

Subject: Re: Rumor has Google close to buying WhatsApp for \$1B

From: "Craig Federighi" <[REDACTED]>

Received(Date): Mon, 08 Apr 2013 14:04:22 +0000

To: "Eddy Cue" <[REDACTED]>

Cc: "Philip Schiller" <[REDACTED]> "Tim Cook" <[REDACTED]>

Date: Mon, 08 Apr 2013 14:04:22 +0000

Do you have any thoughts on how we would make switching to iMessage (from WhatsApp) compelling to masses of Android users who don't have a bunch of iOS friends? iMessage is a nice app/service, but to get users to switch social networks we'd need more than a marginally better app. (This is why Google is willing to pay \$1B -- for the network, not for the app).

In the absence of a strategy to become the primary messaging service for to bulk of cell phone users, I am concerned the iMessage on Android would simply serve to remove and obstacle to iPhone families giving their kids Android phones.

- craig

On Apr 7, 2013, at 10:04 PM, Eddy Cue <[REDACTED]> wrote:

Do we want to lose one of the most important apps in a mobile environment to Google? They have search, mail, free video and growing quickly in browsers. We have the best messaging app and we should make it the industry standard. I don't know what ways we can monetize it but it doesn't cost us a lot to run.

On Apr 7, 2013, at 9:36 PM, Philip Schiller <[REDACTED]> wrote:

And since we make no money on iMessage what will be the point?

On Apr 7, 2013, at 9:08 PM, Eddy Cue <[REDACTED]> wrote:

We really need to bring iMessage to Android. I have had a couple of people investigating this but we should go full speed and make this an official project.

Google will instantly own messages with this acquisition.

<http://appleinsider.com/articles/13/04/07/rumor-has-google-close-to-buying-whatsapp-for-1b>

Rumor has Google close to buying WhatsApp for \$1B

Sunday, April 07, 2013, 05:01 pm

Exhibit
PX 407

PX-0407.1

By [AppleInsider Staff](#)

Google is said to be well into negotiations with the team behind WhatsApp, with the search giant reportedly considering a \$1 billion price tag for the popular cross-platform messaging app.

Sources reportedly close to the negotiations [tell Digital Trends](#) that Google is looking to acquire the popular messaging app, and that [WhatsApp's](#) team is "playing hardball," holding out for an acquisition price close to \$1 billion. Bringing WhatsApp into the fold would likely provide Google with a faster route to unifying its disparate messaging services — Google Voice, Google Hangouts, Google Talk, etc — making it more capable of competing in the communication segment against Internet rival Facebook.

Such a service unification may be high up on Google's priorities list right now. Rumors have the search leader working on a project known as Babble, which would provide cross-platform communications between its services. The rumored WhatsApp negotiations could be a means of bringing an accomplished team into Google's own operations, as Google did when it [acquired popular iOS mail app Sparrow](#) in July.

Google is said to have approached WhatsApp in the past, broaching the topic of an acquisition in early December. Around the same time, Facebook was [also said](#) to be considering buying WhatsApp.

WhatsApp has proved immensely successful in the time since its release, netting tens of millions of users across Android, BlackBerry, Windows Phone, and Apple's iOS platform. It is currently the second-most popular paid app in Apple's iTunes App Store, and the service saw [18 billion messages](#) transmitted this past New Year's Eve.

Eschewing advertisements, WhatsApp has managed to pull in considerable revenues with a simple yearly subscription fee of \$1. iPhone users pay that fee upon first downloading the app, though [recent rumors](#) have the service moving to a model more in line with its incarnations on other platforms. Users on other platforms can download and use the app for free for the first year before being presented with the option to pay a \$1 per year subscription fee. While WhatsApp has not released any details on its financial operations, *Digital Trends'* source says the company may be pulling in roughly \$100 million in revenue.