2011 First Half IAB PwC
Internet Advertising Revenue Report

Sherrill Mane, SVP, Industry Services, IAB
First Half 2011 Internet Ad Revenue Highlights

“Strive not to be a success but rather to be of value”

–Albert Einstein

Sherrill Mane
SVP Industry Services
Interactive Advertising Bureau
First Half 2011 Interactive Advertising Sets New Records and Beats The Ad Market

- In First Half 2011 US Internet ad revenues totaled $14.9 billion, a record result.
  - This represents a 23% (or $2.8 billion) increase from 2010’s $12.1 billion.
  - The 23% also marks a return to growth rates comparable to pre-recession levels

- Second quarter 2011 revenue of $7.7 billion represents the best result ever for US interactive advertising.
  - This is an 24% increase over same time last year ($6.2 billion in Q2 2010).

- Interactive advertising growth outperforms the total media market based on both Nielsen and Kantar estimates for First Half and Second Quarter 2011
First Half 2011 Results Compared With First Half 2010

First Half 2011 Top Five Non-Internet Media Revenue Change Over First Half 2010

<table>
<thead>
<tr>
<th>Media Type</th>
<th>1H 2010</th>
<th>1H 2011</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV</td>
<td>12.6</td>
<td>15.2</td>
<td>20.1%</td>
</tr>
<tr>
<td>Network TV</td>
<td>13.8</td>
<td>13.3</td>
<td>-3.1%</td>
</tr>
<tr>
<td>Spot TV</td>
<td>11.8</td>
<td>13.0</td>
<td>9.7%</td>
</tr>
<tr>
<td>National Magazine</td>
<td>7.5</td>
<td>7.7</td>
<td>3.6%</td>
</tr>
<tr>
<td>Local Newspaper</td>
<td>5.2</td>
<td>4.8</td>
<td>-7.7%</td>
</tr>
</tbody>
</table>

Source: The Nielsen Company, Monitor Plus, September 2011
According to Nielsen, total media revenues increased 5.6% from Q2 2010 to Q2 2011.
Q2 2011 Top Five Non-Internet Media Revenue Change Over Q2 2010

<table>
<thead>
<tr>
<th>Media Type</th>
<th>Q2 2010</th>
<th>Q2 2011</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV</td>
<td>6.6</td>
<td>6.9</td>
<td>5.6%</td>
</tr>
<tr>
<td>Network TV</td>
<td>6.1</td>
<td>6.3</td>
<td>3.8%</td>
</tr>
<tr>
<td>Spot TV</td>
<td>5.9</td>
<td>6.4</td>
<td>8.5%</td>
</tr>
<tr>
<td>National Magazine</td>
<td>4.2</td>
<td>4.3</td>
<td>2.1%</td>
</tr>
<tr>
<td>Local Newspaper</td>
<td>2.6</td>
<td>2.4</td>
<td>-7.9%</td>
</tr>
</tbody>
</table>

Finance/Insurance/Investment and Entertainment Sites Garnered CPM Increases

Source: SQAD WebCosts Eight Category Display CPM Trend
Q1 2010 through Q2 2011, Weighted Average, SQAD, August 2011
First Half 2011: Display and Search Grow at the Same Year to Year Rate

- In first half 2011, Display* and Search each rose 27% over year ago
- Standouts driving display-related ad formats* revenue growth are:
  - Sponsorships (the smallest piece of the display pie) up 93%
  - Banners up 24%
  - Digital video at a 42% year over year increase

- Brand spend and brand impact dollars on the rise:
  - Advertiser vertical growth patterns
  - Revenue model increases
  - Display growth

*Note: Display-related ad formats are defined as: banner ads, digital video commercials, rich media, and sponsorships.
THANK YOU

FOLLOW-UP QUESTIONS:

Additional questions from IAB members should be directed to Kristina Sruoginis:

kristina@iab.net

Additional press questions should be directed to Laura Goldberg:

Laura.Goldberg@iab.net

Reports can be found at:  www.iab.net