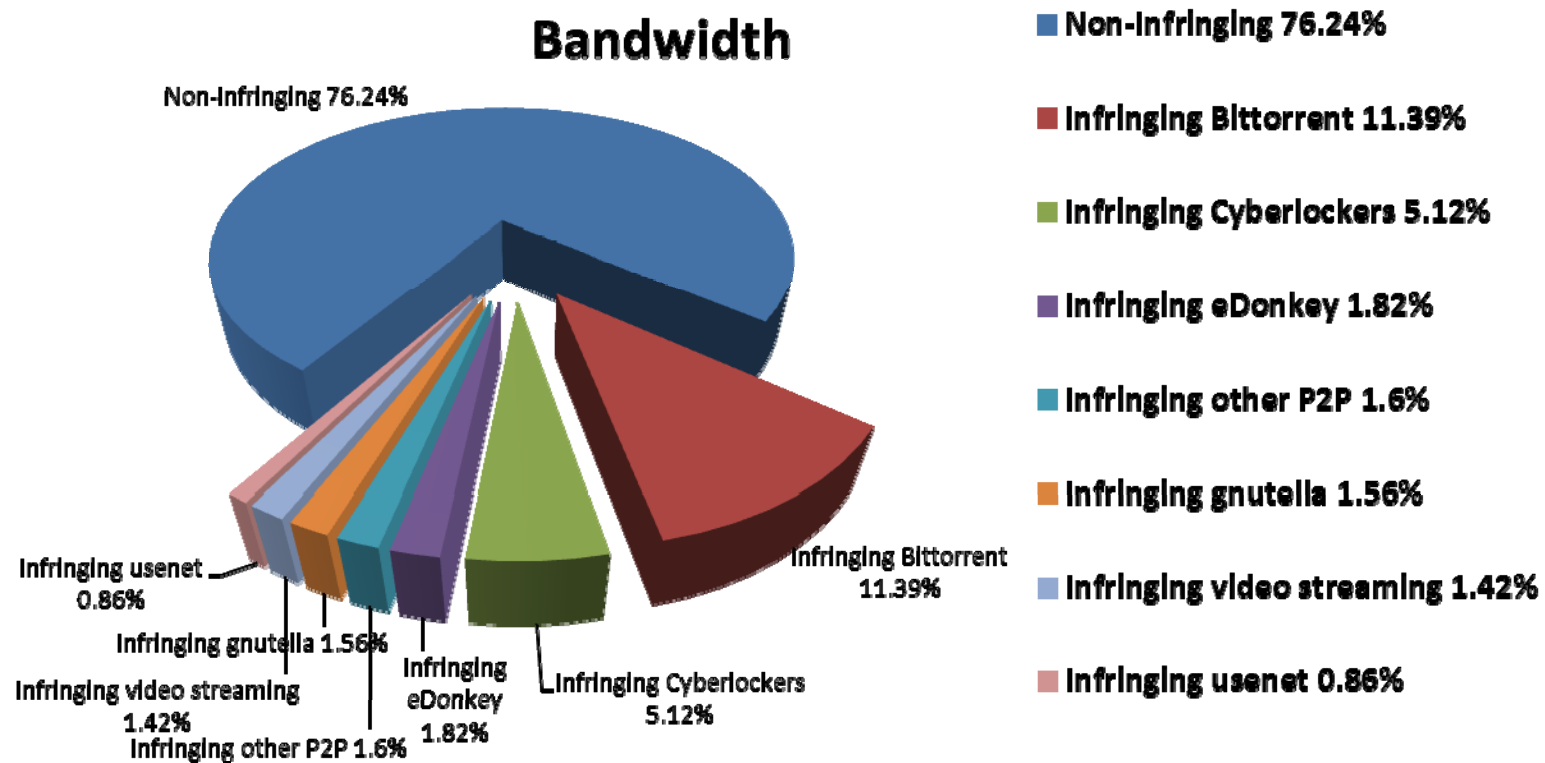


Scope of Digital Theft Problem

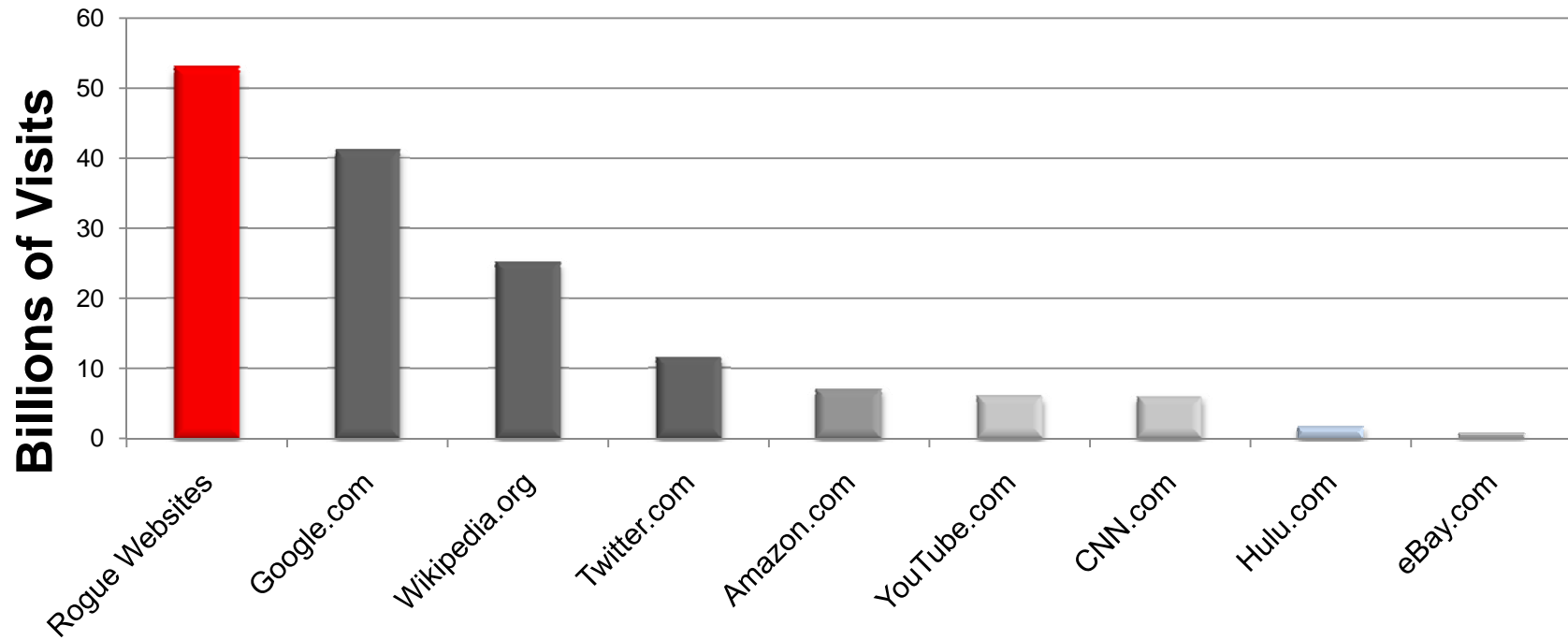
Across all areas of the global internet, **23.76%** of traffic was estimated to be infringing.

Estimate of Infringing Use of Global Internet Bandwidth



Over 50 Billion Visits a Year to Infringing Websites

Annual Traffic to Infringing Websites vs. Legitimate Websites



Source: MarkMonitor, Traffic Report: Online Piracy and Counterfeiting, January 2011, CACP Analysis

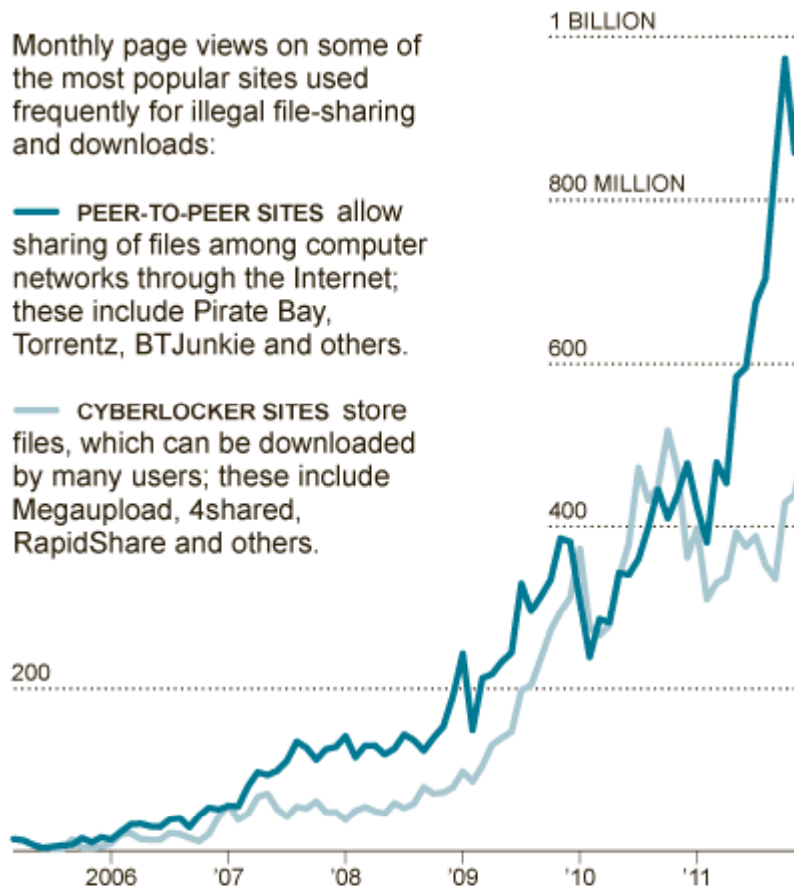
Digital Content Theft is Growing

File-Sharing Soars

Monthly page views on some of the most popular sites used frequently for illegal file-sharing and downloads:

— PEER-TO-PEER SITES allow sharing of files among computer networks through the Internet; these include Pirate Bay, Torrentz, BTJunkie and others.

— CYBERLOCKER SITES store files, which can be downloaded by many users; these include Megaupload, 4shared, RapidShare and others.



IP Industries' Contributions to U.S Economy¹

U.S. Department of Commerce Study (released yesterday)

- IP industries contributed more than \$5 trillion to the U.S. economy – 34% – of GDP in 2010.
- 40 million jobs (27% of all jobs) directly / indirectly attributable to IP industries.
 - Wages 42% higher than average
- Merchandise exports of IP industries: \$775 billion or 60.7% of total U.S. merchandise exports.

Rule of Law on the Internet

Agreed: There IS a major problem

Agreed: Need to find solutions

Where do solutions lie?

- I. Law Enforcement
Continued Focus
- II. Broadband internet ecosystem
 - Ad networks
 - Payment processors
 - Domain name registrars
 - Search
 - ISPs
 - Other?



- "What" and "How": Up for discussion
- Off-the-table: "No Action"