the three months ended March 31, 2004. We expect our base of advertisers and Google Network members to remain large and diverse for the foreseeable future.

We have experienced and expect to continue to experience substantial growth in our operations as we seek to expand our user, advertiser and Google Network members bases and continue to expand our presence in international markets. This growth has required the continued expansion of our human resources and substantial investments in property and equipment. Our full-time employee headcount has grown from 284 at December 31, 2001, to 682 at December 31, 2002, to 1,628 at December 31, 2003 and to 1,907 at March 31, 2004. In addition, we have employed a significant number of temporary employees in the past and expect to continue to do so in the foreseeable future. Our capital expenditures have grown from \$13.1 million in 2001, to \$37.2 million in 2002, to \$176.8 million in 2003 and to \$86.0 million in the three months ended March 31, 2004. We currently expect to spend at least \$250 million on capital equipment, including information technology infrastructure, to manage our operations during 2004. In addition, we anticipate that the growth rate of our costs and expenses, other than stock-based compensation, may exceed the growth rate of our net revenues during 2004. Management of this growth will continue to require the devotion of significant employee and other resources. We may not be able to manage this growth effectively.

In early 2003, we decided to invest significant resources to begin the process of comprehensively documenting and analyzing our system of internal controls. We have identified areas of our internal controls requiring improvement, and we are in the process of designing enhanced processes and controls to address any issues identified through this review. Areas for improvement include streamlining our domestic and international billing processes, further limiting internal access to certain data systems and continuing to improve coordination across business functions. During our 2002 audit, our external auditors brought to our attention a need to increase restrictions on employee access to our advertising system and automate more of our financial processes. The auditors identified these issues together as a "reportable condition," which means that these were matters that in the auditors' judgment could adversely affect our ability to record, process, summarize and report financial data consistent with the assertions of management in our financial statements. In 2003, we devoted significant resources to remediate and improve our internal controls. Although we believe that these efforts have strengthened our internal controls and addressed the concerns that gave rise to the "reportable condition" in 2002, we are continuing to work to improve our internal controls, including in the areas of access and security. We plan

EXHIBIT B

SearchEngineWatch Forums Live June 28, 2005 Pittz Collen Atlanta



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Yahoo!, Ask Jeeves Bow Local Search Tools

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By [Pamela Parker](#) | [Zachary Rodgers](#) | August 3, 2004

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Two major search providers have rolled out new local search offerings. Yahoo! bowed a beta test of its local search platform, and Ask Jeeves debuted a partnership with Citysearch to provide local content on its results pages. The news follows closely on the heels [Google's own local offering](#), introduced in March and also in beta testing.

Yahoo!'s new local search product, available at [local.yahoo.com](#), combines Yahoo!'s own search technology with Yellow Pages, maps, third party and user-generated content. It features 14 million businesses found in Yahoo's Yellow Pages directory along with narrowing tools that let users refine searches according to such modifiers as distance, rating and category. The offering also lets searchers rate and review businesses, as well as personalize their experience by saving recent locations they've searched on.

"A great search experience is about more than just offering users relevant and comprehensive

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Web search results. It's also about creating an experience where we can quickly and easily provide users the answers they are seeking, whether it's the best Italian restaurant in their neighborhood or the nearest museums while traveling," said Jeff Weiner, SVP of search and marketplace for Yahoo!

So far, Overture listings -- some of them targeted through the company's Local Match program -- are the only ads that appear on the Local search results pages. These paid listings appear both above and below the organic results. But Yahoo! Local general manager Paul Levine hinted a partnership that leveraged the company's relationship with Yellow Pages providers could be in the works.

"In Yahoo! Yellow Pages we have productive relationships with Bell South and SBC. They have thousands of feet on the street and we have found them to be a really effective partner in reaching out to the local merchants," said Levine. Levine wouldn't say whether a partnership would be handled through Overture or whether it would be a separate program altogether. "It's too soon to tell," he said.

"Our goal is comprehensiveness. We are aggregating multiple databases and merging them into one single system," Levine said. "It's not perfect now but it will be getting more perfect over time. Comprehensiveness is critical. We are confident that we already have the most comprehensive database and we're going to work forward from here."

Yahoo! currently isn't promoting the new beta local offering throughout its network. "Over time we think we will execute on more contextual and intent-driven implementations," said Levine, such as linking to Local when a user of Yahoo! Search seemed to have a local intention.

Simultaneously, Ask Jeeves has reached an agreement to license local content and business data from Citysearch to power results on its search portal. The licensed content, which provides Ask Jeeves with a more robust local search offering, should be implemented on Ask.com in September.

The deal will help power "Smart Search" local search results on all Ask Jeeves content. It was accompanied by the announcement that Ask Jeeves has also rolled out maps and driving directions similar to those offered by Mapquest and Yahoo! Ask Jeeves developed these services using licensed data from a third party.

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These data offerings will complement existing local search offerings such as weather, movies and "white pages people search." According to Jim Lanzone, Ask Jeeves' senior VP of search properties, it's hard to overestimate the significance of local searching on Ask.com and its sister properties.

"Local search is a major category for Ask Jeeves," he said. "About 10 percent of our searches are explicitly local. In the past year we've been sequentially addressing that need with weather, people search, local white pages and movie times. By utilizing Citysearch's content-rich structured data, combined with our own proprietary technologies, we will make a significant step toward creating the smartest and most robust local search experience online."

The agreement will not directly affect Ask Jeeves' ad operations, most of which come through its longstanding partnership with Google. Ask Jeeves recently renewed its sponsored listings partnership with the search giant, which means keyword bidding and management on AskJeeves will be tracked and served through AdWords.

"Just by virtue of our relationship with Google, we benefit from their improvements with AdWords in the local space," said Lanzone. "They've done a lot of work in geotargeting, and we are recipients of that. Really it's incumbent on us to improve the site experience for users."

For Citysearch, the relationship creates a distribution channel on one of the most rapidly growing Web properties. Through recent acquisitions, Ask Jeeves has become the sixth most-trafficked Web site on the Web. For its part, Citysearch features approximately two million editorial and user reviews and ratings of local businesses.

The market for local search services is believed to be enormous. Kelsey Group has estimated local searches account for above 25 percent of commercial searches performed by online buyers.

Google and Yahoo! have both already rolled out local targeting for paid search ads. The products, which allow advertisers to target their listings according to geographic radius, are aimed at capturing part of the \$2.5 billion the Kelsey Group predicts local paid search will generate in domestically by 2008.

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Google Licenses Web Search and Sponsored Links to Amazon.com

SEATTLE & MOUNTAIN VIEW, Calif. - April 3, 2003 - Amazon.com (Nasdaq: AMZN) and Google, developer of the largest performance-based search advertising program, today announced a multi-year agreement that will make Google's search technology and targeted sponsored links available on Amazon.com. Google's services will provide Amazon.com customers with access to billions of web pages through Google's web-wide search results.

Both Google's sponsored links and web search will be available to Amazon.com customers within the next several months; sponsored links are now available on a selection of Amazon.com pages.

"Both Google and Amazon.com built their businesses by developing exceptional user experiences and providing relevant and comprehensive information," said Omid Kordestani, senior vice president of Google's Worldwide Sales and Field Operations. "Google's services will enable Amazon.com customers to conduct research across the web."

Google's global search services provide websites and portals with access to billions of web pages and the world's most advanced search technology. Additionally, Google partner sites have access to revenue opportunities through sponsored links from Google's worldwide network of more than 100,000 advertisers. Google's advertisers gain broad exposure across Google's partner websites, including many of the largest websites in the world such as AOL, Ask Jeeves, and Earthlink.

"Amazon.com is constantly seeking new ways to provide our customers with the best and most relevant information on the web," said Owen Van Natta, vice president of Worldwide Business Development, Amazon.com. "Working with another industry leader such as Google is in keeping with our relentless commitment to excellence throughout every aspect of the customer experience."

For more information on Google's advertising programs, visit www.google.com/ads.

About Amazon.com

Amazon.com, a Fortune 500 company based in Seattle, opened its virtual doors on the World Wide Web in July 1995 and today offers Earth's Biggest Selection. Amazon.com seeks to be Earth's most customer-centric company, where customers can find and discover anything they might want to buy online, and endeavors to offer its customers the lowest possible prices. Amazon.com and sellers list millions of unique new and used items in categories such as apparel and accessories, electronics, computers, kitchenware and housewares, books, music, DVDs, videos, cameras and photo items, toys, baby items and baby registry, software, computer and video games, cell phones and service, tools and hardware, travel services, magazine subscriptions and outdoor living items.

Amazon.com operates five international Web sites: www.amazon.co.uk,

www.amazon.de, www.amazon.fr, www.amazon.co.jp and www.amazon.ca.

This announcement contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Actual results may differ significantly from management's expectations. These forward-looking statements involve risks and uncertainties that include, among others, risks related to potential future losses, significant amount of indebtedness, competition, commercial agreements and strategic alliances, seasonality, potential fluctuations in operating results and rate of growth, foreign exchange rates, management of potential growth, system interruption, international expansion, consumer trends, inventory, fulfillment center optimization, limited operating history, government regulation and taxation, fraud, and new business areas. More information about factors that potentially could affect Amazon.com's financial results is included in Amazon.com's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K for the year ended December 31, 2002, and all subsequent filings.

About Google

Google's innovative search technologies connect millions of people around the world with information every day. Founded in 1998 by Stanford Ph.D. students Larry Page and Sergey Brin, Google today is a top web property in all major global markets. Google's targeted advertising program, which is the largest and fastest growing in the industry, provides businesses of all sizes with measurable results, while enhancing the overall web experience for users. Google is headquartered in Silicon Valley with offices throughout North America, Europe, and Asia. For more information, visit www.google.com.

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