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**From:** Joan Braddi <[Redacted]@exchange.corp.google.com> on behalf of Joan Braddi  
**Sent:** Thursday, June 07, 2007 5:13 PM  
**To:** Sundar Pichai; Sergey Brin  
**Cc:** Jonathan Rosenberg; Joan Braddi; Omid Kordestani; Eric Schmidt; Jeff Shardell  
**Subject:** RE: Apple response to Extension term length

I agree Sundar which is why we need more time to think through this request rather than signing up without the benefit of knowledge of how they plan to implement us in these search access points.

Sergey: The meaning behind Steve's request to you is he is trying to sell himself (not internally). We gave them a very generous offer without the ability to run numbers or ask how they plan to implement choice and us as the default. To Sundar's point, if they offer two types of browsers, one with Y and one with Google (even on the Mac side), we are just paying for loyal Google users which means that Apple added no value but insists on receiving 50% of the revenue.

My opinion is to tell Steve our offer yesterday was very generous considering Apple has not discussed fully their plans nor how Google would be placed as default in these other applications to measure benefit to Google. I would hold firm. What Steve is asking is another 2.5 yrs for Mac and iPhone and 18 mos for Windows. I agree with Steve that fences need to be mended but it is Apple who needs to mend the fence. We have acted as partners in good faith and they have not (perhaps ask him for browser collaboration which Steve stopped). Good partners would have given us their plans and time to evaluate before setting a clock for our decision. I would let them try someone else for search if they don't like our last offer. Again, the mac users are pretty loyal to Google.

Just my opinion. Again, these are negotiating tactics that Steve is famous for to get his terms.

Joan

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**From:** Sundar Pichai [Redacted]@google.com]  
**Sent:** Thursday, June 07, 2007 9:44 AM  
**To:** Sergey Brin  
**Cc:** Jonathan Rosenberg; Joan Braddi; Omid Kordestani; Eric Schmidt; Jeff Shardell  
**Subject:** Re: Apple response to Extension term length

Joan,

Not sure whether you will be speaking with Phil today but there is one more thing we should talk to them about. I know we are insisting on default but at the same time I think we should encourage them to have Yahoo as a choice in the pull down or some other easy option. I don't think it is a good user experience nor the optics is great for us to be the only provider in the browser. Sergey, do you agree with this?

We should ask their plans on how they will present this choice. In the past they had mentioned offering two versions of Safari - Google version and Yahoo version. So one concern is they actually position this as two browsers - Safari - Google and Safari-Yahoo in which Google and Yahoo are the default respectively. They are really not making us the default as the user can choose between the two versions but get the rev share per the contract.

So I think it is important to find out how they plan to do this in case we are missing something. Thanks

Sundar

On 6/6/07, **Sergey Brin** <[Redacted]@google.com> wrote:

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Ex. No.  
UPX0552  
1:20-cv-03010-APM



I agree we should hold firm but I don't think their analysis is as sophisticated as you suggest. Also I'm not sure it will turn out quite that way. But in any case I think they will agree to our offer.

Sergey

----- Original Message -----

From: Jonathan Rosenberg <Redacted@google.com>

To: Joan Braddi; Omid Kordestani; Joan Braddi; Sergey Brin; Omid Kordestani; Eric Schmidt; Jeff Shardell; Sundar Pichai

Cc: Jonathan Rosenberg

Sent: Wed Jun 06 20:53:00 2007

Subject: RE: Apple response to Extension term length

I've been staying out of this and leaving the deal to the professional negotiators as is my custom, but to the extent you want another opinion, I would not budge. The truth is that they know that for the most part assessing performance will increasingly reveal that we are being extremely generous. If current market share dynamics and trends continue to play out, our terms will look even more generous ex post. If they don't lock us in for a long time, they can't really continue to negotiate for a lot more than the data reveals they deserve based on any logical business position, so they are just playing brinkmanship here with the launch point as leverage. You guys have been more generous already in duration and terms than I would have been, so I strongly support Joan's position to hold firm.

I believe the iPhone will sell close to as well as predicted for exactly ONE quarter and that search revenue will be limited.

Jonathan

-----Original Message-----

From: Joan Braddi [mailto:Redacted@google.com]

Sent: Wednesday, June 06, 2007 8:18 PM

To: Omid Kordestani; Joan Braddi; Sergey Brin; Omid Kordestani; Eric Schmidt; Jeff Shardell; Sundar Pichai

Cc: Jonathan Rosenberg

Subject: Apple response to Extension term length

Phil called after reviewing our offer on the extension. He believes the current language in the Safari agmt allows them to put search boxes anywhere and receive the revshare (phone, windows, mac, etc.). What he wants to counter is 2.5 yrs from now for ALL search access points. I told him once again that we were willing to honor their interpretation within the Safari agmt (for which the intention was MAC OS search within Safari and not any access point - but this is what happens with long-term agmts as the market changes) and we would be willing to pay not only for the remainder of that term (next 6 mos) but even a timeframe extension to these access points (which was offered in the email msg below). However, asking us to consider 2+ yrs beyond the current term without the ability to assess performance, incremental value of each offering, nor what other access points Apple plans to deliver during the longer term was a bit unreasonable to assume we would be willing to blindly do such a long extension without the benefit of time, further discussion and data analysis. Phil understands our position and did not fight me on this point.

Told him I would convey his counter but I set his expectations that the offer presented via email was after executive review and collaboration before agreeing to the extensions offered and I did not expect we would



change our offer.

Recommendation, we should hold firm. This is their tactic of negotiations and we will be fine either way I believe. If they drop us from default in 6 mos, we will still be selected by a majority of mac users who revolted 2 yrs ago when they heard that Apple may be switching to Yahoo. I also believe the same would be true of their windows version or at the very least we will be one of the selected (if not default) for which we will gain user selection without paying revshare. Mobile - well I don't expect much in the way of search revenue from the iPhone for awhile. Do we expect that many searches? The worst case is they have us for 6 mos to use our search and see the value. If we accept their interpretation of the Safari agmt, they would have to make us the default for all these access points for the next 6 mos anyway.

Joan

-----Original Message-----

From: Omid Kordestani [Redacted@google.com]

Sent: Wednesday, June 06, 2007 6:42 PM

To: Joan Braddi; Sergey Brin; Omid Kordestani; Eric Schmidt; Jeff Shardell; Sundar Pichai

Subject: Re: Extension term length

Nice work Joan. Let's hold firm now and not further reward Steve's negotiation tactics. We are of course delaying the addressing of the browser rendering issues Sundar has with them.

Omid

----- Original Message -----

From: Joan Braddi <Redacted@google.com>

To: Sergey Brin; Omid Kordestani; Eric Schmidt; Jeff Shardell; Sundar Pichai

Sent: Wed Jun 06 18:24:48 2007

Subject: FW: Extension term length

Fyi what I just sent to Phil. I'll let you know his response.

J

-----Original Message-----

From: Joan Braddi

Sent: Wednesday, June 06, 2007 6:19 PM

To: Redacted@apple.com

Subject: Extension term length

Phil:

In our effort to bridge the gap in term length extension desired by Apple, we wish to propose the following:

- Mac Safari browser - Google as Default search provider- extend term length by 1 yr from current term (until Jan. 2009).
- iPhone search - Google as Default search provider - term 3 yrs or until June 2010.
- Windows Safari browser - Google as Default search provider - test period 1 year from June 2007 or until June 2008.



Google and Apple will work together to figure out how incremental value is measured based on data collected from Windows browser.

Phil - Google is very interested in extending our working relationship with Apple. We could have done this better if we had more time and not just a few days to consider the extension and the added products. This extension gives us another 18 months with our current Mac Safari relationship; adds the iPhone to the scope of the agreement and for a term of 3 yrs from now and gives us both one year to test the Windows browser for Apple users.

Please call me if you have any questions.

Best regards,  
Joan

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Sundar Pichai  
Google, Inc.

Voice: Redacted  
Email: Redacted