

From: Philipp Schindler [REDACTED]@google.com>
To: Donald Harrison [REDACTED]@google.com>, Prabhakar Raghavan [REDACTED]@google.com>, Jerry Dischler [REDACTED]@google.com>, Jason Spero [REDACTED]@google.com>
Subject: Fwd: Google/IAC/Expedia
Cc: Kent Walker [REDACTED]@google.com>, Sundar Pichai [REDACTED]@google.com>

Attorney Client Privileged

Redacted - Privilege

Thanks

Philipp

----- Forwarded message -----

From: Barry Diller [REDACTED]@iac.com>
Date: Thu, Dec 12, 2019, 6:41 PM
Subject: Google/IAC/Expedia
To: Philipp Schindler [REDACTED]@google.com) [REDACTED]@google.com>
Cc: [REDACTED]@google.com <[REDACTED]@google.com>

Dear Philipp,

I do appreciate your writing and offering to help Expedia during its difficulties. You will forgive me for being direct, but I will tell you that I found it more than ironic since much of Expedia's trouble is due to an increasingly aggressive Google. I've said in the past that I've been both a supporter and I believe friend to Google and its senior management through all these years, but I must say I'm on the edge of revolt now that Google's actions are so punitive, not just for Expedia, but also for IAC and all the players that depend upon something of a level playing field. Google's policy of constantly shrinking free search in favor of their own ad products and other disintermediating policies is harsh and hurtful to those who depend upon a fair marketplace.

I want to share some items that in the last days have come across my desk and starkly show how difficult it is to function under Google's rule. First, directly below, is a chart showing the payments one of our subsidiaries, VRBO Travel, has made to Google. From 2015 to 2019, five years, VRBO has received the same amount of visits, some 500m, from Google, the visits never much from changing year to year, yet the money VRBO has paid Google has doubled every year, going from \$21M to almost \$300M over those five years. Incredible, no? Seems to me a pretty devastating example of Google essentially squeezing out all the profits from a Company that has spent a huge amount to organize information and create an efficient marketplace on vacation properties for the benefit of consumers.

What could possibly justify such increases – it's not as if you're selling sugar against a world drought. The only conclusion is that Google has systematically moved every lever in its hegemony over search to disembowel our businesses.

Second, pasted below the VRBO data, is an email from Joey Levin who is responding to my asking him if there's any point to having direct discussions with Google.

EXHIBIT
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Philipp, I'm the senior executive of companies that spend over 6.5 Billion dollars a year in media, the majority going to Google. I have a life of competing, and have never asked for special treatment or asked anyone to shield us from the rough and tumble of commerce. We are not owners of horses begging for automobile manufacturers to keep us alive as technology replaces us. We are vibrant innovative enterprises that deliver value for consumers and I believe you are unfairly using your monopoly power to bleed us dry. And, I believe I'm qualified to speak to this matter – our companies have paid Google ten billion dollars over the last years.

This is strong language and it isn't being sent for legal positioning or anything other than a plea for fair treatment of services that benefit consumers. It really grieves me to write this – I feel I was there at the beginning of Google's ascent, cheering it along in its early years, befriending the founders and introducing them to the concept of dual class stock as well as connecting them to Ron Olsen, who became their personal lawyer. But I can't continue to go silent almost every day now believing Google has become an existential threat to all our businesses without petitioning you and management to alter the course.

If you want to really talk about that, rather than the historically empty slogans of partnership, please tell me and I'll show up anytime 24/7.

From: Jeff Hurst <[REDACTED]@vrbo.com>
Sent: Tuesday, December 3, 2019 10:26 AM
To: Barry Diller <[REDACTED]@ac.com>
Cc: Eric Hart <[REDACTED]@carrentals.com>
Subject: Following up on Vrbo Google spend

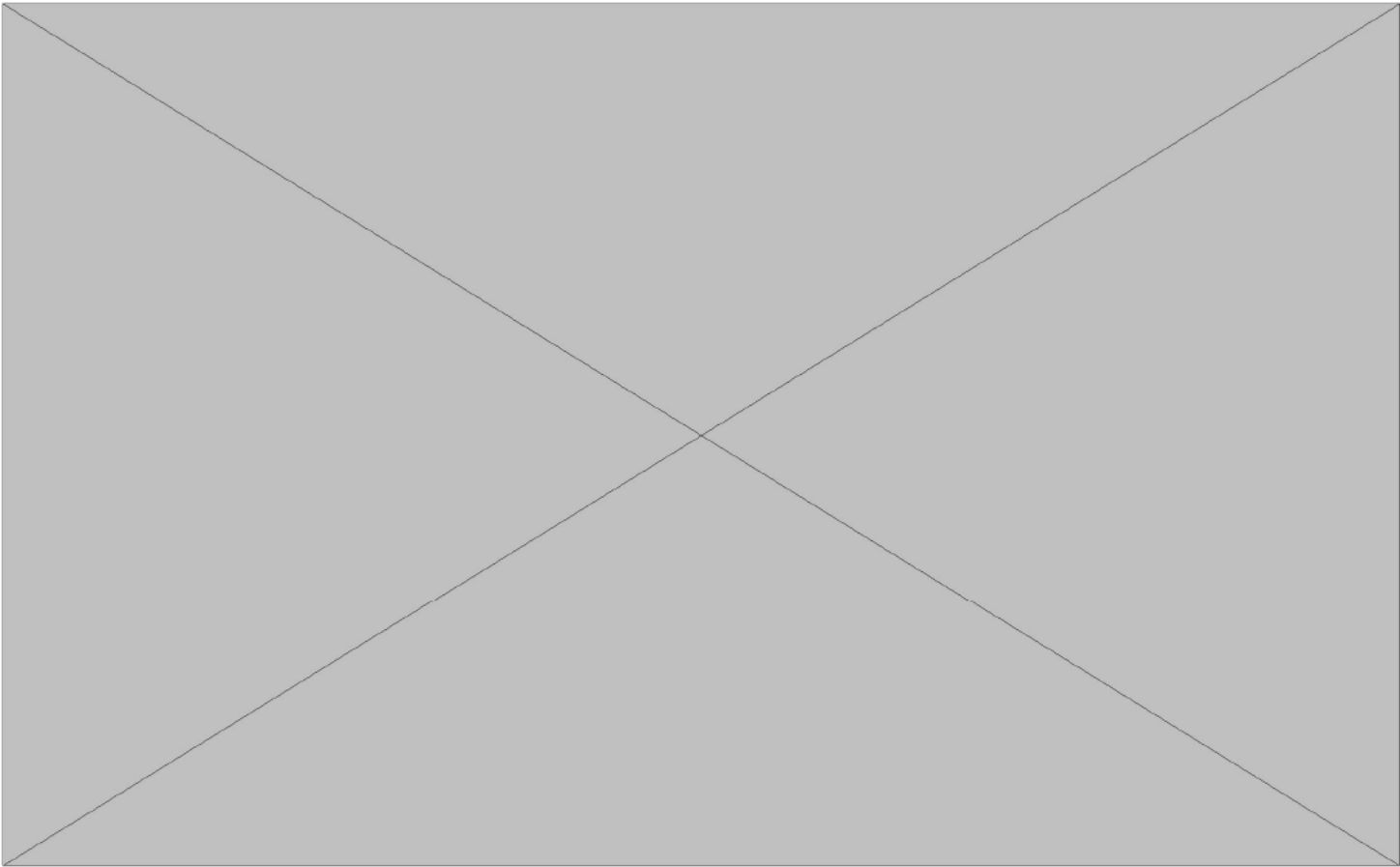
Barry –

Following up on yesterday's conversation, the below chart references total visits from the google ecosystem (SEO + SEM) across all global Vrbo brands (including HomeAway and legacy brands) since 2016. We don't have complete visit data for 2015, but spend was \$21MN and I assume visits were similar to 2015 (team estimates). 2019 are YTD

I relayed the below data to our partners at Google (with Mark/Bob's approval) along with my total dissatisfaction on the trend line. This discussion was 2 weeks ago, and bizarrely, the Google team seemed surprised by the data.

If the chart does not come through:

- 2015: \$21MN for ~500MN visits
- 2016: \$43 MN for 507MN visits
- 2017: \$96MN for 516MN visits
- 2018: \$202MN for 513MN visits
- 2019 through October: \$272MN for 431MN visits...expect year to close at ~\$290MN for <500MN visits

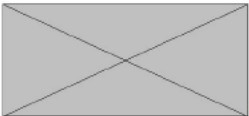


Jeff Hurst

SVP and GM

Vrbo, part of Expedia Group

REDACTED



From: Joey Levin [REDACTED]@iac.com>
Sent: Saturday, November 2, 2019 11:10 AM
To: Barry Diller [REDACTED]@iac.com>
Cc: OC [REDACTED]@iac.com>
Subject: RE: Re:

I'm not sure what there is to discuss. We have been spending and continue to spend billions of dollars with Google (whether EXPE or IAC), and it's a wonderful channel for us. But now Google is effectively trying to take our business, and I sincerely believe delivering a worse consumer experience, and attempting to eviscerate the competitive landscape. I don't think it's good for Google, I don't think it's good for the consumer, I don't think it's good for the country, and it's most certainly not good for us. So, I wish they'd stop allocating the best Google real estate in search to their own inferior products, and making it impossible for us play anywhere near the top of the page to show our products to consumers. But I suppose they will continue to do what they feel they need to do to their paying advertisers, and we will do whatever we need to do to try to protect our business and consumers. If Google is truly focused on growing our partnership as stated below, it's not at all clear to us how right now.

Google: annual spend and visits

