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IAB Internet Advertising Revenue Report

2011 First six-months Results



Agenda

Survey methodology

2011 First six-months results

First six-months and quarterly trends

Advertising formats

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Industry category spending

About PwC

Survey Methodology

Survey Scope

The IAB Interactive Advertising Revenue Report is part of an ongoing IAB mission to provide an accurate barometer of Internet advertising growth.

To achieve differentiation from existing estimates and accomplish industry-wide acceptance, key aspects of the survey include:

- Obtaining historical data directly from companies generating Internet / online advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of Internet / online advertising, including web sites, consumer online services, ad networks, and email providers; and
- Ensuring and maintaining a confidential process, only releasing aggregate data.

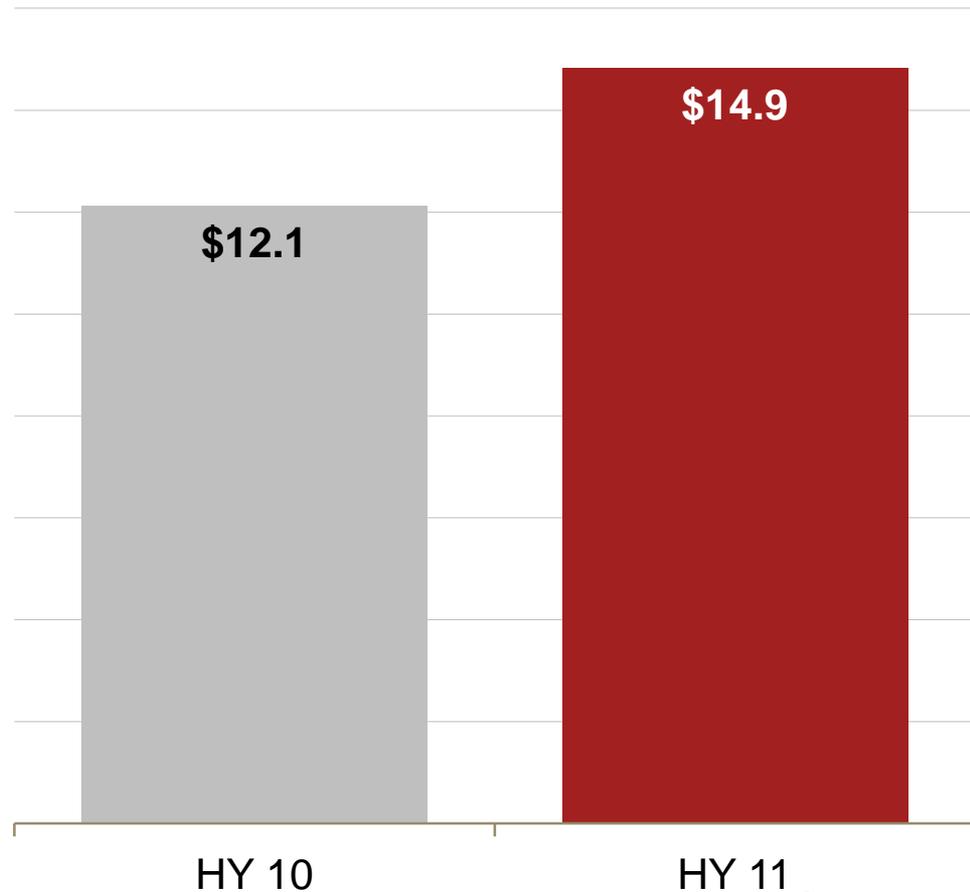
Methodology

Throughout the reporting process, PwC:

- Compiles a database of industry participants selling Internet / online advertising revenues
- Conducts a quantitative mailing survey with leading industry players, including Web publishers, ad networks, commercial online service providers, email providers, and other online media companies.
- Acquires supplemental data through the use of publicly disclosed information
- Requests and compiles several specific data items, including revenue format, industry category, and pricing.
- Identifies non-participating companies and applies a conservative estimates based on available public sources
- Analyzes the findings, identifying and reporting on key trends

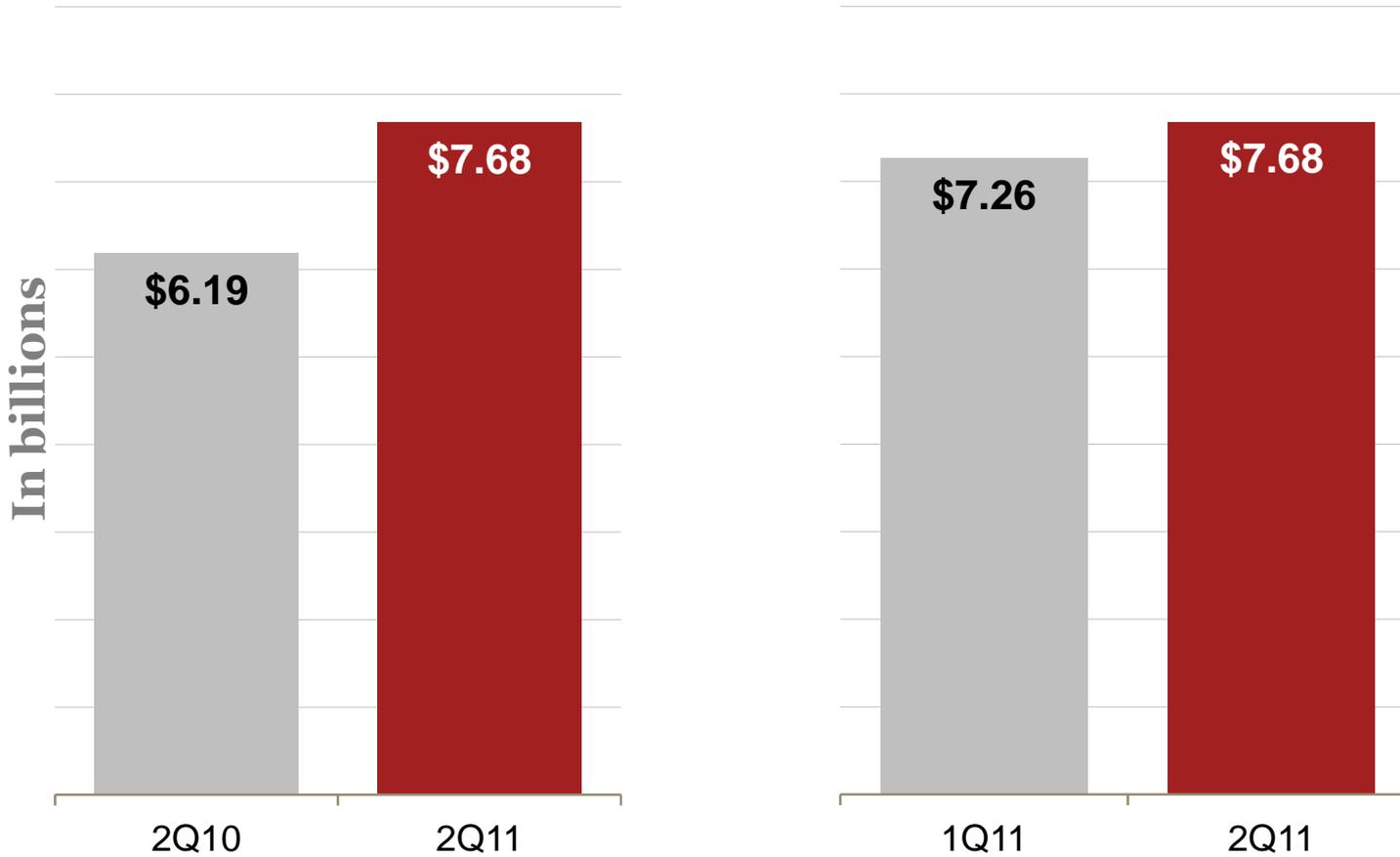
***Year-to-date revenues totaled
\$14.9 billion in 2011***

***Online
advertising
revenue
increased 23.2%***



September 28, 2011

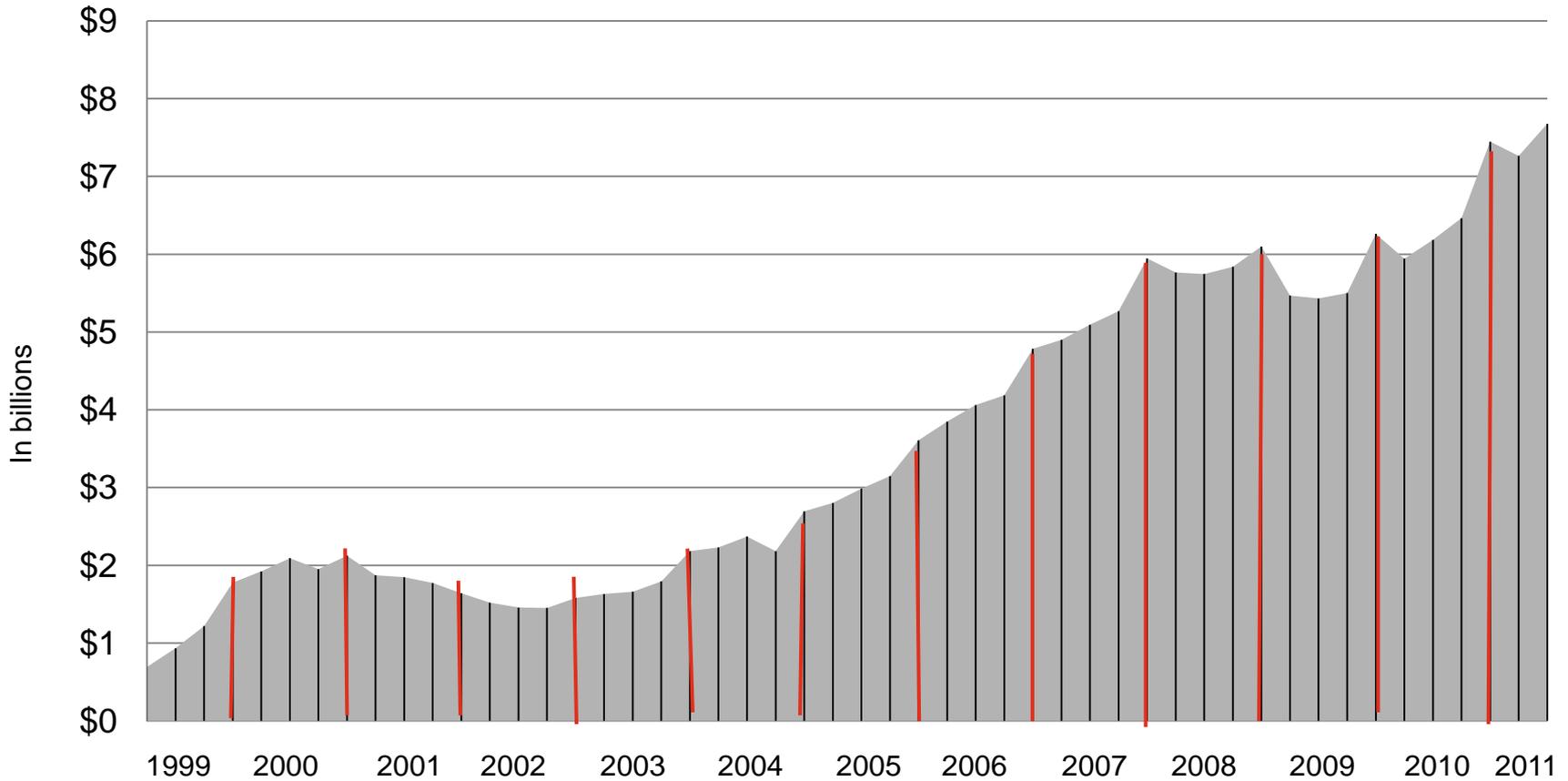
Second quarter revenues totaled \$7.69 billion in 2010



Revenue in Q2 2011 was 24% higher than in Q2 2010 and 5.7% higher than in Q1 2011.

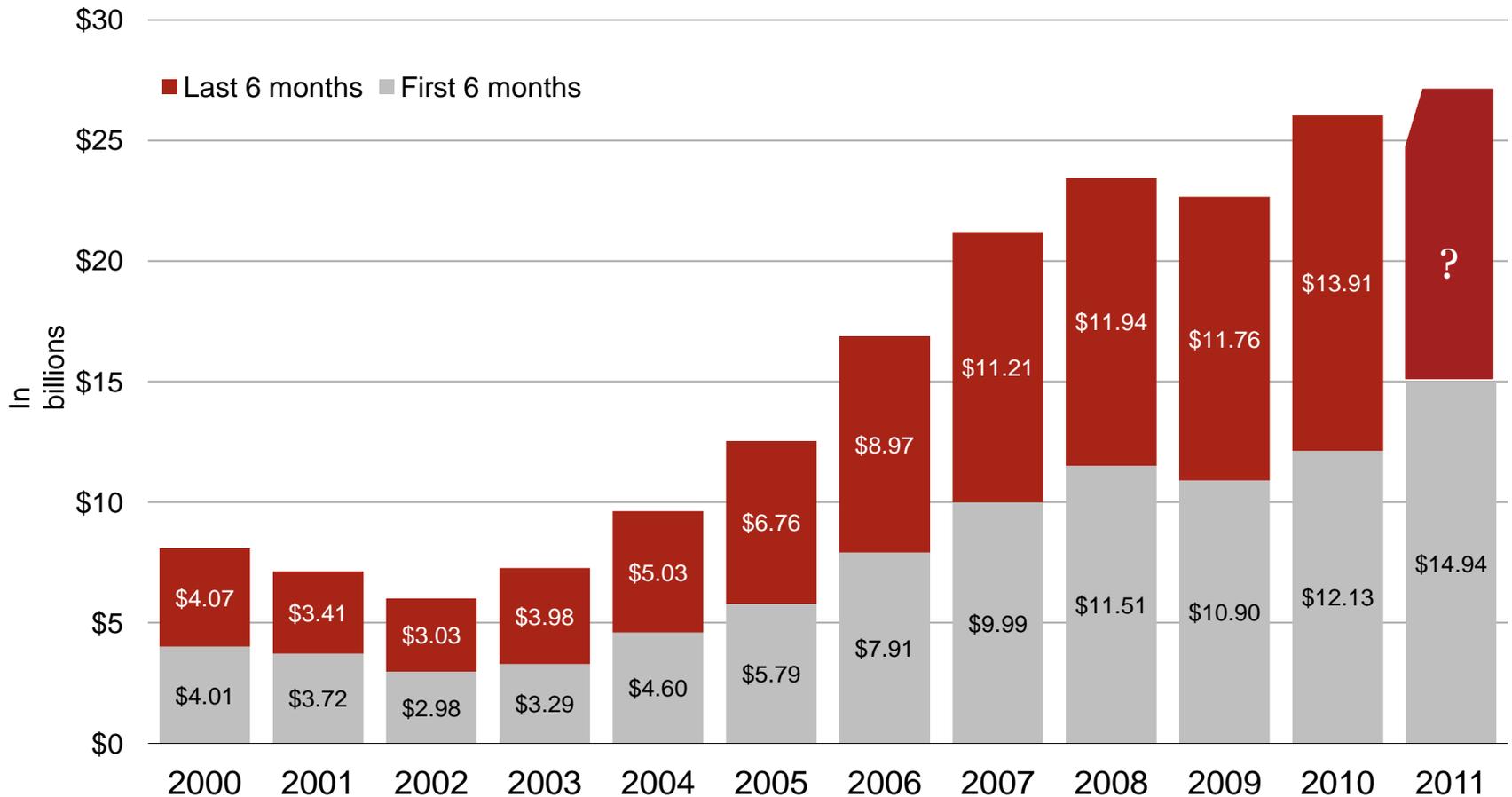
A historical perspective of internet advertising

Quarterly growth comparison, 1999–2011



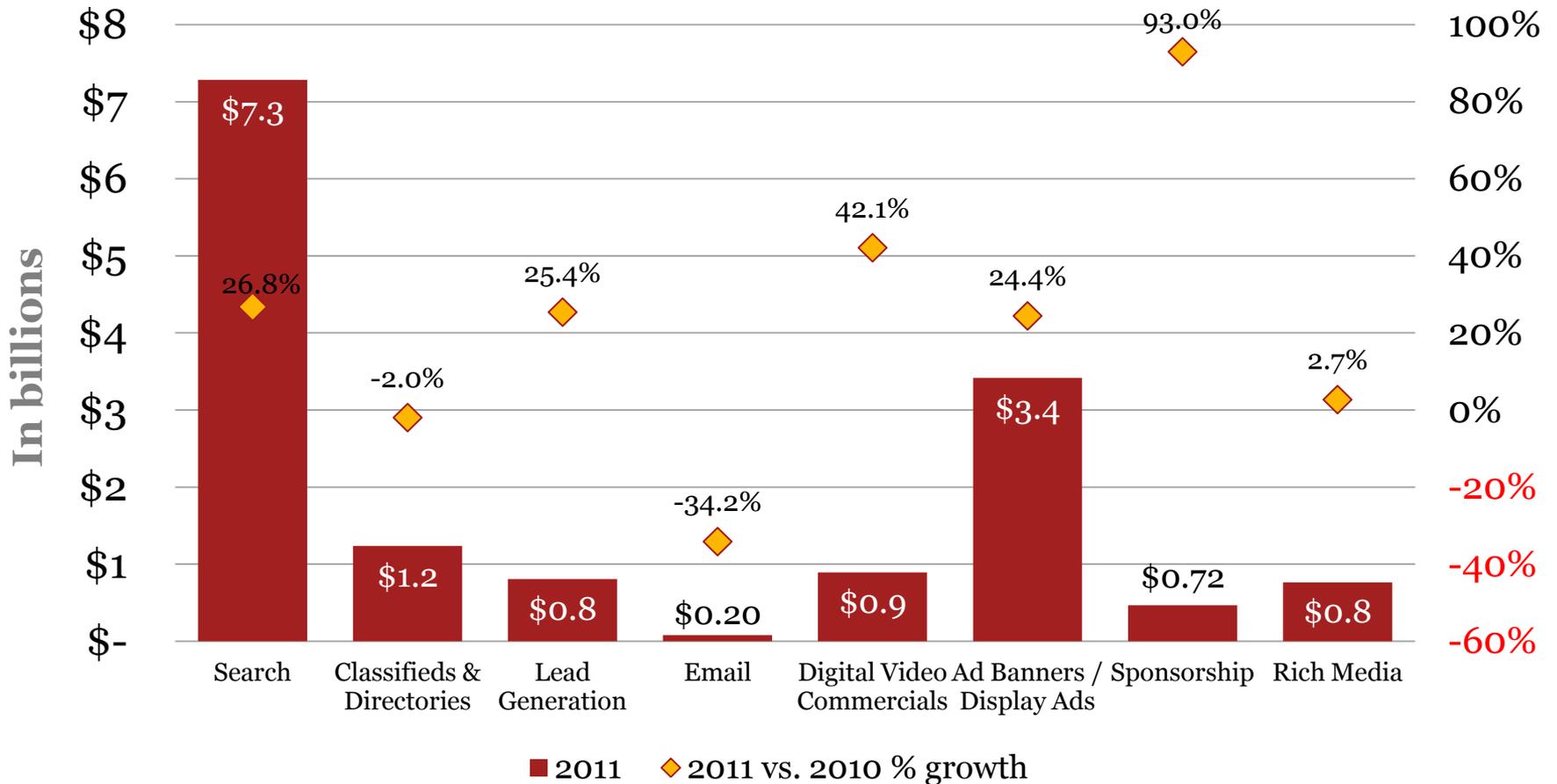
First six-months 2011 shows record revenues

Historical revenue mix, first half vs. second half



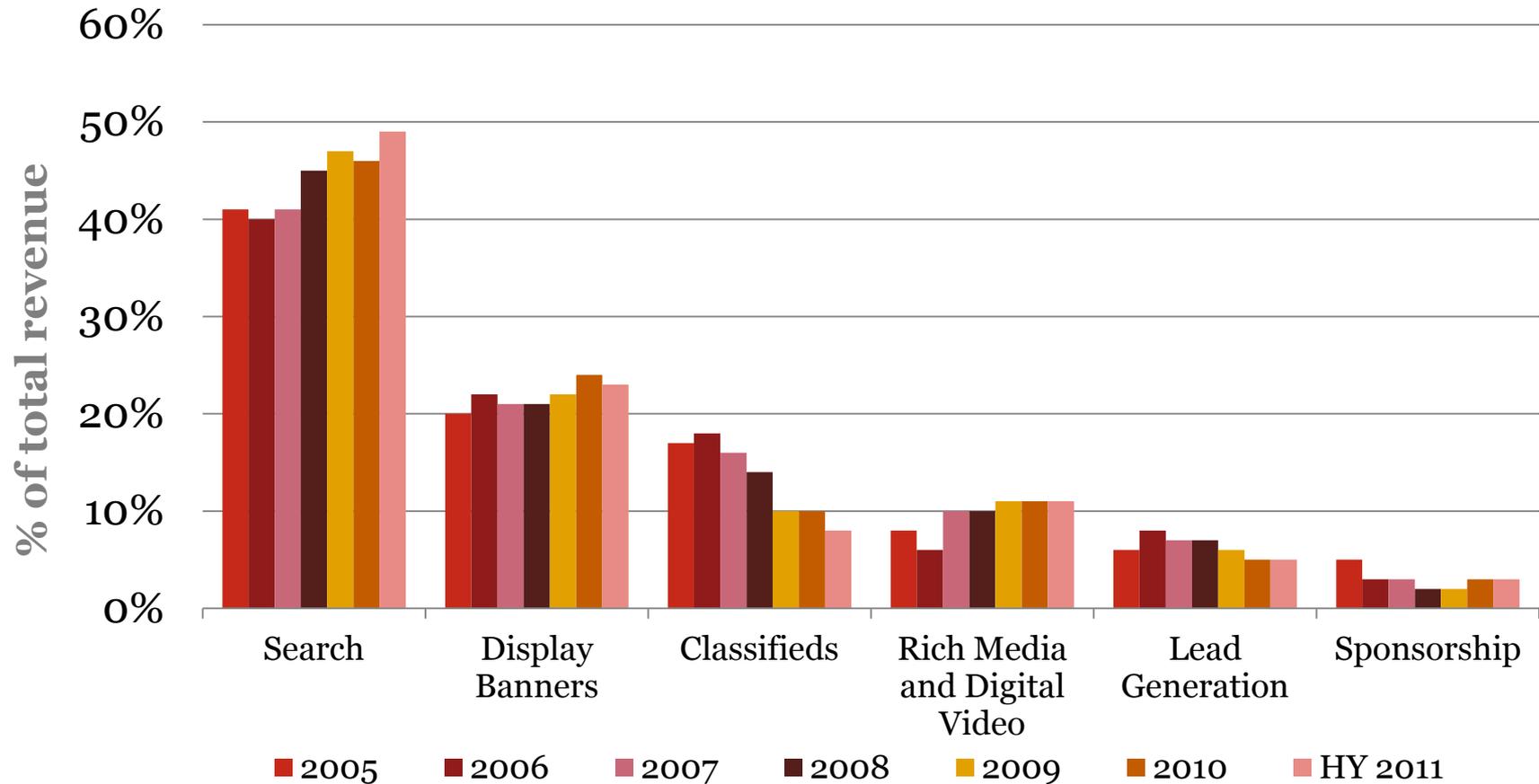
Search shows strong growth

Advertising formats – 2011 results and growth rates



Historical trends in internet advertising formats

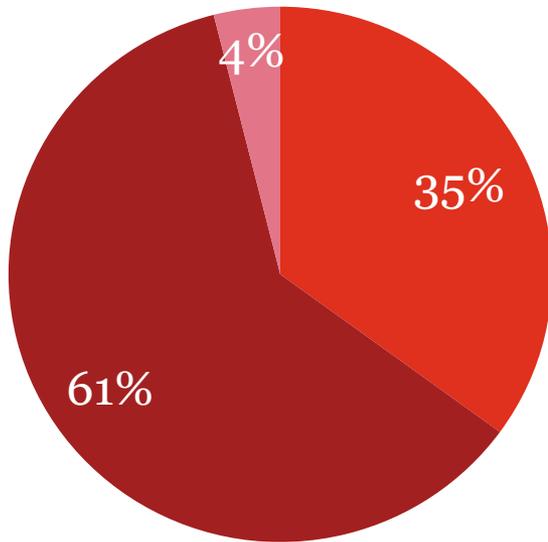
Revenue share by major ad formats, 2005–2010



Pricing models continue shift towards performance

Internet Ad Revenues by Pricing Model, First Six-months

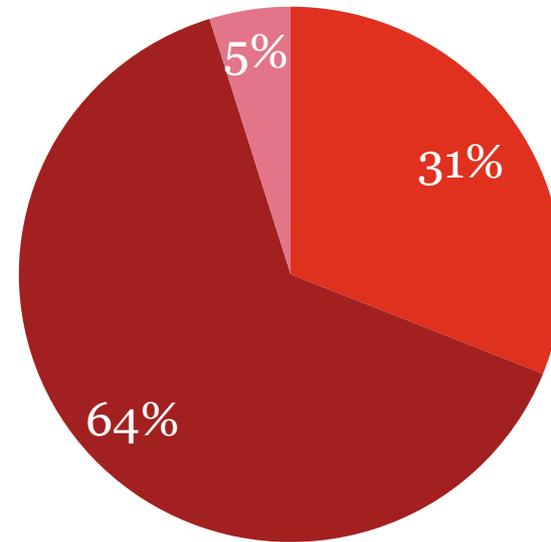
2011 vs. 2010



- Impression-based
- Performance-based
- Hybrid

Total – \$12.1 billion

2011

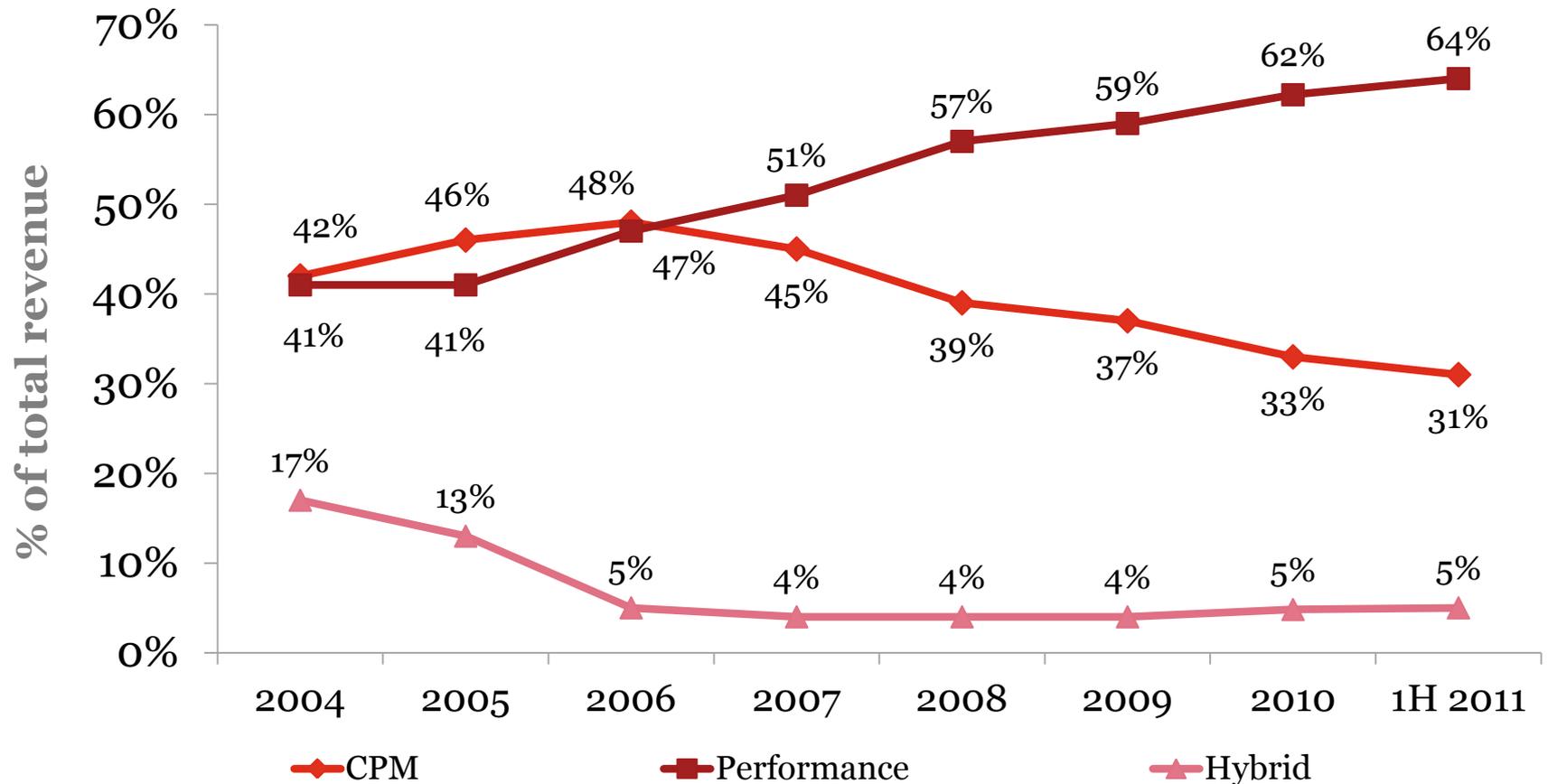


- Impression-based
- Performance-based
- Hybrid

Total – \$14.9 billion

Historical Pricing Model Trends

Internet Ad Revenues by Pricing Model, 2005–2010

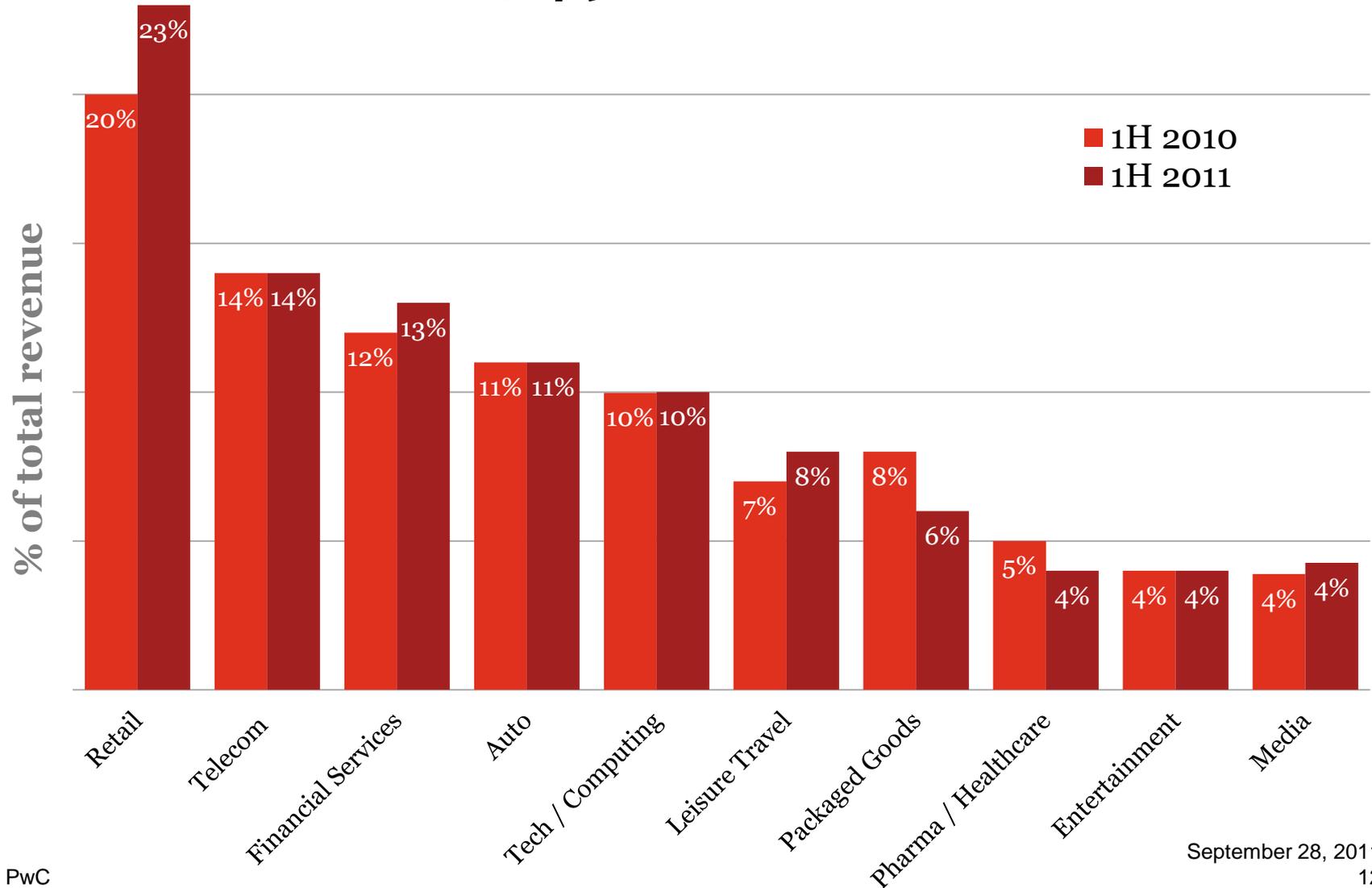


Note: Pricing models definitions may have changed over time period depicted, both within the survey process and definitional by survey respondents.

September 28, 2011

Internet Ad Revenues by Major Industry Category

\$12.1 B in 1H 2010 vs. \$14.9 B in 1H 2011



PwC Internet Media Group

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PwC's Internet Media Group was the first practice of its kind at a Big Four firm. Currently located in New York, Los Angeles, Boston, Seattle and the Bay Area, our Internet Media Group includes accounting, tax and consulting professionals who have broad and deep experience in the three areas that converge to form new media: advanced telecommunications, enabling software and content development/distribution.

Our services include:

- Business assurance services
- Web audience measurement and advertising delivery auditing and advisory
- IAB Measurement Certification Compliance auditing
- Privacy policy structuring, attestation and compliance advisory
- Mergers & Acquisition assistance
- Tax planning and compliance
- Capital sourcing and IPO assistance

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