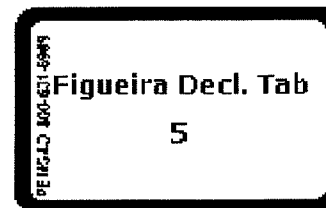


Redacted Pursuant to Protective Order  
at Request of Defendants

To: "Thomas Meehan-Ritter" <ttritter@google.com>  
 From: "Wendy Chang" <wchang@google.com>  
 Cc: "David Rolefson" <drolefson@google.com>  
 Bcc:  
 Received Date: 2008-03-11 11:40:01 CST  
 Subject: Re: FW: [Deal\_review] Re: FMG: YT deals under 70%?



I hear you. Given that only 2% of YT playbacks are monetizable, I'm thinking it will take us a long time to get there -- unfortunately. For the most part, the team is trying to give them up to 100% revshares for the first 6 months, and then go back down to the 55% revshare thereafter, so hopefully there won't be too many with high revshares indefinitely.

On Tue, Mar 11, 2008 at 4:24 PM, Thomas Meehan-Ritter <ttritter@google.com> wrote:

> That makes sense. Thanks for the additional color, Wendy.  
 >  
 > As I'm sure you know, the hard part will be reducing these revenue shares  
 > over time once we have built up the business. We have been able to get rid  
 > of most media buys and guarantee deals in AdSense but we haven't had much  
 > success in reducing revenue shares for Direct partners. Revenue shares have  
 > only grown over time. We're hoping to reverse that trend this year :)

> Thanks,  
 > -Thomas

> -----  
 > \*From:\* Wendy Chang [mailto:wchang@google.com]  
 > \*Sent:\* Tuesday, March 11, 2008 1:28 PM  
 > \*To:\* Thomas Meehan-Ritter  
 > \*Cc:\* David Rolefson  
 > \*Subject:\* Re: FW: [Deal\_review] Re: FMG: YT deals under 70%?

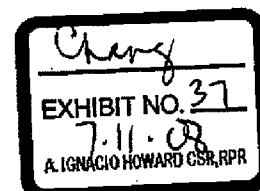
> Hi Thomas --

> Thanks for reaching out. The nature of YT business model is very  
 > different from traditional Adsense business. First, we're still at a very  
 > nascent stage of our business cycle, and are therefore still trying to  
 > significantly build our partnership base. I think if you look at  
 > traditional adsense revshares, you would likely see that we initially gave  
 > away higher revshares or even guarantees to grow that business initially.

> Also, content partners are an essential part of YT business, as they  
 > provide monetizable inventory for our ad sales team to sell against. Given  
 > copyright concerns, we don't monetize against user generated content. We  
 > want to be able to close these big partnerships and hopeful that higher  
 > revshare will ease that slightly. Further, the higher revshares are thought

> to be an incentive for our partners to claim content (e.g. if a user  
 > uploads a video that includes partner content, then we want the partner to  
 > "claim" that video and allow us to monetize against it). We have seen that  
 > for partners that are incentivized to claim, they generally are doing more  
 > of it, and thus allowing us to build up monetization.

> To be clear, however, the higher revshare are not for all partners. All  
 > of our torso and user partners are at 55%. The higher revshares are only  
 > for a select short list of partners, those who would normally request a



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> guarantee, but in which we are not giving (with exception of music which is  
 > a whole other model, we are not giving any guarantees). EMG has approved to  
 > go up to 80% revshares for this upper tier of partnerships.

>  
 > Wendy

>  
 > On Tue, Mar 11, 2008 at 1:21 PM, Thomas Meehan-Ritter <tritter@google.com>  
 > wrote:

>  
 >> Hi Wendy,

>>  
 >>> Do we really want/need to go this high on YT deals? This would be 70%  
 >>> of recognized, right, (with no deductions)?

>>  
 >>> I'm just bringing it up as part of our company-wide initiative to take a  
 >>> hard look at our TAC and find opportunities to reduce TAC margins (while  
 >>> maintaining or increasing Net Revenue on an absolute basis).

>>  
 >>> We have agreed to reduce the Online revenue share for several products  
 >>> (Mobile AFC Online, AdSense for Games Online) and are actively considering a  
 >>> reduction in AFC Online. On the Direct AdSense side, we are working on new  
 >>> revenue share guidelines that will likely decrease TAC by 5 to 10 percentage  
 >>> points across the board.

>>  
 >>> Thanks,

>>> -Thomas

>>  
 >>> -----  
 >>> \*From:\* David Eun [mailto:deun@google.com]  
 >>> \*Sent:\* Tuesday, March 11, 2008 10:33 AM  
 >>> \*To:\* Talia Dear  
 >>> \*Cc:\* Deal Review Team  
 >>> \*Subject:\* [Deal\_review] Re: FMG: YT deals under 70%?

>>  
 >>> Talia,

>>  
 >>> If I recall, I just reminded Jordan to revise everyone's understanding  
 >>> of our standard YT deals, i.e., from 55% to up to 70%. I think anything  
 >>> "non-standard" should continue to come to FMG, where we can continue to  
 >>> determine whether it makes sense to send to EMG.

>>  
 >>> Agree?

>>> D-

>>  
 >>> On Mon, Mar 10, 2008 at 11:02 PM, Talia Dear <talia@google.com> wrote:

>>  
 >>> Hi Dave, how are you?

>>>> I talked with Jordan today - it sounds like you may not want to  
 >>>> continue seeing YT content deals in FMG as long as they are under 70% rev  
 >>>> share (and don't have any other aspects that would send it to FMG). Is this  
 >>>> accurate?

>>>>  
 >>>> Let me know if you no longer need to see these deals in FMG -  
 >>>> otherwise, we will continue to send deals with over 55% rev share to FMG  
 >>>> (over 70% / 80% claimed to EMG).

>>>>  
 >>>> Thank you, and have a good night!

>>>> Talia

> >

> >

> > -

> > Talia Dear

> > Google, Inc.

> > Compliance Specialist

> > 1600 Amphitheatre Parkway

> > Mountain View, CA 94043

> >

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> > sender know it went to the wrong person. Thanks."

> >

> >

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> > -

> > David Eun

> > NY: 212-565-8070

> > CA: 650-253-1993

> >

> > =====

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