Agenda

• Welcome
• 2010 Internet Revenue Highlights
  Sherrill Mane, SVP Industry Services, IAB
• Details of IAB PwC 2010 Report
  David Silverman, Partner, PricewaterhouseCoopers
• Communications Industry Spending & Consumption Trends
  John Suhler, Founding Partner, Veronis Suhler Stevenson
• Q and A
Important Note on Q&A

• We will open a voice line for journalists to ask questions at the end of the presentations.

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2010 Year End Internet Revenue Highlights

“I do not read advertisements - I would spend all my time wanting things”

--Franz Kafka

Sherrill Mane
SVP Industry Services
Interactive Advertising Bureau
2010 Was Interactive Advertising’s Best Year Ever

• In 2010 US Internet ad revenues totaled $26 billion, a record result.
  – This represents a 15% (or $3.4 billion) increase from 2009’s $22.7 billion.

• Second half 2010 revenue of $13.9 billion represents the best result ever for US interactive advertising.
  – This is an 18% increase over same time last year ($11.8 billion in 2H2009).

• For the first time in 4th quarter 2010, a single quarter broke $7 billion ($7.5 bil)

• 2010 Annual Report marks the debut of estimated US mobile ad revenue for 2010: between $550 and $650 million.
  – Mobile ad revenue is defined as advertising tailored to and delivered through wireless mobile devices such as smartphones (e.g. Blackberry, iPhone, Android phones), feature phones (e.g. lower-end mobile phones capable of accessing mobile content), and media tablets (e.g. iPad, Samsung Galaxy Tab).
2010 Results Compared With 2009

The Nielsen Company estimates total media revenues increased 5.2% from 2009 to 2010; Kantar Media estimates a 6.5% increase.

2010 Top Five Non-Internet Media Revenue Change Over 2009

<table>
<thead>
<tr>
<th>Media Type</th>
<th>2009 (Billions)</th>
<th>2010 (Billions)</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV</td>
<td>24.1</td>
<td>27.4</td>
<td>13.9%</td>
</tr>
<tr>
<td>Network TV</td>
<td>24.1</td>
<td>25.6</td>
<td>5.9%</td>
</tr>
<tr>
<td>Spot TV</td>
<td>24.2</td>
<td>25.0</td>
<td>3.4%</td>
</tr>
<tr>
<td>National Magazine</td>
<td>15.5</td>
<td>16.1</td>
<td>4.0%</td>
</tr>
<tr>
<td>Local Newspaper</td>
<td>10.8</td>
<td>10.7</td>
<td>-0.2%</td>
</tr>
</tbody>
</table>

According to Nielsen, total media revenues increased 7.8% from 2H 2009 to 2H 2010.

2H 2010 Top Five Non-Internet Media Revenue Change Over 2H 2009

<table>
<thead>
<tr>
<th>Media Type</th>
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<th>Percent Change</th>
</tr>
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<td>5.6</td>
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</tr>
</tbody>
</table>

Source: The Nielsen Company, Monitor Plus, April 2011
Internet Ad Revenue Long View: Largest Quarter Ever is Also the Fifth Consecutive One of Growth

Quarterly $ Revenue Growth Comparisons — 1Q2001-4Q2010

Source: IAB Internet Advertising Revenue Report, 2010 First Half and Second Quarter Report
Display Pricing (CPM) Trend Varies By Content Category

Source: SQAD WebCosts® Eight Category, CPM Quarterly Trend Chart, Q4 2008 through Q4 2010, January 2011, WebCosts Release
Double Digit Growth Takes Center Stage

• In 2010, Display*, and Classifieds and Directories took off, up 24% and 15%, respectively, while search also enjoyed double digit growth(+12%)

• Standouts driving display-related ad formats’ revenue growth are:
  – Sponsorships, up 88%,
  – Banners, up 23%, and
  – Digital video at a 40% year to year increase

• A just released IAB study, “An Inside Look at Demand Side Perceptions of Digital Video Advertising” shows that marketers and advertisers expect 22% growth in spending in the coming year.

• A footnote on reporting: Sellers of mobile advertising, we call upon you to recognize the value of an accurate, independent, authoritative market sizing of the industry and lend greater support to this research.

*Note: Display-related ad formats are defined as: banner ads, digital video commercials, rich media, and sponsorships.
Details of Full Year 2010 IAB Internet Advertising Revenue Report

David Silverman,
Partner, PricewaterhouseCoopers
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THANK YOU

UPCOMING IAB EVENTS

• IAB Case Study Road Show and IAB.networking, 14 April, San Francisco

• Networks & Exchanges: IAB Marketplace, 16 May, New York

• IAB Innovation Days, 8-9 June, New York

• Mobile: IAB Marketplace, 18 July, New York

See: www.iab.net/events