

From: Jawed [REDACTED]
Sent: Sunday, November 13, 2005 11:14 PM
To: Chad Hurley <chad@youtube.com>
Cc: Steve Chen [REDACTED]
Subject: dissociating from our current niche

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Chad,

Let me know what you think about this. I think you may have referred to this in the past.

So the trend has been that many new user-generated content sites like blogger, livejournal, flickr, webshots, snapfish, ofoto, etc haven been popping up in the last two years.

What they all have in common is that they have very low ceilings in terms of potential. I mean how far can LiveJournal really go as a business? Same with flickr, although it's popular there is a limit to what you can achieve with static pictures. Snapfish/ofoto may be an exception since they tied in printing into their business. But even printing is not all that attractive (probably low margins, involves physical mailing, etc).

My guess is that for these reasons, the acquisitions of all of these services have been for pretty low amounts. I think webshots was \$60 million, the others were around that amount or less.

Now... I think most people will immediately put YouTube into the same category of user-generated sites. And initially we used this association to our benefit.

But now that we're becoming bigger, this association may actually be hurting us. We clearly stand out from *ALL* of the above sites in terms of our potential for revenue through advertising. Calling ourselves a consumer media company is a step in the right direction, because we don't want to be seen as yet another place where people dump mostly crappy content (like Flickr etc). More importantly, we don't want people to assume we will also get snapped up by Yahoo for \$60 or some shit.

That's why I was thinking that we should use user-generated content to build our audience (since this is the fastest-growing video content on the internet, as I explained during our VC meetings), but in the long term we should use this audience to show ANY kind of content... promotional stuff, full-length movies, etc... While user-generated videos will always be on YouTube, I would hope that within a few years, the content that receives the most views (Top 10 videos) is commercially produced stuff that we are promoting.

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