



Google-DoubleClick Acquisition Background Information September 2007

On April 13, 2007, Google announced an agreement to acquire DoubleClick, a digital marketing technology and services company. DoubleClick offers online ad serving and management technology to advertisers, web publishers, and ad agencies. It helps companies place their graphical and video ads on Web sites in a highly efficient manner, allowing advertisers to target ads and improve the productivity and results of their online advertising campaigns.

- **Competition:** Google and DoubleClick are not competitors. Google generates most of its revenue from selling space to place text ads on its own website and on small portions of partners' websites. DoubleClick does not sell ad space. Its core products offer support technology for storing, serving, and tracking display ads. In addition, the broader advertising market is highly competitive and dynamic, and thousands of companies compete in selling ad space online.
- **Privacy:** Google has a history of being an advocate for user privacy. Our goal is to improve privacy protection and data security for all Internet users. Users will continue to benefit from our commitment to protecting user privacy following this acquisition.
- **What People Are Saying:** Academics, analysts, legal experts, competitors, advertisers, and newspapers are saying that the acquisition should be approved, noting that Google and DoubleClick are in complementary but not identical markets; Google has a strong track record on privacy; government should allow the free market to work; and that there is minimal legal precedent for rejecting an acquisition of this kind.

Benefits of Acquisition

Google's goal is to make advertising on the Internet work better: better for users with less intrusive ads, better for advertisers with greater accountability and effectiveness, and better for online publishers with improved monetization and cleaner site integration.

- **Consumers** will benefit from more relevant ads giving them the right information at the right time. Effective online advertising can provide consumers with relevant information at the precise moment when they are interested in acquiring a service or product.
- **Advertisers** -- including small businesses that depend on online advertising to reach new customers in a cost-effective way -- will benefit from more targeting and buying options. Google and DoubleClick will provide greater reach for advertisers' target audience, helping them achieve the best returns for their advertising budgets.
- **Online Publishers** -- website owners who earn revenue by running syndicated ads from companies like Google on their sites -- will benefit from more choice and better tools, giving them access to additional advertisers and making their content more profitable. They will have the ability to make money from their unsold advertising inventory more efficiently.

Competition

- Google and DoubleClick are not competitors. Google generates most of its revenue from selling space to place text ads on its own website and on small portions of partners' websites. DoubleClick does not sell ad space. Its core products offer support technology for storing, serving, and tracking display ads.
- The advertising market is highly competitive and dynamic, and online advertising faces stiff competition from TV, radio, outdoor, newspaper, and magazine advertising as well as direct marketing. In the U.S., for example, the total advertising market in 2006 was approximately \$267 billion; online advertising represented only \$16 billion, or 6 percent, of that overall advertising market (Source: Jefferies & Co. report, 2/28/2007).
- Even online, thousands of companies compete in selling ad space. According to InternetAdSales.com, there are at least 36 online advertising management companies (for both advertisers and online publishers), 47 advertising sales networks, and thousands of websites that sell ad space directly. That's one of the main reasons we have seen so much innovation in online advertising -- a typical sign of healthy competition.
- There are many companies that offer display ad serving technology. Competition is strong in this area, and customers can and do switch providers. In fact, largely for this reason ad serving prices have fallen dramatically in recent years. Google will invest its skills in improving ad serving technology and lowering prices even further.

- This acquisition is good for advertisers, agencies, publishers and Internet users. Google and DoubleClick both have a proven track record of innovation in their respective fields of expertise. This transaction will help Google to bring better, lower priced services to advertisers and publishers, and better, more relevant ads to users.

The Dynamic Online Advertising Space

- Over the last few months, announcements of several acquisitions in the online advertising industry have continued to demonstrate the dynamic, expanding and new online advertising space. This competition will ultimately benefit consumers, who will see more relevant ads, and provide advertisers and publishers with more choice:
 - On April 13, Google announced an agreement to acquire DoubleClick, a digital marketing technology and services company, for \$3.1 billion.
 - On April 30, Yahoo announced its intent to acquire online advertising firm Right Media, for \$680 million.
 - On May 16, AOL announced its plans to acquire ADTECH AG, a leading international online ad-serving company.
 - On May 17, WPP Group announced its planned acquisition of online advertising company 24/7 Real Media, for \$649 million.
 - On May 18, Microsoft announced its planned acquisition of aQuantive, an online advertising firm, for \$6 billion.
 - On July 24, AOL announced its acquisition of TACODA, an online behavioral targeting advertising network, for an undisclosed amount.
 - On July 26, Microsoft announced that it has agreed to acquire online advertising exchange AdECN Inc. for an undisclosed amount.
- The recent acquisitions in the online advertising space clearly indicate that investors believe this space is growing. More capital infusion into this space means that more entrepreneurs will enter it, too. More entrepreneurs, more market participants, and more capital are combining to create more competition and innovation.
- The diverse range of acquisitions in the online advertising space reflect the belief of different companies that there are many ways to compete in this space. Google, Microsoft, AOL, Yahoo, and numerous other competitors each are developing different combinations of capabilities in an effort to provide the most compelling offering to customers. This kind of competition itself contributes to a dynamic and expanding advertising space.

Privacy

- Google has a history of being an advocate for user privacy. Our goal is to improve privacy protection and data security for all Internet users. Users will continue to benefit from our commitment to protecting user privacy following this acquisition.
- User, advertiser and publisher trust is paramount to the success of our business and to the success of this acquisition. Protecting user privacy and making people comfortable with our privacy practices are important elements of that trust. We understand the concerns that some may have about the privacy aspects of this acquisition, and we take those concerns seriously. We can't imagine taking any actions that would undermine these relationships or the trust people have in using our products and services. Furthermore, critics of the DoubleClick acquisition have failed to identify any practice that does not comply with accepted privacy standards.
- We believe that notice and choice are the foundations of privacy. Our privacy policies are clear and easily accessible to our users. We provide strong notice when users sign up for products that may collect personally identifiable information and offer users choices about what information we collect and how that information is used. Google's Web History is an excellent example of this, as is Google Talk's "off the record" feature. Our search engine can also be used without providing any personally identifying information at all.
- We recently strengthened privacy protections even further by improving our data retention practices. Google will anonymize our server logs after an 18 month period by, among other things, removing a portion of the IP address associated with each log entry, to add an extra layer of privacy protection to the data. We are the first major search engine to take this step.
- Google's privacy principles include: building privacy protections into our products from the very beginning of the development process; asking people to opt-in to services that use sensitive data; writing our privacy policies in simple, clear language and not the usual legal jargon; and allowing people to use most of our services anonymously.
- Google also has a track record of resisting excessive government requests for access to data. In 2006, Google went to court to resist a Department of Justice subpoena for millions of search queries, on the grounds that it was excessive and invaded our users' privacy. The judge ultimately ruled in Google's favor. Furthermore, we help ensure that our partners respect user privacy. For example, Google requires that third-party users of Google Analytics tool to have a privacy policy of their own, and to disclose that the site uses a cookie that collects anonymous traffic data.
- DoubleClick is a founding member of the Network Advertising Initiative, a cooperative group of network advertisers that developed privacy principles that set the standard for privacy in the online advertising industry. These principles have been applauded by the Federal Trade Commission, and we believe that the NAI principles enhance consumer privacy.