

# On2 vows to fight challenges to Google acquisition

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(AP) -- Video software firm On2 Technologies said it will fight legal challenges to its planned acquisition by Google Inc.

The New York-based company agreed last week to a takeover by Mountain View, Calif.-based [Google](#) in a deal valued at about \$106 million, with shareholders receiving 60 cents worth of Google shares for each share of On2 stock.

But On2 shareholders filed separate lawsuits in Delaware and New York seeking class-action status this week, alleging that On2 directors breached their fiduciary duties. They claim the directors agreed to a deal that undervalues their shares and doesn't give them a significant premium in return for the change in control.

A Delaware lawsuit alleges, among other things, that On2 officials announced the deal one day before On2 reported its best quarterly performance in 18 months.

The shareholders also say there is little evidence that On2 directors tried to shop around for a better offer and instead agreed to burdensome deal protection measures, including a \$2 million termination fee.

On2 makes digital video compression technology that could give Google a way to cut costs for its popular video-sharing site YouTube. The technology can help shrink video files so they can be sent more easily across the Web.

Such compression is important given that YouTube users upload some 20 hours of footage per minute; by shrinking the files, YouTube needs to buy less bandwidth from Internet access providers.

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