UCLA Anderson School of Management

CASE STUDY

BREAK.COM

PREPARED BY

Professor Guillaume Roels, UCLA Anderson School of Management

Tyler Skowrup, UCLA Anderson School of Management

Brian Tu stared at the whiteboard in his office, which neatly laid out the launch dates of future advertising campaigns. It was almost 8pm and he still had four client proposals to finish by tomorrow morning. Tonight's basketball game seemed like an impossible luxury. Since joining Break.com nearly eighteen months ago as Vice President of Advertising Sales, he had regularly abandoned plans to play basketball after work; and, the Nerf basketball hoop pinned to the wall next to the whiteboard was small consolation. Often Tu would have shooting contests with Break.com's CEO, Keith Richman, late at night, as they brainstormed ad product ideas to include in client presentations.

Break.com was quickly gaining traction in the advertising community as a top online destination for males, ages 18 to 34. With over nine million monthly unique visitors, Break.com was an ad-supported video-sharing website. Founded in 2005 as a "cross between YouTube and Spike TV," Break.com quickly built a loyal audience around its ability to find and purchase funny, user-generated video content and games that appealed to young males. Most content was purchased for $250 to $2,000. Break.com's editorial staff would select eight to ten videos and games daily to "publish" to their homepage. Each video would be accompanied by a sardonic two or three-sentence caption written by Break.com's editors. Similar to YouTube, users uploaded video content to Break.com and then could share it with their friends or embed it on blogs. Break.com would only sell display ads against a video if it was published to their homepage.

The bulk of Break.com's ad impressions came from the homepage and video pages. On every page featuring published video content, Break.com ran a single, clickable banner ad. If an advertiser did not want to guarantee placement against a specific zone on Break.com – the homepage, for example – it could buy run-of-site (ROS) inventory, which typically is sold at cheaper rates.[1]

Before Tu was hired, Break.com had scant direct relationships with Fortune 1000 advertisers, and allocated nearly all of its display impressions to third-party ad networks. In 2005, Break.com made less than $1.4 million in display ad revenue; but by 2007, Break.com had aggressively targeted an ad sales goal of $15 million.[2] Tu knew $15 million was a lofty, but attainable, goal especially as he assessed the crush of recent requests from advertisers and agencies who wanted to run banner ad campaigns across Break.com's pages. The problem Tu grappled with was determining which deals to pursue given Break.com's current traffic estimates for the upcoming year.

ONLINE ADVERTISING OVERVIEW

Online advertising is becoming an increasingly important component in marketers' media buys, not only because more people spend more time consuming content online, but also because it offers precise, instant metrics on who is watching and who is interacting –mousing over or clicking through.

As Internet usage took off in the early 1990's, website publishers quickly began to explore ways that this growing online audience could be monetized. Since the first paid advertisement on the Internet run by HotWired.com in 1994 for AT&T, the worldwide market for banner advertisements had grown by 2007 to $9.77 billion across more than 2,800 websites.[3] Search advertising represented another huge source of revenue. In the United States alone, marketers spent nearly $8.1 billion on search ad placements across 9.82 billion searches.[4] According to

---

[1] **Exhibit 1** contains a list of all acronyms used in the case.
[2] Break.com's ad revenues have been modified for case purposes.
[3] TNS Media Intelligence.
[4] Forrester Report "U.S. Online Marketing Forecast: 2007 To 2012," Oct. 10, 2007; comScore qSearch 2.0.

analyst projections, the market for both display and search advertising is anticipated to experience double-digit growth through at least 2011 (see **Exhibit 2**).[5]

DISPLAY VS. SEARCH

Online advertising is defined by two types of products: "search" and "display" ads. Search ads appear as text links on a web page, but many different types of search ads exist. The most common form of search advertising involves buying a keyword on a search engine; when Internet users enter the purchased keyword in the search engine, the ad will appear, typically at the top or right of the page. A search engine uses an advanced algorithm to determine which ad will receive highest priority and best placement, based on its revenue-per-click (CPC) and click-through-rate (CTR). Search advertising also consists of contextual placements. Google's AdSense product, for example, allows a website to place Google ads on its pages; Google in turn "crawls" the page, absorbing what type of content is featured, and then serves what it deems to be the most relevant ad. A third form of search advertising is search engine optimization (SEO), according to which websites pay search engines to show up higher in the results.

By contrast, display ads are clickable graphical boxes that appear on web pages. Banners are sized by pixels, with common dimensions being 300x250, 160x600 and 728x90. Many display ads are animated and interactive on user roll-over. For example, some banners play videos or expand upon initiation. While user interaction and click-through remain vitally important metrics in evaluating the success of display ads, marketers also place value in the ability for a banner to deliver a branded message, which does not necessarily involve click-through. And because the value of display advertising is most closely wedded to the value of delivering a branded message, banners are typically sold on a per-impression basis.[6]

In traditional media – broadcast television, radio and print – marketers buy inventory on a cost-per-thousand (CPM) basis.[7] Inventory is typically defined within the industry as

---

[5] Lehman Brothers Internet Data Book, April, 2008.

[6] Some ads, both search and display, are sold on a cost-per-acquisition (CPA) basis, for which a website is only paid when an ad placement leads to some agreed upon action, such as purchasing a product or signing up for a service. With CPA deals, all risk resides with the website: if few or no actions are made, it effectively runs ads for free.

[7] More precisely, `CPM' stands for `Cost-Per-Milli,' where `Milli' is the Latin word for `Thousand.'

impressions, which is another way to describe audience (commonly referred to as 'eyeballs'). For example, a $10 CPM means that for every one thousand impressions, the cost is $10. Thus, for any media network, ad revenues are derived directly from its ratings. A program that delivers high ratings will provide the network with more impressions to sell; conversely, a program that performs poorly and garners only a few impressions chews up valuable space (e.g. airtime, newsprint) while providing the network with a diminished ability to generate revenue. The challenge for any media network lies in accurately forecasting its audience, particularly when inventory is sold long in advance. While website publishers face the same challenge of making predictions about future traffic levels, they do enjoy a more precise way to deal with the uncertainty. Websites use ad servers to display ads on their pages, which track delivered impressions in real time and dynamically slow down or accelerate delivery based on campaign performance. In contrast to television or radio networks, who must commit air space to ads before they run, websites are thus able to deliver their content on an adjustable, individual basis and do not face the same risk of over-delivery.[8]

INDUSTRY COMPOSITION

The market for display advertising is driven primarily by six categories. The top six categories – telecommunications, financial services, retail, general services, automotive and media, respectively – accounted for $6.4 billion and 66% of all display advertising revenue in 2006; meanwhile, top display advertisers in 2006 included Vonage Holdings Corporation, AT&T, Dell, Walt Disney Corporation and Experian Group. The advertising market tends to follow a seasonal pattern, with demand highest in the 4th quarter (October through December), driven by holiday shopping, and lowest during summer months, as people spend less time surfing the Internet and watching television, instead taking vacations and spending more time outdoors.

Major technology companies have invested significant resources to capture the value generated by the burgeoning market for banner ads. In 2007, Microsoft invested $240 million in social networking site Facebook – an investment that valued Facebook at $15 billion. In early 2008, Microsoft aggressively pursued a strategy to fold Yahoo! into its suite of online

[8] In certain cases, websites do face over-delivery risk, such as when they sell a "roadblock" (i.e., when they guarantee ad presence for a fixed period of time). In these cases, the ad will appear throughout the time period sold, even if the amount of impressions has been met.

content. Meanwhile, Google purchased DoubleClick in 2007, the world's leading ad server provider, for $3.1 billion, in what many industry analysts saw as a strategic move to capitalize on the vast network of relationships DoubleClick had formed with advertisers and agencies in serving display ads. In 2005, News Corp. bought social networking site MySpace for $580 million and has since built a large clientele of display advertisers.

Penetration of broadband Internet connections has accelerated the proliferation of display advertising. In 2007, 139.4 million people used broadband connections, which equated to more than 75% of all U.S. Internet users.[9] High speed and performance connections have allowed publishers to offer visually complex and immersive ad units (e.g., rich-media ads and in-video bugs, for significant price premiums). Collectively, the rich media and video ad category is expected to grow more than 320% from 2006 to 2011, more than double any other type of ad category.[10]

TARGETING AND OPTIMIZATION

As people continue to spend more time online, they also are growing more immune to the array of ads that decorate most websites. Click-through rates have plummeted with increasing frequency.[11] This immunity to ads has forced purveyors of search advertising, who sell their inventory on a CPC basis, to be supremely focused on relevancy (i.e., serving the most clickable ad at any given time). Display advertising also faces the threat of immunity, but in a different sense. Because publishers generally sell their display ad inventory on a CPM basis, they do not directly depend on CTR to generate revenue. However, a growing concern among advertisers is the ability to measure user engagement and responsiveness to their ad campaigns – and CTR is often a metric used as a proxy. Another metric, perhaps more accurate at measuring a user's emotional engagement to an ad, is the view-through rate (VTR), which

---

[9] Data from eMarketer, using the Federal Communications Commission as its benchmark for broadband households for 2007. Based on 288.5 million people in the United States aged 3-plus in 2007.
[10] Data from eMarketer, February 2007, which benchmarks its U.S. online advertising spending projections against the Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers (PwC) data, for which the last full year measured was 2005.
[11] Nielsen Net Ratings, July 2001.

tracks conversions that occur when a user sees an ad, but does not click on it. Some evidence suggests that while CTR has steadily declined over the years, VTR has slightly increased.[12]

It has therefore become critical for publishers to improve their ability to optimize the placement of ads to better reach the targeted users. Accordingly, publishers who are able to extract information about their audience are more likely to sell their ad inventory for higher CPMs. Sites requiring users to log-in to access content can gather, at minimal cost, a demographic and psychographic description of its users. They can then leverage this knowledge into serving more targeted, contextually relevant ads at premium rates. Social networking sites like MySpace and Facebook amass a vast library of information about their users: who they are and what they like. Content-based sites like ESPN.com and Yahoo!, do not require users to log-in in order to consume content, and must instead rely on surveys conducted by research companies like Nielsen Net Ratings and comScore to gain a sense of their users. While they lack rich user information that other sites enjoy, both of these sites have tremendous brand equity as premiere destinations on the web and are attractive to marketers seeking to align their brands with high-quality, differentiated sites.

THE SALES CYCLE

The sales cycle in online advertising can range from less than two weeks to as long as a year. Typically, an account executive for a website will meet with the ad agency handling a marketer's online media buying and make a presentation highlighting upcoming programming opportunities and audience trends. If the ad agency likes what it hears, it will include the website in its request-for-proposal (RFP) consideration set. The RFP will usually specify a budget level, run dates (flight), a target demographic and specific zones on the website it is interested in buying.

The website sales team will then craft a proposal tailored to best meet the agency's request. In generating the proposal, the sales team must make forecasts about how many impressions it can deliver given the flight; how much inventory is already sold (sellout level); how much demand it anticipates for its unsold inventory and finally at what price it should offer its inventory. A website's sales strategy often involves selling limited amounts of highly

[12] DoubleClick, November 2004.

specific inventory (e.g., homepage impressions), but generally focusing on more broadly defined inventory (run-of-site).

In determining deal pricing, the account executive typically has freedom above a "threshold" price. The threshold price is a function of both anticipated page impressions and annual or quarterly revenue goals. On the other hand, any deal sold below the threshold price requires approval from a sales strategy and planning group. After pricing a deal, a website must also assess the risks of not delivering all of the impressions it sells.[13] For example, if it under-delivers, the publisher faces explicit and implicit penalties: not only does it lose the revenue it sold against traffic that never materialized, it also faces a potential loss of goodwill from the advertiser, whose impression goals were not met. Loss of goodwill is difficult to measure precisely, but it generally increases with the dollar value of a deal, the severity of under-delivery and the amount of time a deal has to deliver on its guaranteed impressions. In the past, advertisers used to request "make goods"[14] in case of under-delivery, typically amounting to 110% of the under-delivery value. Make goods however are becoming obsolete, with advertisers moving towards paying on actuals and requesting higher service quality.[15]

Finally once a deal has been priced and approved, the account executive then submits the plan to the agency for review.[16] Once the plan is accepted, an Insertion Order (IO) detailing the parameters of the deal is created and signed by both the account executive and agency. Banner ads are then delivered to a website's ad operations department three to five days before they are scheduled to launch ("go live"). They typically come in the form of third-party HTML or Flash code. The ad operations team then schedules the ads in the website's ad server according to the parameters of the campaign. (**Exhibits 3** and **4** provide visual descriptions of the sales cycle and linkages between a publisher, ad agency, advertiser and ad network.).

———————————————————————————

[13] To date the industry has shown an affinity toward booking deals even when the potential for under-delivery is high.

[14] Make goods are adjustments made by a publisher to an advertiser to make up for a shortfall in contracted advertisement impressions or errors. (www.adglossary.com)

[15] There is some margin for error on the publisher side. Because most advertisers understand the uncertainty that websites face in predicting future traffic, a loss of goodwill typically occurs when service level dips below 90 percent. For example, if a deal delivered 95 percent of its guaranteed impressions, a publisher would simply "lose" the revenue attached to the 5 percent of impressions it could not deliver – no goodwill loss would be incurred. However, if a deal delivered 80 percent of its guaranteed impressions, a publisher would lose the 20 percent in undelivered impression revenue and incur a loss of goodwill.

[16] Quite often, before being accepted, a round of negotiations will occur over price. Sometimes budgets are scaled up or down depending on pricing flexibility.

REMNANT INVENTORY

Unsold (forecasted) impressions are referred to as remnant inventory. A publisher has essentially three choices when it comes to handling remnant inventory: 1) it can allocate it to ad networks, which in turn monetize the impressions; 2) it can run in-house promotional units (and incur the serving fees); or 3) it can simply run nothing at all.

Typically, publishers prefer to partner with ad networks in serving these impressions. Ad networks operate like publishers, selling impressions to the ad community. However, while publishers sell guaranteed site-specific impressions on a CPM basis, ad networks sell non-guaranteed impressions across a spectrum of sites on a CPC basis. Ad networks enter revenue-sharing agreements with publishers who meet their demographic and content requirements to fill remnant inventory with their ads. Publishers may optimize across a set of five to fifteen ad networks; the ad network that is generating the highest net revenue per impression (effective CPM) will be first in the queue. Effective CPM is a function of CPC, revenue share and CTR.[17] The publisher's ad server is constantly adjusting the queue of ad networks based on effective CPM, which in general ranges between $0.10 and $0.50.

Meanwhile, ad networks are also optimizing. Many of them use advanced behavioral targeting techniques to ensure they serve the right ad at the right time. Behavioral targeting involves dropping "cookies" on users and following their movements across the Internet. By following a user's click path, the ad network can then make an informed decision on which ad the user will most likely be interested in and therefore click on. Because large ad networks, such as Blue Lithium, 24/7 Real Media and Revenue Science, operate across hundreds of websites, they are able to gather extremely rich behavioral data about their users' preferences.

BREAK.COM'S DILEMMA

Tu peered at the whiteboard and then at an Excel file on his computer that detailed outstanding RFPs. Yet another Excel file detailed Break.com's traffic projections for the upcoming second quarter. How should he price the outstanding deals? Which deals should he accept and which should he reject? What would traffic be in second quarter? Given the

[17] Effective CPM describes what a publisher earns after subtracting for ad serving fees, which can run up to $0.05 per thousand, and the revenue share.

increasing number of direct competitors and the fickle preferences of young men, forecasting traffic was always an imprecise science; and the longer the horizon, the more imprecise it became. Tu understood a tenet of ad sales: never undersell. But he also recognized the equally relevant principle of managing client relationships. If Break.com dramatically under-delivered on a deal, it would risk losing the client (and all its future contracts).

Based on historical data and experience, Tu had a good estimate for what Break.com's second-quarter (April through June) page impression traffic would be in 2008. In addition to the baseline estimate, Tu had also estimated worst-case and best-case scenarios by zone (see **Exhibit 5**). A significant amount of second-quarter business had already been booked. Most booked deals were comprised of a mixture of different ad zones. While nearly all advertisers preferred to run on the homepage, Break.com was averse to doing "pure" homepage deals and instead focused on getting proportional sellout across its ad zones. Break.com's ad zones were priced on a CPM-basis according to their attractiveness to advertisers. The homepage naturally garnered the highest CPMs because it carried the most impact.[18] The video games zone usually yielded a slight premium over videos and ROS zones because it provided a more targeted environment and audience. Flight dates widely varied across deals, ranging from a few days to the entire quarter. **Exhibit 6** details individual deals booked; while, **Exhibit 7** details deals currently in negotiation, which Break.com must decide whether to accept or reject.

Tu leaned back in his chair and fired a hopeless shot at the Nerf hoop. He knew the solution for determining how to optimally sell Break.com's remaining second-quarter inventory would require a thoughtful quantitative analysis.

[18] Impact here refers to audience reach.

EXHIBIT 1: ACRONYMS

CTR	Click Through Rate
CPA	Cost Per Acquisition
CPC	Cost Per Click
CPM	Cost Per Milli (or Cost Per Thousand)
IO	Insertion Order
ROS	Run Of Site
RFP	Request For Proposal
SEO	Search Engine Optimization
VTR	View Through Rate

EXHIBIT 2: U.S. ONLINE ADVERTISING FORECAST ($ IN MILLIONS) 2007-11E[19]

(in millions)	2001	2002	2003	2004	2005	2006	2007E	2008E	2009E	2010E	2011E
Display Advertising	$5,351	$3,907	$3,198	$3,754	$4,264	$5,373	$6,630	$7,956	$9,309	$10,612	$11,886
% Y/Y growth	*-28%*	*-27%*	*-18%*	*17%*	*14%*	*26%*	*23%*	*20%*	*17%*	*14%*	*12%*
% of total	75%	65%	44%	39%	34%	32%	31%	30%	30%	29%	29%
% of total growth	NA	NA	NA	24%	17%	26%	29%	27%	26%	26%	25%
Search	$285	$902	$2,543	$3,850	$5,142	$6,799	$8,907	$11,401	$14,023	$16,547	$19,029
% Y/Y growth	*253%*	*216%*	*182%*	*51%*	*34%*	*32%*	*31%*	*28%*	*23%*	*18%*	*15%*
% of total	4%	15%	35%	40%	41%	40%	42%	44%	45%	45%	46%
% of total growth	NA	NA	131%	55%	44%	38%	49%	50%	50%	50%	50%
Classifieds	$1,141	$902	$1,235	$1,733	$2,132	$3,059	$3,457	$3,975	$4,532	$5,075	$5,583
% Y/Y growth	*102%*	*-21%*	*37%*	*40%*	*23%*	*43%*	*13%*	*15%*	*14%*	*12%*	*10%*
% of total	16%	15%	17%	18%	17%	18%	16%	15%	14%	14%	13%
% of total growth	NA	NA	27%	21%	14%	21%	9%	10%	11%	11%	10%
Lead Generation/E-mail	$357	$301	$291	$289	$1,004	$1,648	$2,208	$2,871	$3,589	$4,306	$5,038
% Y/Y growth	*-37%*	*-16%*	*-3%*	*-1%*	*247%*	*64%*	*34%*	*30%*	*25%*	*20%*	*17%*
% of total	5%	5%	4%	3%	8%	10%	10%	11%	11%	12%	12%
% of total growth	NA	NA	-1%	0%	25%	15%	13%	13%	14%	14%	15%
Total Online Advertising	**$7,134**	**$6,010**	**$7,267**	**$9,626**	**$12,542**	**$16,879**	**$21,202**	**$26,203**	**$31,452**	**$36,541**	**$41,536**
% Y/Y growth	*-11.8%*	*-15.8%*	*20.9%*	*32.5%*	*30.3%*	*34.6%*	*25.6%*	*23.6%*	*20.0%*	*16.2%*	*13.7%*
Total U.S. Advertising	**$234,185**	**$239,595**	**$248,764**	**$268,617**	**$278,166**	**$291,964**	**$299,633**	**$310,835**	**$319,421**	**$333,291**	**$343,377**
% Y/Y growth	*-6.2%*	*2.3%*	*3.8%*	*8.0%*	*3.6%*	*5.0%*	*2.6%*	*3.7%*	*2.8%*	*4.3%*	*3.0%*
Online as a % of Total	**3.0%**	**2.5%**	**2.9%**	**3.6%**	**4.5%**	**5.8%**	**7.1%**	**8.4%**	**9.8%**	**11.0%**	**12.1%**

Source: Interactive Advertising Bureau (IAB), PricewaterhouseCoopers (PwC), Lehman Brothers estimates. Total U.S. Advertising figures through 2011 are from Lehman Brothers U.S. Media & Internet research team

EXHIBIT 3: SALES CYCLE

---

[19] Classified ads allow sellers – typically private individuals – to market their goods and services and are generally grouped according to subject matter. Classified ads tend to be text-based and are more easily searchable than display ads. The "lead generation/e-mail" category refers to the creation of consumer interest in a certain service or offering. For example, lead generation could involve amassing an email database of individuals and then selling it to a company trying to reach those individuals.

EXHIBIT 4: TYPICAL RELATIONSHIP STRUCTURE

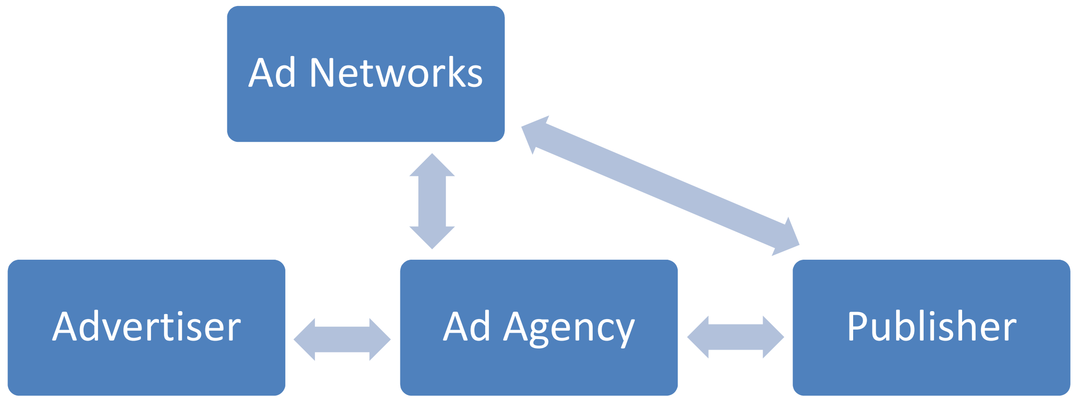

EXHIBIT 5: IMPRESSION ESTIMATES BY ZONE
2Q 08 DAILY IMPRESSION ESTIMATES (000)

Zone	Low (50%)	Baseline Estimate	High (150%)
Homepage	600	1,200	1,800
Games	150	300	450
Videos	550	1,100	1,650
ROS	1,150	2,300	3,450

EXHIBIT 6: 2Q 08 ACCEPTED DEALS

			Inventory Allocation											
Flight	Budget	CPM	Homepage (000)	CPM	Spend	ROS (000)	CPM	Spend	Games (000)	CPM	Spend	Videos (000)	CPM	Spend
4/1-4/15	$ 26,280	$ 4.87	1,440	$ 10.00	$ 14,400	2,700	$ 3.00	$ 8,100	450	$ 3.00	$ 1,350	810	$ 3.00	$ 2,430
5/5-5/25	$ 51,300	$ 4.07	2,700	$ 8.00	$ 21,600	9,000	$ 3.00	$ 27,000	-	$ 4.00	$ -	900	$ 3.00	$ 2,700
4/30-5/4	$ 31,050	$ 6.51	3,420	$ 7.50	$ 25,650	-	$ -	$ -	-	$ -	$ -	1,350	$ 4.00	$ 5,400
6/10-6/24	$ 34,524	$ 5.01	1,944	$ 8.50	$ 16,524	3,600	$ 3.50	$ 12,600	450	$ 4.50	$ 2,025	900	$ 3.75	$ 3,375
4/1-4/14	$ 45,900	$ 2.04	-	$ -	$ -	18,000	$ 2.00	$ 36,000	-	$ 2.50	$ -	4,500	$ 2.20	$ 9,900
4/1-6/30	$ 64,100	$ 2.75	1,800	$ 5.75	$ 10,350	13,500	$ 2.50	$ 33,750	-	$ 3.00	$ -	8,000	$ 2.50	$ 20,000
5/21-5/24	$ 50,220	$ 6.34	4,320	$ 8.50	$ 36,720	-	$ 0	$ -	-	$ -	$ -	3,600	$ 3.75	$ 13,500
6/14-6/28	$ 51,435	$ 3.18	-	$ -	$ -	10,800	$ 3.00	$ 32,400	2,700	$ 3.75	$ 10,125	2,700	$ 3.30	$ 8,910
4/20-5/25	$ 56,430	$ 5.92	9,000	$ 6.00	$ 54,000	-	$ -	$ -	540	$ 4.50	$ 2,430	-	$ -	$ -
4/1-4/20	$ 65,610	$ 2.70	5,400	$ 5.00	$ 27,000	16,200	$ 2.00	$ 32,400	900	$ 2.50	$ 2,250	1,800	$ 2.20	$ 3,960
6/18-6/30	$ 79,650	$ 4.02	7,200	$ 6.00	$ 43,200	5,400	$ 2.75	$ 14,850	-	$ -	$ -	7,200	$ 3.00	$ 21,600
4/1-6/30	$ 125,505	$ 3.65	12,060	$ 5.75	$ 69,345	3,600	$ 2.50	$ 9,000	720	$ 3.00	$ 2,160	18,000	$ 2.50	$ 45,000
4/30-6/29	$ 101,160	$ 2.81	9,000	$ 5.00	$ 45,000	21,600	$ 2.00	$ 43,200	3,600	$ 2.50	$ 9,000	1,800	$ 2.20	$ 3,960
5/1-6/10	$ 115,650	$ 5.98	10,800	$ 7.00	$ 75,600	-	$ -	$ -	4,050	$ 5.00	$ 20,250	4,500	$ 4.40	$ 19,800
4/9-5/17	$ 116,550	$ 4.05	-	$ -	$ -	25,200	$ 4.00	$ 100,800	1,350	$ 5.00	$ 6,750	2,250	$ 4.00	$ 9,000
4/1-6/30	$ 40,950	$ 3.25	1,800	$ 5.00	$ 9,000	5,400	$ 2.75	$ 14,850	1,800	$ 3.50	$ 6,300	3,600	$ 3.00	$ 10,800
4/11-6/30	$ 29,225	$ 3.46	2,500	$ 5.75	$ 14,375	-	$ -	$ -	-	$ -	$ -	5,940	$ 2.50	$ 14,850
4/3-6/30	$ 83,000	$ 4.49	1,800	$ 8.50	$ 15,300	2,200	$ 4.00	$ 8,800	900	$ 5.00	$ 4,500	13,600	$ 4.00	$ 54,400
6/15-6/30	$ 149,975	$ 5.37	9,800	$ 8.50	$ 83,300	15,000	$ 3.50	$ 52,500	3,150	$ 4.50	$ 14,175	-	$ -	$ -
4/1-6/30	$ 75,825	$ 4.01	3,600	$ 6.00	$ 21,600	12,600	$ 3.50	$ 44,100	-	$ -	$ -	2,700	$ 3.75	$ 10,125
6/15-6/30	$ 178,650	$ 5.51	4,500	$ 7.00	$ 31,500	18,000	$ 5.00	$ 90,000	3,600	$ 6.25	$ 22,500	6,300	$ 5.50	$ 34,650
4/1-6/30	$ 91,500	$ 6.93	6,000	$ 9.25	$ 55,500	7,200	$ 5.00	$ 36,000	-	$ -	$ -	-	$ 5.50	$ -
4/28-5/3	$ 18,000	$ 4.50	-	$ -	$ -	4,000	$ 4.50	$18,000.00	-	$ -	$ -	-	$ -	$ -
5/20-6/20	$ 8,000	$ 4.00	-	$ -	$ -	-	$ -	$ -	-	$ -	$ -	2,000	$ 4.00	$ 8,000
	$1,690,489		99,084			194,000			24,210			92,450		

EXHIBIT 7: 2Q 08 DEALS TO ACCEPT OR REJECT

			Inventory Allocation											
Flight	Budget	CPM	Homepage (000)	CPM	Spend	ROS (000)	CPM	Spend	Games (000)	CPM	Spend	Videos (000)	CPM	Spend
4/1-4/15	$ 6,900	$ 3.00	-	$ -	$ -	2,300	$ 3.00	$ 6,900	-	$ -	$ -	-	$ -	$ -
4/1-4/14	$ 12,980	$ 3.02	1,400	$ 5.00	$ 7,000	2,000	$ 2.00	$ 4,000	-	$ -	$ -	900	$ 2.20	$ 1,980
4/1-4/20	$ 12,940	$ 5.51	1,000	$ 7.00	$ 7,000	-	$ -	$ -	-	$ 5.00	$ -	1,350	$ 4.40	$ 5,940
6/15-6/30	$ 55,825	$ 3.72	5,100	$ 5.75	$ 29,325	5,500	$ 2.50	$ 13,750	3,500	$ 3.00	$ 10,500	900	$ 2.50	$ 2,250
4/20-5/25	$ 27,250	$ 2.87	-	$ -	$ -	5,000	$ 2.75	$ 13,750	-	$ 3.50	$ -	4,500	$ 3.00	$ 13,500
4/30-5/4	$ 28,500	$ 3.08	250	$ 6.00	$ 1,500	1,000	$ 3.00	$ 3,000	-	$ 3.75	$ -	8,000	$ 3.00	$ 24,000
5/21-5/24	$ 33,840	$ 4.27	4,320	$ 5.75	$ 24,840	-	$ -	$ -	-	$ -	$ -	3,600	$ 2.50	$ 9,000
5/5-5/25	$ 25,825	$ 3.74	-	$ -	$ -	3,200	$ 3.50	$ 11,200	1,000	$ 4.50	$ 4,500	2,700	$ 3.75	$ 10,125
6/10-6/24	$ 5,400	$ 5.68	750	$ 6.00	$ 4,500	-	$ -	$ -	200	$ 4.50	$ 900	-	$ -	$ -
6/14-6/28	$ 32,450	$ 6.24	2,500	$ 8.50	$ 21,250	500	$ 4.00	$ 2,000	400	$ 5.00	$ 2,000	1,800	$ 4.00	$ 7,200
6/18-6/30	$ 51,800	$ 4.84	2,000	$ 8.50	$ 17,000	1,500	$ 4.00	$ 6,000	-	$ -	$ -	7,200	$ 4.00	$ 28,800