IAB Webinar

Gridley & Company LLC
Discussion Materials

September 28, 2011

Internet Ad Revenue +23%

Driving the Increases…

Social

"Unlocking of ad dollars into social channels"

Brand

"Accelerating shift of brand dollars to online channels"

Technology

"Continued evolution of Technology"

Search

"Remains primary form of discovery, both online as well as mobile"

Social Ad Platforms Arrive

- Marketing firms are expected to spend over $3B for online media ads in 2011 up from an estimated $2B in 2010
- New social networks are rapidly developing that form tight connections across diverse categories

Facebook

- Facebook emerges as the clear #1 in social-based Internet advertisements with an estimated 32% of total Internet display ad impressions at Q1 2011
- An estimated 750M users registered as of Q1 2011 up from an estimated 500M users as of Q1 2010

Twitter

- Market leader in micro-blogging
- Experienced 26% growth in registered users from 75M in 2010 to 95M 2011
- Tweets per Day have grown from 27M in 2010 to 95M in 2011
- Nearly 70% of users have a Twitter biography in 2011, up from 31% in 2010

foursquare

- Market leader in location based social networking
- An estimated 500K brands and companies are using foursquare to connect with users and more than 10K developers are taking advantage of its API
- Reached 10M user accounts in July 2011, adding nearly 1M users in May and June 2011

LinkedIn

- Successful IPO in Q2 2011
- Experienced 138% growth in registered users from 50M in 2010 to 119M in 2011
- Global presence with nearly 56% of registered users living outside the U.S.
- Estimated that 80% of companies use social media for recruitment and of these, 95% of them use LinkedIn

Becoming more category specific

Finance
mint.com
Square
venmo

Food/Wine
yelp
snooth
yummly
Foodspotting

Location
foursquare
scvngr
loopt

Music
last.fm
PANDORA
Spotify
turntable

Relationships
chemistry.com
match.com
zoosk

Local
GROUPON
livingsocial
GILT CITY

Gaming
zynga
playfish
Playdom

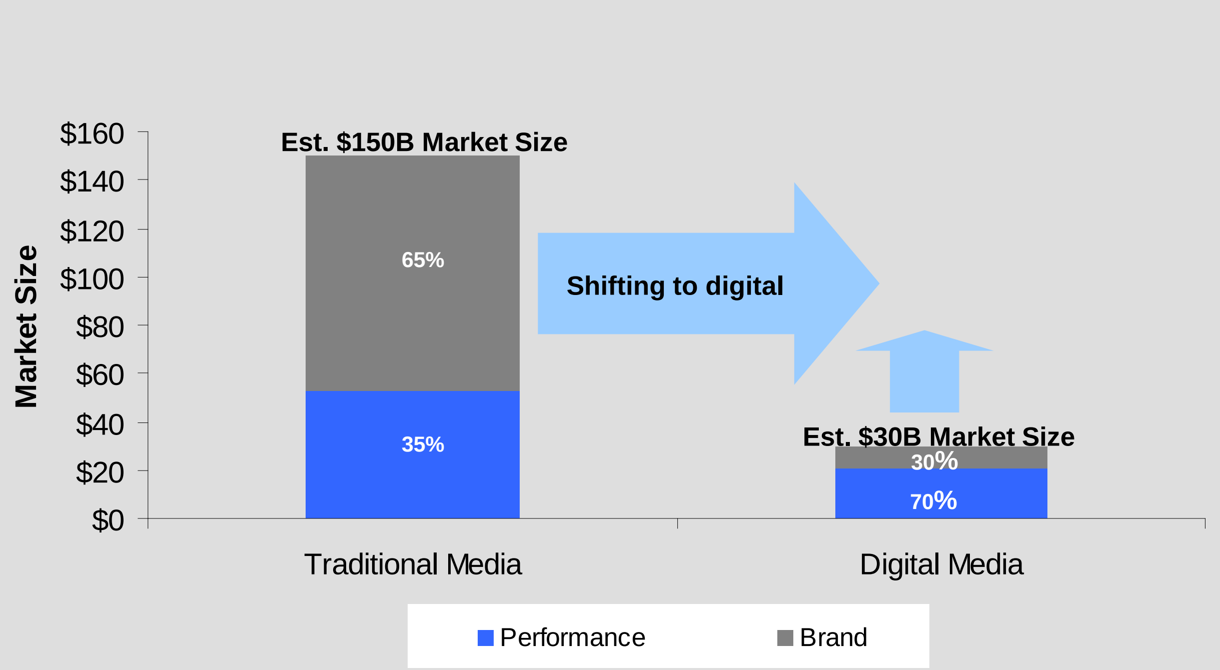
Video
Flixster
vimeo
YouTube

Source: Gridley estimates, Company Reports, Tech Crunch and Search Engine Journal

Online Branding

- Brand spend continues to shift from traditional media to digital media
- Within digital media, advertisers are paying greater attention to branding opportunities, moving beyond performance-based campaigns

Branding Shifting to Online Ads
($ in billions, estimated market size for 2011)



Source: Credit Agricole Securities, Gridley estimates

Evolution in Ad Technology is Enabling this Growth

Direct Response Orientation → **Brand Orientation**

Tech-driven inventory selling

- Ad server infrastructure
- Ad networks

bluelithium
TACODA
double click
aQuantive

Creating “markets” for inventory

- Ad exchanges / marketplaces

rm rightmedia
double click
24/7 REAL MEDIA

Managing multiple ad channels

- Supply side technologies
- Data management platforms

ADMELD
rubicon
Yieldex
PubMatic
Demdex

Intelligently buying into pools of liquidity

- Demand side technologies
- Trading desks

MediaMath
DataXu
bluekai
exelate
CADREON
vivaki

Engagement driven advertising

- Social
- Mobile
- Display

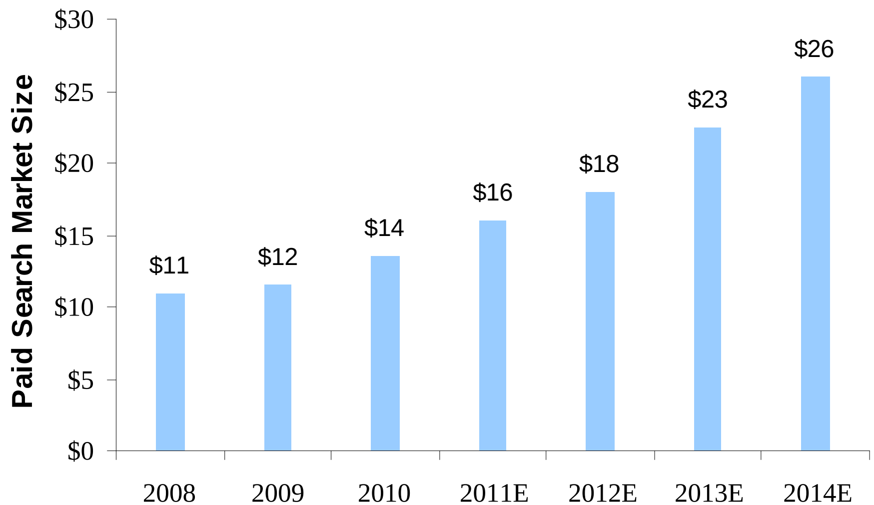
ADCOPY
appssavvy
foursquare

Search

- Worldwide Internet users conduct over 200 billion searches each month
- Google drives roughly 46% of overall online ads with annual growth estimated at +20%
- Search should continue to be driven by leaders Google, Yahoo! and bing
- Search expected to benefit from growth of the mobile Internet

Leading the Search

($ in billions)



bing

(~14% Market Share)

Google

(~65% Market Share)

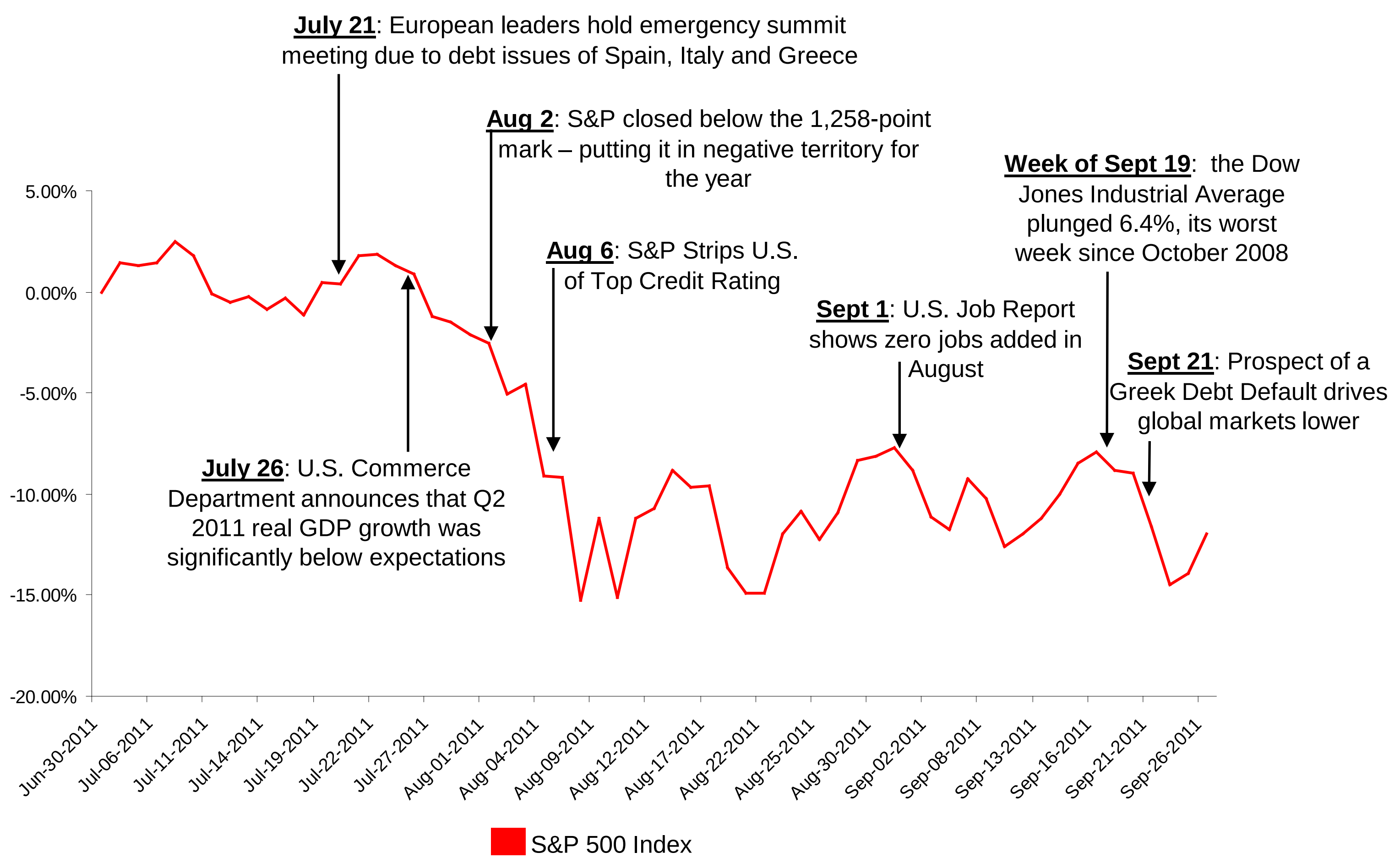
YAHOO!

(~16% Market Share)

Source: Baird Equity Research, Gridley estimates and Search Engine Journal

Perspective Since Q2 2011

There are strong headwinds at the "Macro Economy" level…

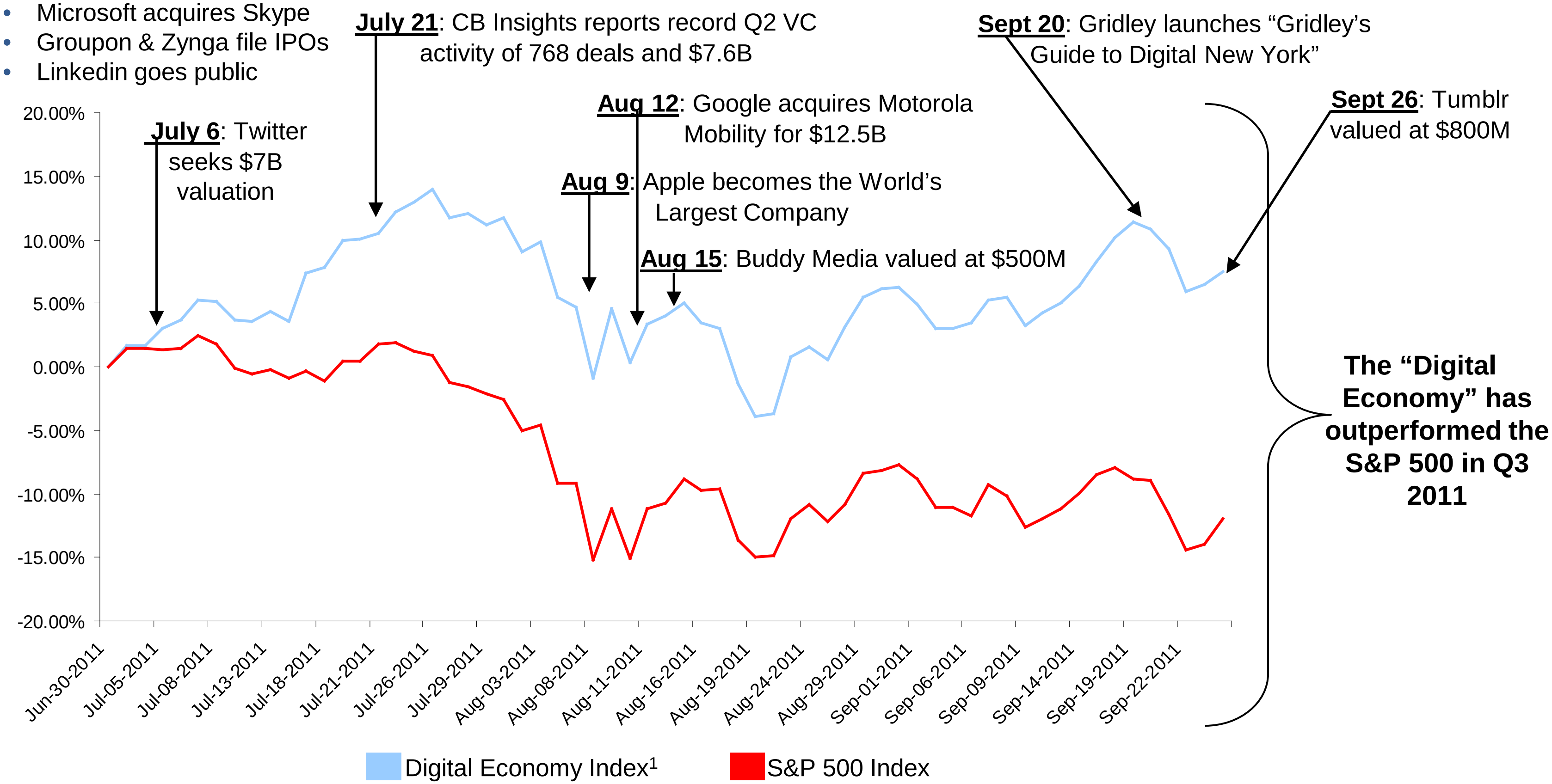


Perspective Since Q2 2011

…but the "Digital Economy" continues to achieve significant milestones

Q2 Momentum:

- Coupons.com valued at $1B
- Foursquare valued at $600M
- Microsoft acquires Skype
- Groupon & Zynga file IPOs
- Linkedin goes public



(1) The "Digital Economy" Index includes Microsoft, Adobe, Omnicom, Apple, Amazon, Ebay, Google, IAC, IPG and WPP

Gridley & Company LLC

What is Next?

- Gridley believes that innovations in commerce, social, mobile and video will create opportunities for established companies and new entrants

Commerce

- New business models have been disruptive to traditional commerce channels
  - Flash sales, daily deals, subscription commerce
- Digital commerce beginning to converge with offline retail, potentially tapping into a new trillion dollar market

Social

- Social now driving disproportionate amount of consumer attention globally
- Social developing into a true "platform"
- Social beginning to drive all forms of internet consumption – communication, content, entertainment, commerce and discovery

Mobile

- Mobile quickly becomes a primary media consumption device, in line with TV usage
- Mobile applications quickly broadening out into areas of commerce, social and payments
- Google has publicly stated that it expects mobile to account for over 50% of its search volumes over time

Video

- Online video consumption growing at 40%+ y-o-y
- Online video just beginning to have an impact on traditional channels
  - 8 of the 9 largest subscription-TV providers in the U.S. lost subscribers in Q2 2011
  - Netflix's shift to streaming testament to opportunity for IP video

Linda Gridley, President & CEO
Gridley & Company LLC
10 East 53rd Street, 24th Floor
New York, NY 10022
212.400.9720 tel
212.400.9717 fax
Twitter: @gridleyco
www.gridleyco.com