

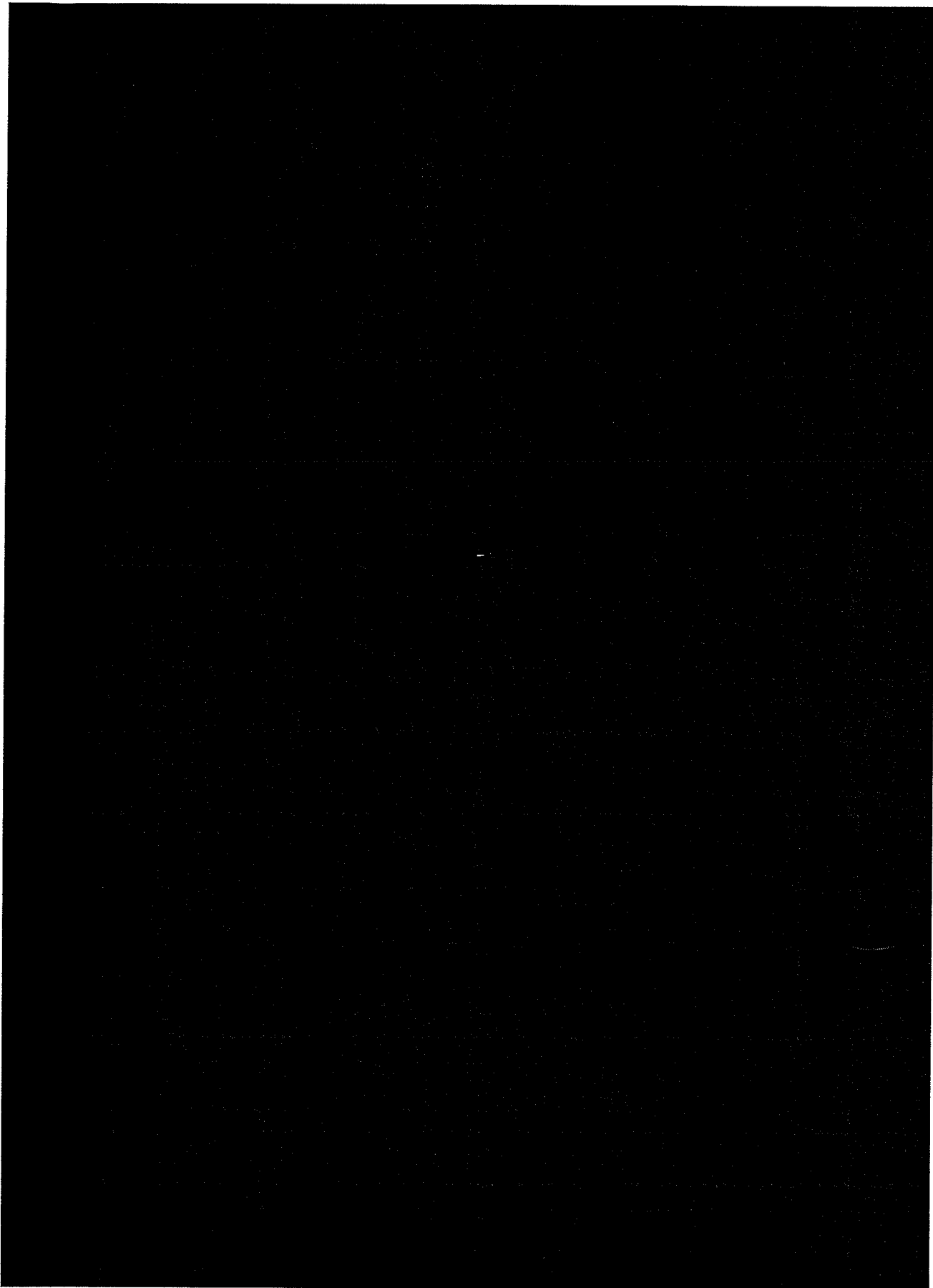
Figueira Decl. Tab  
162

Redacted Pursuant to  
Protective Order at  
Request of  
Defendants

# Why Is Music Important on YouTube



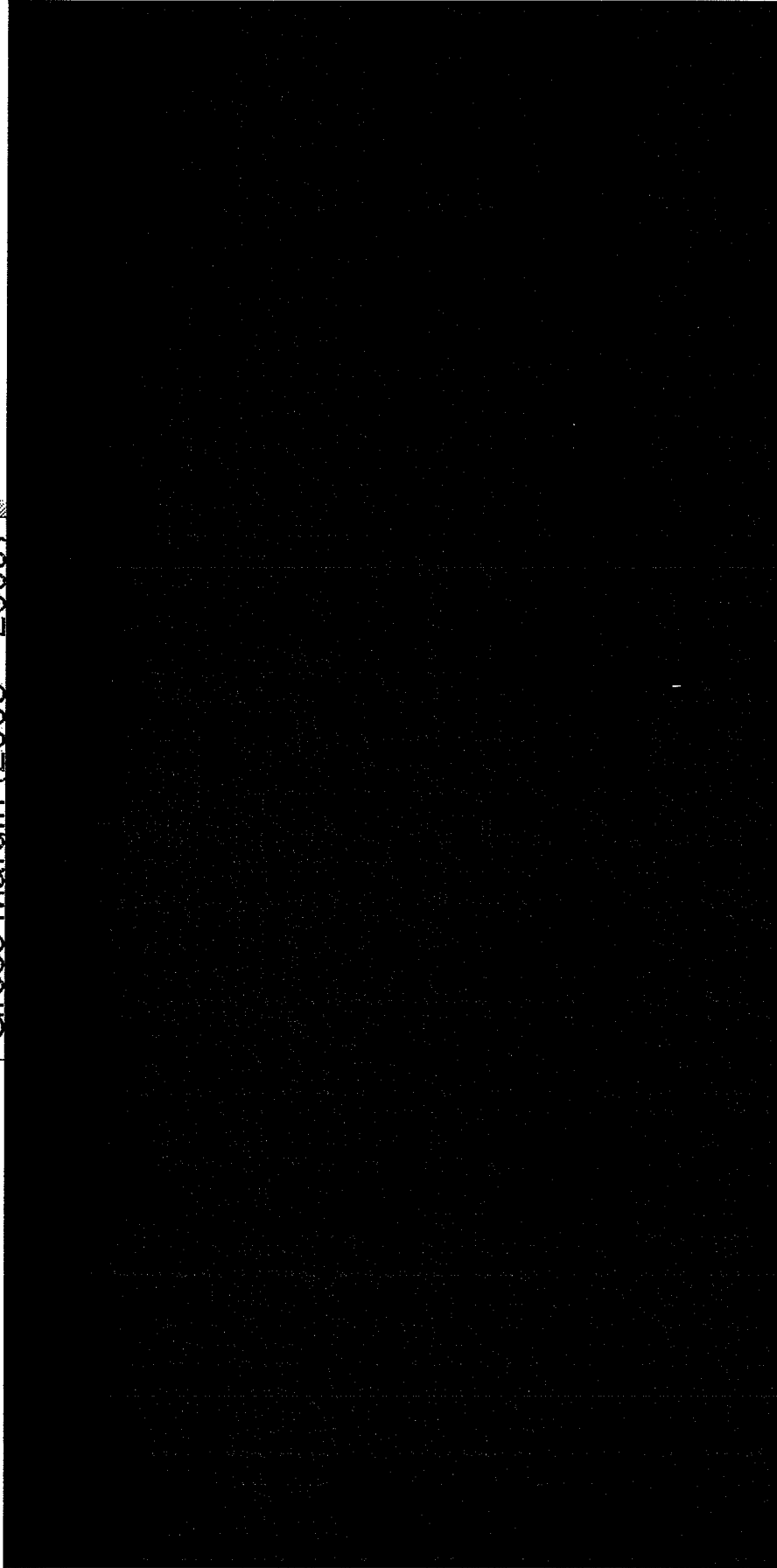
162



# YouTube Music

(\$ in mn)

Gross Margin (2008 - 2009)



Gross Revenues

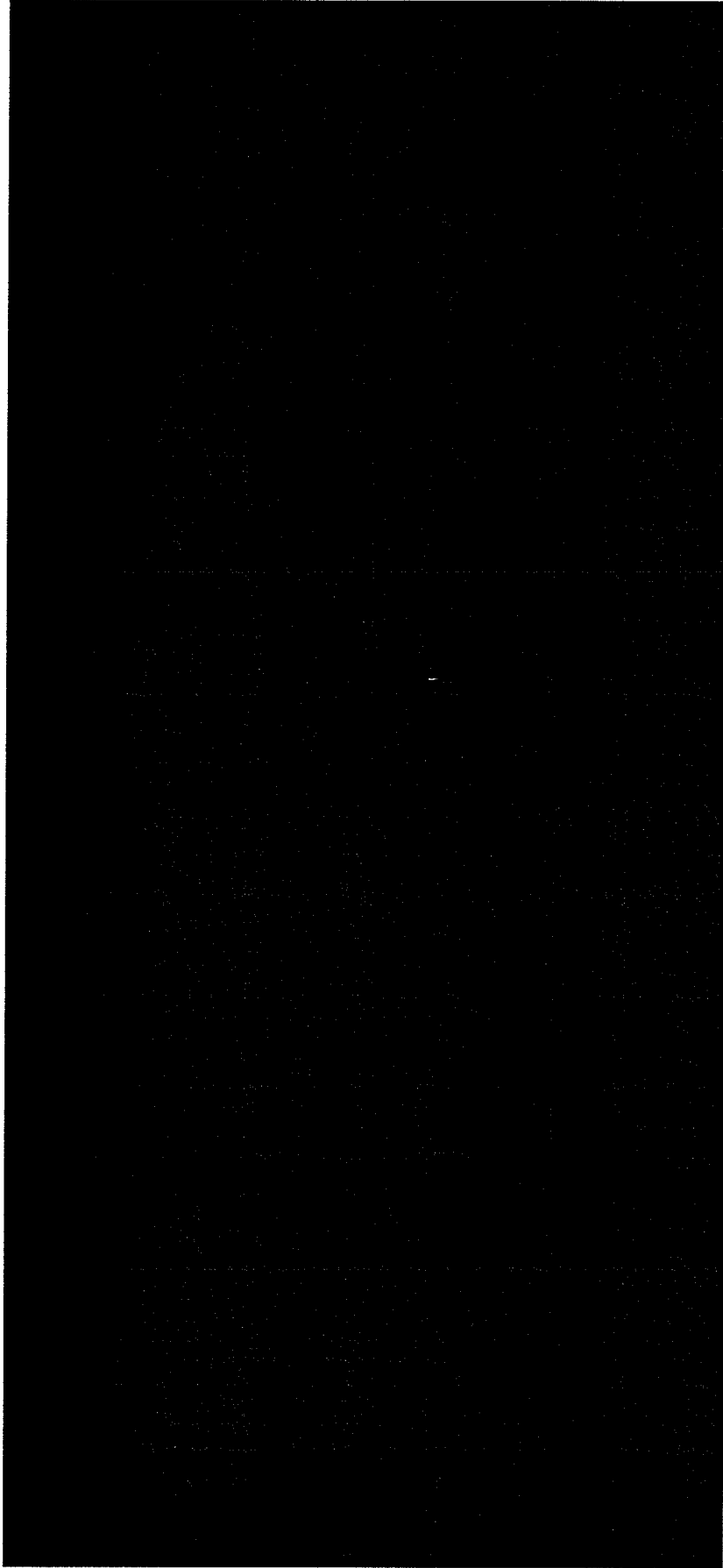
Expenses\*

Net Margin

162-0003



# 2008 Gross Margin



Gross Rev.	Expenses*	Net Margin	Revenues	Expense	Net Rev.	Indirect Net Rev.
-----		-----	-----	-----	-----	-----

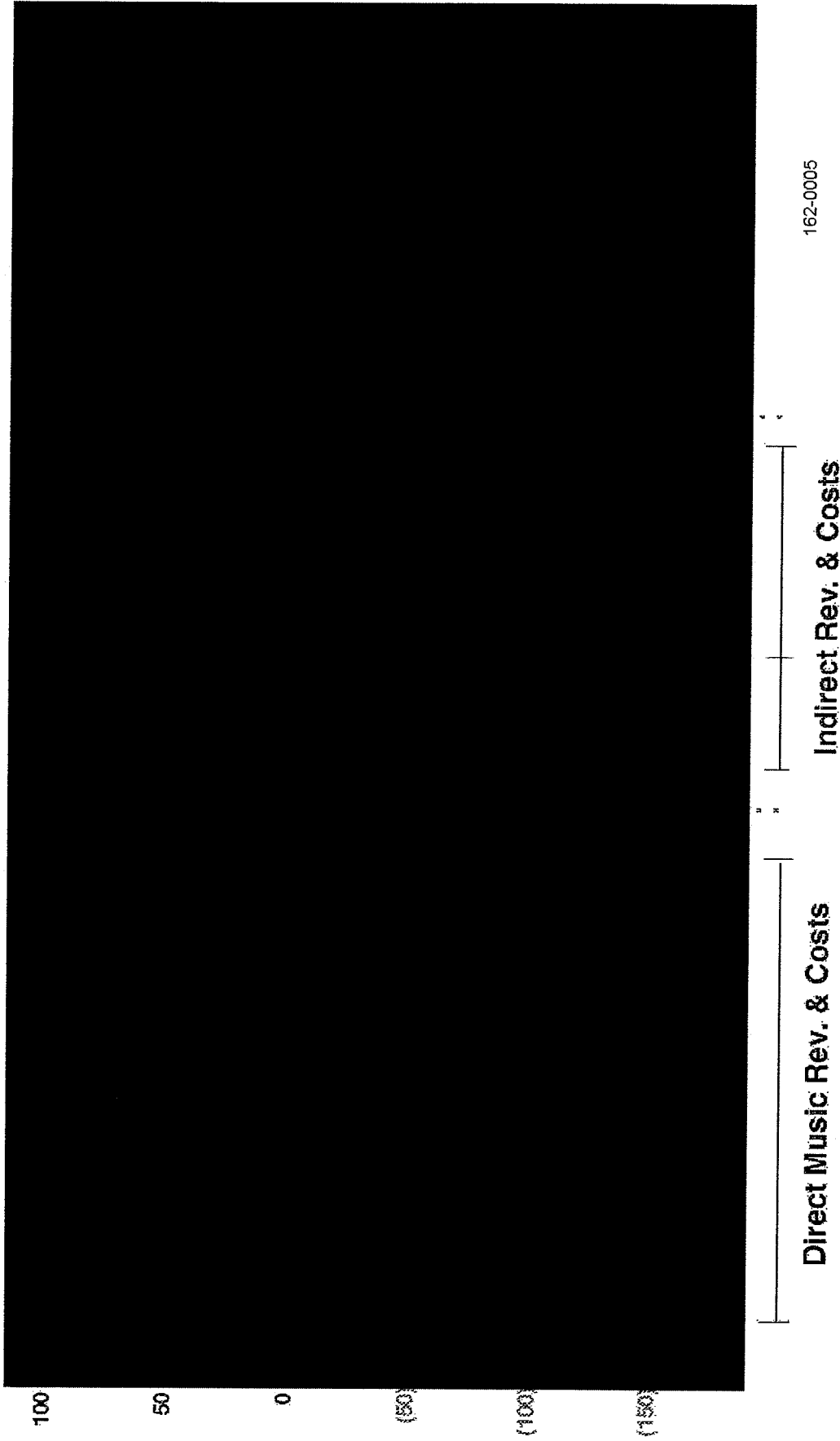
Direct Music Rev. & Costs

Indirect Rev. & Costs

162-0004



# 2009 Gross Margin



# 2008 - 2009 Total Margin, by Country

Country	Music Revenue			Music Costs			Indirect Revenue & Costs				
	Search & Other	Watch Page	Gross Rev.	Search & Other	Watch Page	Gross Rev.	Non Music Partner Rev.	COS - Music Partner	COS - Non Music Partner	Net Rev. <sup>2</sup>	Indirect Net Rev. <sup>3</sup>
Germany											
Netherlands											
UK											
US											
Sum											
Australia											
Brazil											
China											
France											
Hong Kong											
India											
Japan											
Korea											
Mexico											
New Zealand											
Singapore											
Taiwan											
Ireland											
Israel											
Italy											
Poland											
Portugal											
Russia											
Spain											
Turkey											
Sum											
<b>2 Year Total</b>											

Signed Publishing Agreements

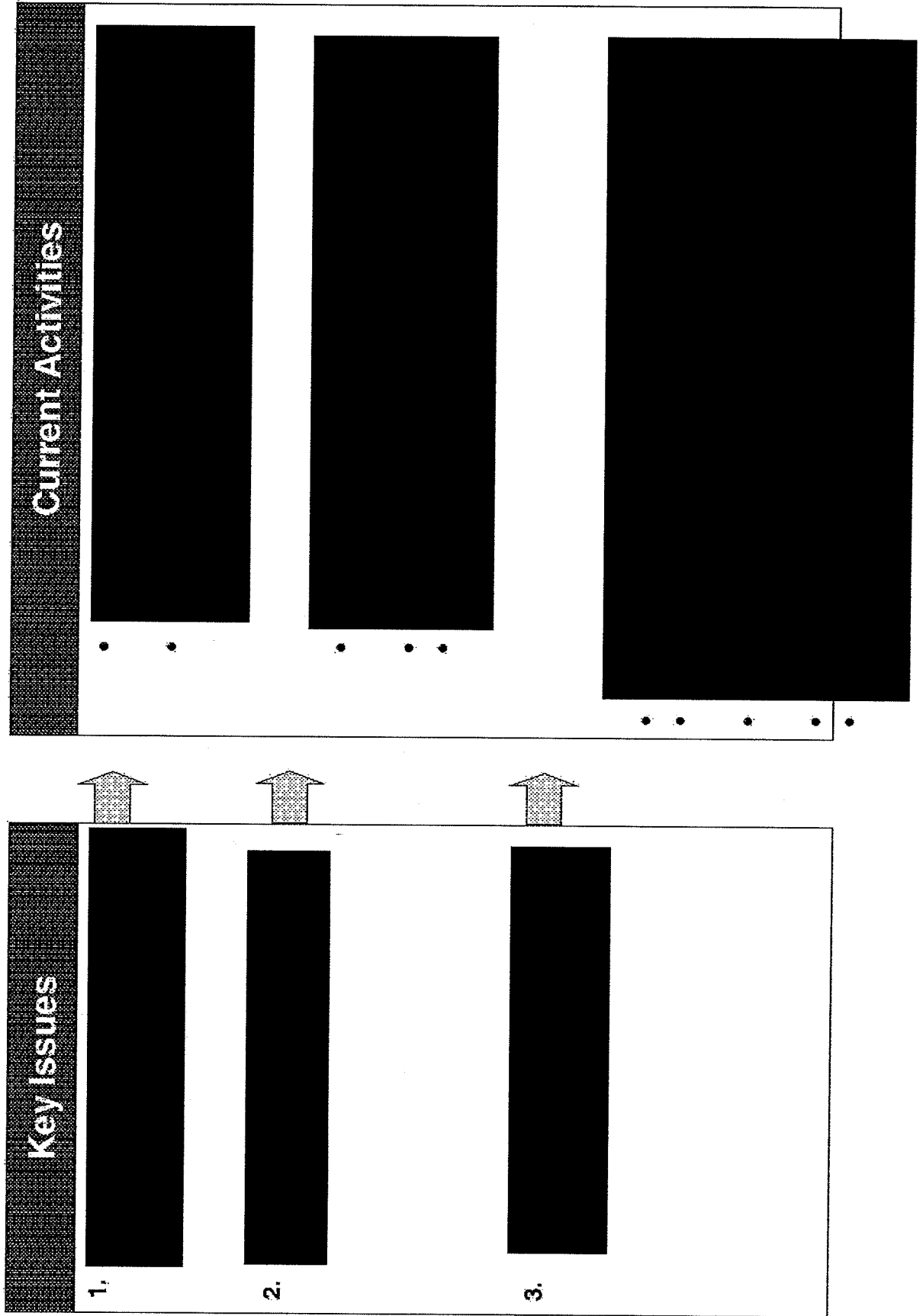
Unsigned Publishing Agreements

- Notes:
- 1) Revenue net of direct costs attributable to Music and its associated licensing agreements
  - 2) Includes revenues for non music partner content (content which contains music but music is not the primary focus); and expenses for partner payments associated with licensing agreements and monetizing the watch pages.
  - 3) Indirect Net Revenues reflect revenues which are jeopardized if agreement is not reached with music publishers

162-0006

Draft

# Monetization: Current Situation



# Global Music: Publishing Coverage



(S.M.I.)

**US**

**APLA**

- Australia
- BRAZIL
- CHINA
- HONG KONG
- INDIA
- JAPAN
- MEXICO
- New Zealand
- SINGAPORE
- Korea
- TAIWAN

**EMEA**

- FRANCE
- GERMANY
- IRELAND
- ISRAEL
- ITALY
- NETHERLANDS
- POLAND
- PORTUGAL
- RUSSIA
- SPAIN
- TURKEY
- UK



- = Not currently monetizing site
- = Monetizing non-music content only; Publishing agreement not signed
- = Monetizing music & non-music content; Publishing agreement signed

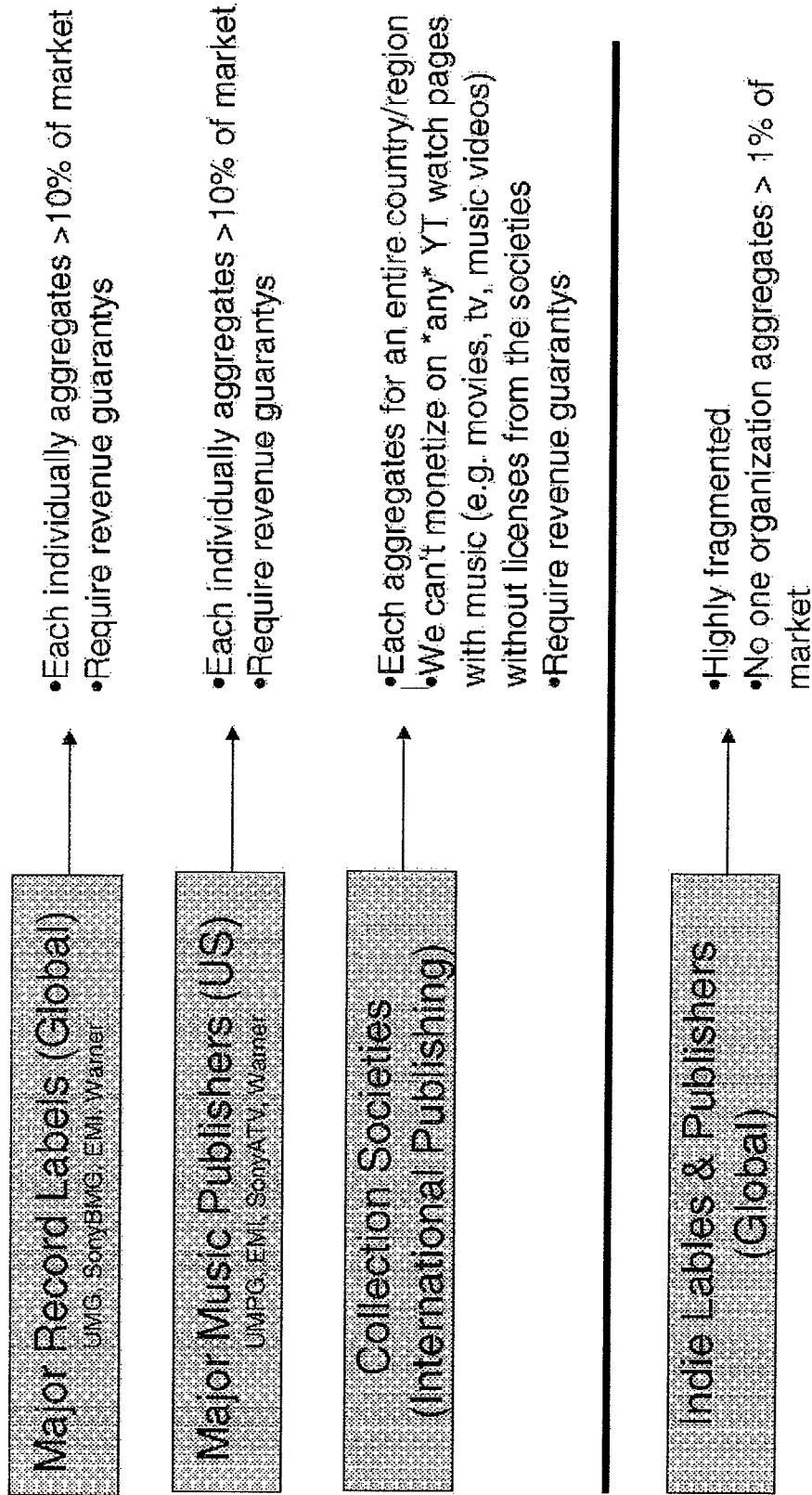
162-0008



# Backup/Detail

162-0009

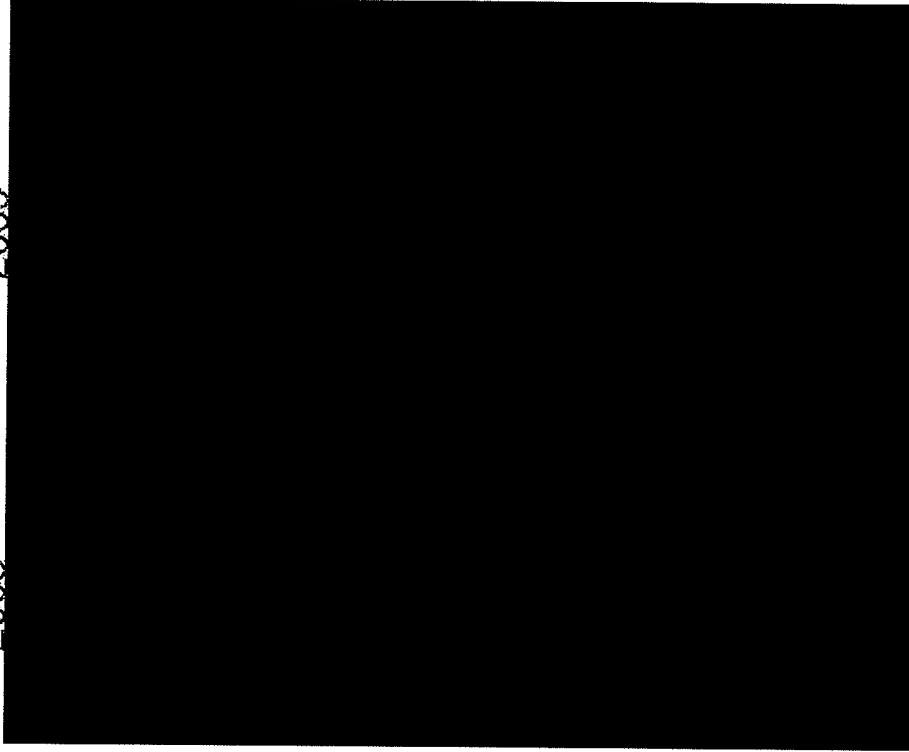
# Music Deal Landscape



162-0010

# YT Music: Key Assumptions

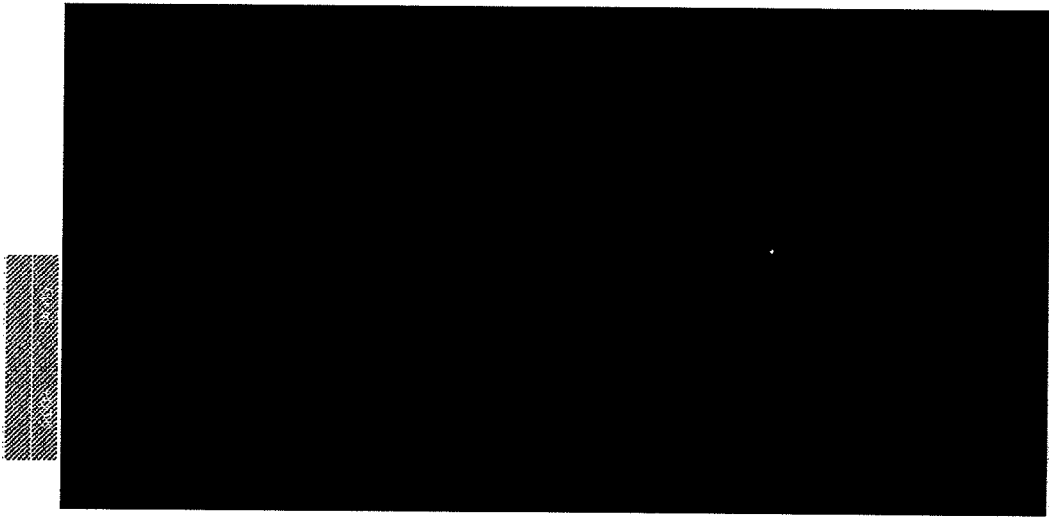
2008 2009



- **Page Views**
  - ~Proportion Watch/Search
  - % Monetizable: Watch page content
- **Revenue**
  - ~% Watch/Search & Other
- **Rate Card (CPM)**
  - Search Video Ads
  - Search Display Ads
  - Watch In-video Ads
  - Watch Display Ads
- **Sell Through (Direct Sells)**
  - % Sell Through Search (blend)
  - % Sell Through Watch (blend)
- **ECPM on monetizable music content**
  - Watch (blended)
  - Search & Other (blended)

162-0011

# YT Key Assumptions: Calculating Watch Page Revenue



(in mn)

Page Views

- Total music-related views
- % Watch-related views
- % Search-related views

Monetizable watch views/ total views

Monetizable watch views

Rate Card

- Search Video Ads
- Search Display Ads
- Watch Page Display
- Watch Page In-video

Sell thru

- % sell thru search
- % sell thru monetizable watch

ECPM on monetizable music content

- Watch
- Search

Gross revenue

- Watch page revenue
- Search revenue
- Other page revenue
- % watch
- % search
- % other

ECPM on all music content

- Watch
- Search
- Other
- Search & other

162-0012

# 2008 Total Margin, by Country

Country	Music Revenue			Music Costs			Indirect Revenue & Costs			
	Search & Other	Watch Page	Gross Rev.	COS - Music Label	COS - Music Publishing	Net Rev. <sup>1</sup>	Non Music Partner Rev.	COS - Non Music Partner	Net Rev. <sup>2</sup>	Indirect Net Rev. <sup>3</sup>
Germany										
Netherlands										
UK										
US										
Sum										
Australia										
Brazil										
China										
France										
Hong Kong										
India										
Japan										
Korea										
Mexico										
New Zealand										
Singapore										
Taiwan										
Ireland										
Israel										
Italy										
Poland										
Portugal										
Russia										
Spain										
Turkey										
Sum										
<b>2008 Total</b>										

Signed Publishing Agreements

Unsigned Publishing Agreements

- Notes:
- 1) Revenue net of direct costs attributable to Music and its associated licensing agreements.
  - 2) Includes revenues for non music partner content (content which contains music but music is not the primary focus); and expenses for partner payments associated with licensing agreements and monetizing the watch pages.
  - 3) Indirect Net Revenues, which, are jeopardized if agreement is not reached with music publishers

162-0013

# 2009 Total Margin, by Country

Country	Music Revenue		Music Costs		Indirect Revenue & Costs			Indirect Net Rev. <sup>3</sup>
	Search & Other	Watch Page	Gross Rev.	COGS - Music Label	COGS - Music Publishing	Net Rev. <sup>1</sup>	Non Music Partner Rev.	
Germany								
Netherlands								
UK								
US								
Sum								
Australia								
Brazil								
China								
France								
Hong Kong								
India								
Japan								
Korea								
Mexico								
New Zealand								
Singapore								
Taiwan								
Ireland								
Israel								
Italy								
Poland								
Portugal								
Russia								
Spain								
Turkey								
Sum								
<b>2009 Total</b>								162-0014

Signed Publishing Agreements

Unsigned Publishing Agreements

- Notes:
- 1) Revenue net of direct costs attributable to Music and its associated licensing agreements.
  - 2) Includes revenues for non music partner content (content which contains music but music is not the primary focus); and expenses for partner payments associated with licensing agreements and monetizing the watch pages.
  - 3) Indirect Net Revenues reflect revenues which are jeopardized if agreement is not reached with music publishers

# Global Music P&L



(\$ in mn)

**Revenue**

- By region
  - US
  - APLA (+Japan)
  - EMEA
- Gross rev.

**By region & category**

- Search
- Watch page
- Other page

**Gross revenue**

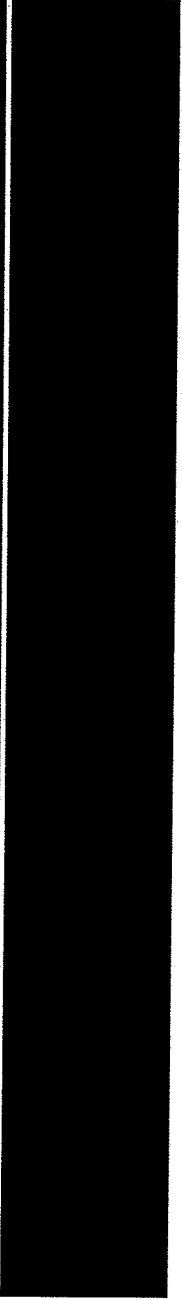
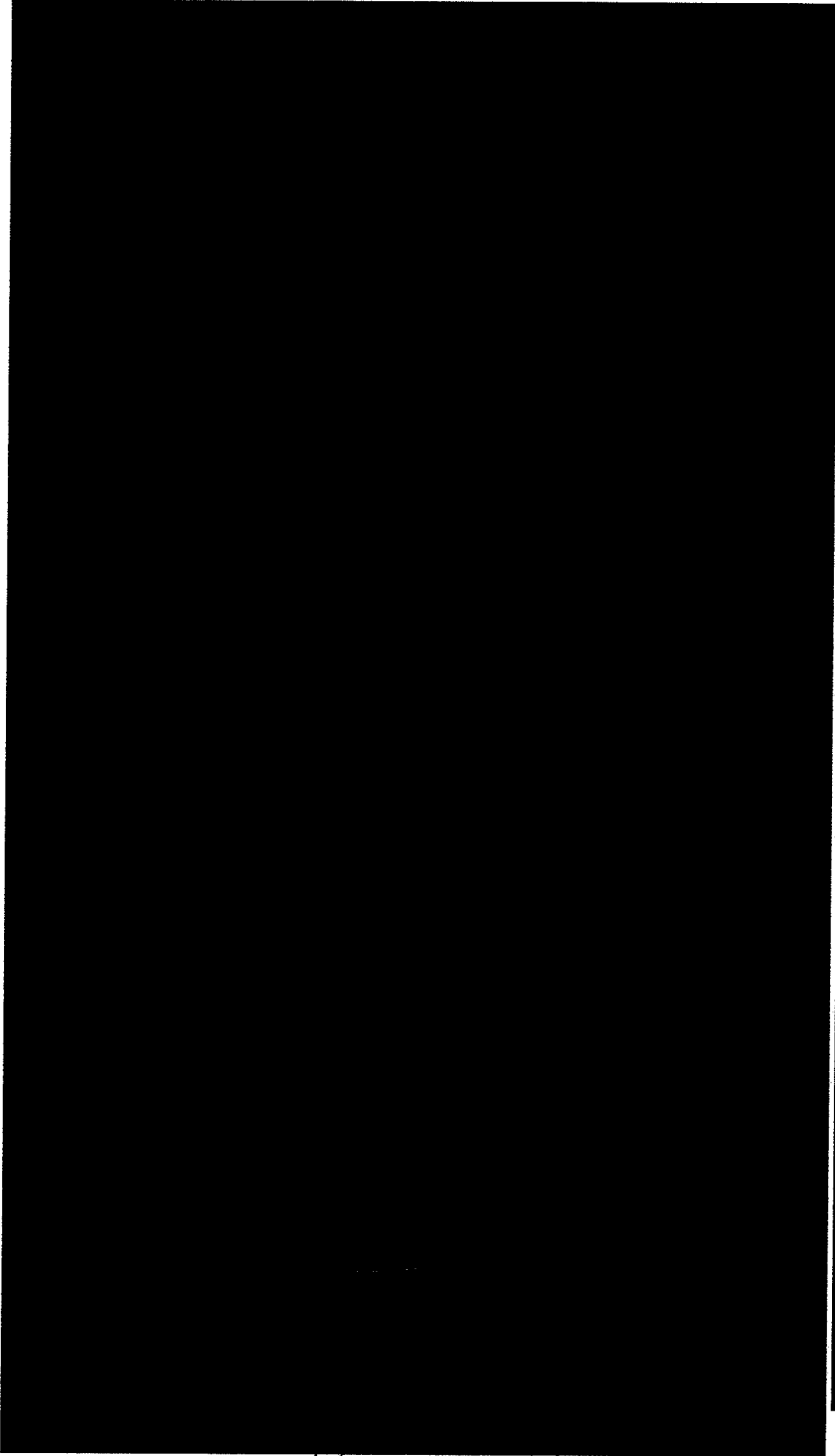
**Cost of sales**

- Music-Label
- Music-Pro
- Music-Publishing
- Total COGS Music

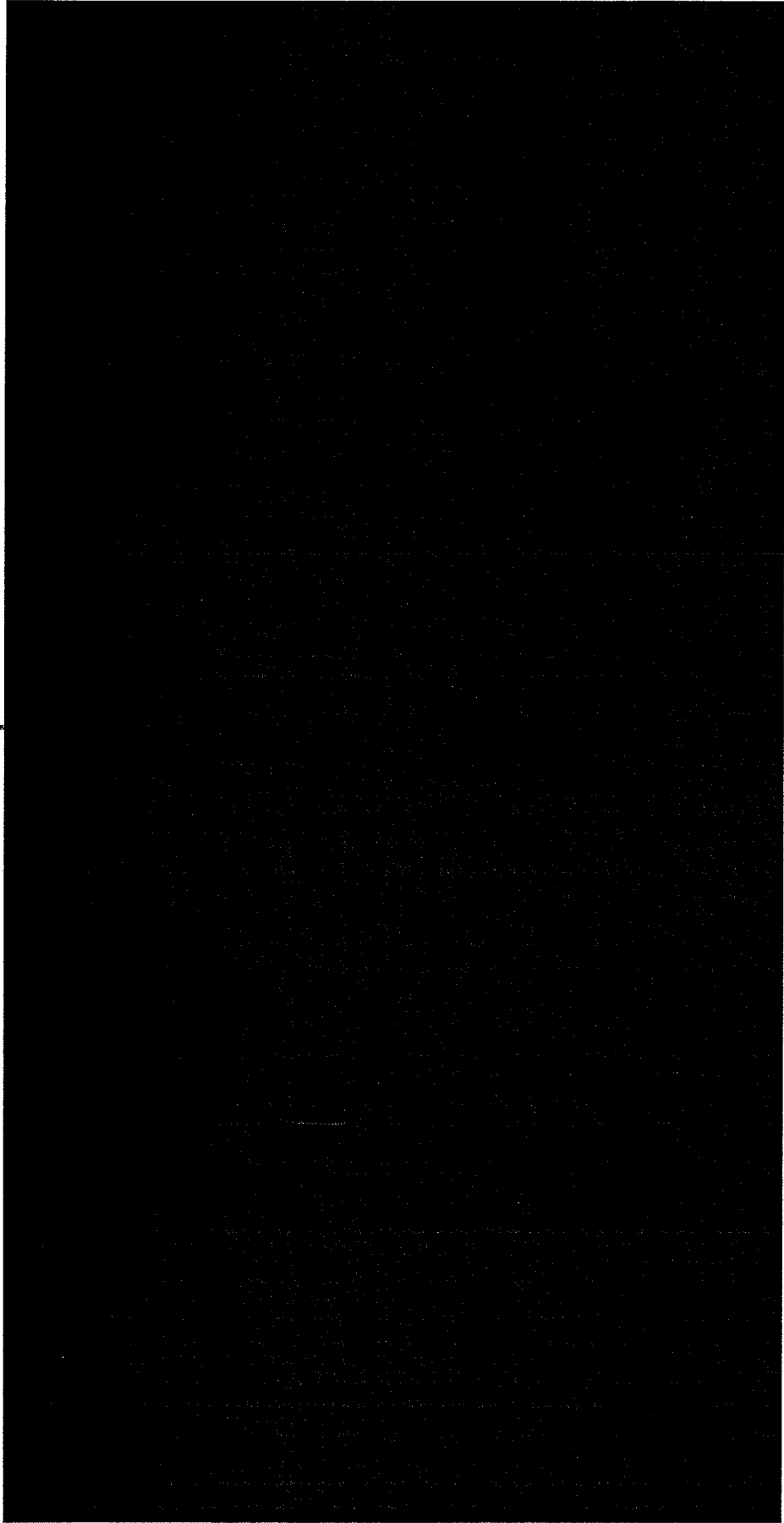
**Net revenue**

**Variable Expenses**

- Ad Serving<sup>1</sup>
- Search
- Transaction fee<sup>2</sup>
- Bandwidth<sup>1</sup>
- Profit / Loss



# Total Monetizable Watch Page Revenue:



Traffic

162-0016

2009

2008

- Revenue and sell through % from monetizable watch pages
- ▨ Incremental revenue assuming 100% sell through of monetizable watch pages