

EXHIBIT 65

Zonadine Chua

From: Daniel Doman [dan@direct-revenue.com]
Sent: Tuesday, December 21, 2004 1:56 PM
To: jengroff@direct-revenue.com
Cc: josh@direct-revenue.com; 'Andrew Pancer'; 'Rodney Hook'; 'Chris Dowhan'; dan@ipinsight.com; alan@direct-revenue.com
Subject: Re: Nearing the tipping point—a note on daily gross revenue

There is reason for concern, but:

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- 1 - We are preparing several torpedos for an all out response.
 - 2 - We have torpedos prepared already for several offenders, but we are Ninja'ing up "in the wild" examples so we can make sure our Torpedo targets more effectively
 - 3 - Despite my misgivings on this, we will wack the security settings that folks like CDT have abused to beam themselves down (see below)
 - 4 - Into QA today for fastest release possible, is a newer and more hardened Poller that will replace older (apparently) vulnerable ones. This is home grown and not Kanda Grown.

Wacking Security:

This is a MAJOR security no-no. I guess we have to bite the bullet. Playing with security settings is a huge red flag that freaks people out. The really bad thing is to ADD yourself as a trusted host. That is the biggest red flag. Selectively removing a host is difficult and potentially We will not add ourselves as a trusted host and rather than discriminating, we will remove ALL secure hosts e.g.. - revert the machine to its original state. This will take CDT out as well as Microsoft (which is not trusted by default). This is the easiest thing for us to do and ironically also the most "above-board" in that we are defensibly not causing harm. Checking with DGLAW on this.

- a) We will send out the "clear hosts" torpedo today.
- b) We will send out several others to be named later today as well

-dan

On Dec 21, 2004, at 11:58 AM, Josh Engroff wrote:

Gentlemen□

Judging by the recent performance of our two key economic metrics□daily unit revenue and daily gross revenue□one might get the impression that, although we are shedding users at an alarming rate, everything is fine on the revenue front. This is reinforced by the recent stellar performance of our unit revenue, which has been above .05 for the past four days (a record), and has averaged .049 over the past 15 days (also a record). And even if you take the unit rev number with a grain of salt, and assume that some of this growth is due to low-value users getting clipped, the daily gross revenue number seems to be holding steady,

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hitting \$152K yesterday and averaging ~\$140K (including weekends) over the past 30 days.

You should not expect this daily gross revenue trend to continue much longer.

The reason we haven't hit the tipping point yet is due to several short-term trends that are buoying our daily revenue, including, among others:

1. Advertisers heaping \$\$ onto campaigns in an effort to blow through their end-of-year budgets (e.g. Software Online, ErrorGuard, Autoweb), which has helped keep TGT and FME gross rev high (TGT hit \$61K yesterday). This trend will come to a screeching halt on January 1.

2. Increased anti-sniping revenue—we've seen 16% growth over the past week alone. While our AS campaigns do make better use of decreasing inventory (due to their very high eCPMs), they also impose a risk factor and, for that reason, need to remain a consistent percentage of our total revenue. Right now that relative percentage is growing.

Without a radical turn-around in our daily checkins, we can expect to see January's daily revenue trend significantly below December's, even accounting for seasonal factors. So, rather than an average of \$140K per day, we could be looking at \$110K per day.

Hopefully this estimate is way off and we can all joke about it come Jan 31.

Josh

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

From: Josh Engroff [mailto:jengroff@direct-revenue.com]

Sent: Friday, December 10, 2004 11:27 AM

To: 'dan@dkcp.net'; 'Joshua Abram'; 'alan@direct-revenue.com'; 'Andrew Pancer'; 'Rod'

Subject: FW: checkin graph

Guys, this trend is scary indeed, though not new.

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Looking at the charts for yesterday, you can see that the volume is trending 4-8% **lower** than the previous week, which matches the daily revenue report's data showing US **checkins** 4% lower than the previous week, and the unit rev report showing INT checkins 8.5% **lower** than the previous week. Revenue is about the same though--around \$150K.

Our unit revenue is holding steady around .045, but we shouldn't expect it to **increase** dramatically in December, for a number of reasons: Top Moxie unit rev **hasn't taken off like** we thought it would, and the 53% increase in average CPM we've witnessed **over the past** 30 days is a trend that's likely to flatten.

Without a dramatic increase in our unit revenue in the near term, our ability to **hold gross** revenue to even \$150K per day is going to be increasingly handicapped, **unless this check-** in trend really turns around.

So, in other words, Go Morpheus! Go iDownload!

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

From: Rodney Hook [mailto:rod@direct-revenue.com]

Sent: Friday, December 10, 2004 9:40 AM

To: chris@direct-revenue.com; 'Joshua'; alan@direct-revenue.com; dkaufman@direct-revenue.com; mia@direct-revenue.com; 'Daniel Doman'; 'Andrew Pancer'; Josh Engroff

Subject: checkin graph

What a roller coaster this graph shows.

We are lower on our daily US checkins than we were since September 2003.

We peaked out in early June serving almost twice the traffic we are now with 5.8M US Checkins. Imagine seeing 0.045 unit revenue on that (\$250K

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per day)

Go morpheus go. Did they launch yet?

Josh Engroff

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