IAB Internet Advertising Revenue Report
2010 Full Year Results
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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

April 13, 2011

Source: IAB Internet Advertising Revenue Report, 2010
Annual revenues totaled $26.0 billion in 2010

Online advertising revenue increased 14.9% in 2010.

Source: IAB Internet Advertising Revenue Report, 2010
Fourth quarter revenues totaled $7.5 billion in 2010.

Revenue in Q4 2010 was 19% higher than in Q4 2009.

Source: IAB Internet Advertising Revenue Report, 2010
A historical perspective of internet advertising
Quarterly growth comparison, 1999–2010

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Source: IAB Internet Advertising Revenue Report, 2010
2010 shows record revenues
Historical revenue mix, first half vs. second half

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Source: IAB Internet Advertising Revenue Report, 2010
Display advertising shows the strongest growth
Advertising formats – 2010 results and growth rates

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Source: IAB Internet Advertising Revenue Report, 2010
**Historical trends in internet advertising formats**
Revenue share by major ad formats, 2005–2010

Source: IAB Internet Advertising Revenue Report, 2010
Pricing models shift towards performance
Internet Ad Revenues by Pricing Model, 2009 vs. 2010

2009
- Impression-based: 59%
- Performance-based: 37%
- Hybrid: 4%
Total – $22.7 billion

2010
- Impression-based: 62%
- Performance-based: 33%
- Hybrid: 5%
Total – $26.0 billion

Source: IAB Internet Advertising Revenue Report, 2010
**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.

Source: IAB Internet Advertising Revenue Report, 2010
Internet Ad Revenues by Major Industry Category
$22.7 B in 2009 vs. $26.0 B in 2010

Source: IAB Internet Advertising Revenue Report, 2010
2010 Cross-media advertising market share
US Advertising Market by Media Revenue and Growth (Bln.)

- **TV Distribution**: $28.6
- **Internet**: $26.0
- **Newspapers**: $22.8
- **TV: Cable Networks**: $22.5
- **TV: Broadcast Networks**: $17.6
- **Radio**: $15.3
- **Directories**: $11.5
- **Consumer Magazines**: $10.2
- **Trade Magazines**: $7.4
- **Out of Home**: $6.1

Note: Total U.S. advertising market includes other segments not charted here. “TV Distribution” includes national and local TV station ads and multichannel system ads. Source: IAB Internet Advertising Revenue Report, 2010; PwC
Initial year growth comparisons – internet vs. broadcast and cable television

Annual Advertising Revenue – First 16 Years (In billions) – Current Inflation-Adjusted Dollars

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<th>Internet</th>
<th>Broadcast</th>
<th>Cable</th>
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<td>Initial</td>
<td>$26.0</td>
<td>$16.1</td>
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Sources: IAB Internet Advertising Revenue Report, 2010; PwC, Universal McCann
PwC New Media Group

PwC (www.pwc.com) provides industry-focused assurance, tax and advisory services for public and private clients. More than 146,000 people in 150 countries connect their thinking, experience and solutions to build public trust and enhance value for clients and their stakeholders.

PwC’s New 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 New 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
PwC New Media Group
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