IAB Internet Advertising Revenue Report
An Industry Survey Conducted by PricewaterhouseCoopers
and Sponsored by the Interactive Advertising Bureau (IAB)
2009 Six Month Results
Agenda

• Survey Methodology
• 2009 Six-Month Results
• Six-Month and Quarterly Trends
• Advertising Formats
• Industry Category Spending
• Pricing Models
• About PwC

Presented by David Silverman, Partner, PricewaterhouseCoopers LLP
Survey Methodology

Survey Scope

- The IAB Internet 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 e-mail providers; and
  - Ensuring and maintaining a confidential process, only releasing aggregate data.

Methodology

- PricewaterhouseCoopers:
  - 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, e-mail providers and other online media companies.
  - Supplemental Data is acquired through the use of publicly disclosed information
  - Requests and compiles several specific data items, including revenue by format, industry category and pricing.
  - Identifies non-participating companies and applies a conservative revenue estimate based on available public sources.
  - Analyzes the findings, identifies and reports key trends
Detailed Findings

Revenues Toted $10.9 Billion in the First Six Months of 2009
Online ad sellers reported aggregate revenues totaling $10.9 billion for the first six months of 2009.

Total revenues for the first six months of 2009 were $610 million (5.3 percent) lower than revenues for the first six months of 2008.
Historical Perspective – Growth of Interactive Advertisements

Quarterly $ Revenue Growth Comparisons — 2000-2009
Historical Revenue Mix First Half vs. Second Half

1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009

$4.6B  $4.074 $3.414 $3.032 $3.975 $5.027 $9.6B $5.027 $12.5B $16.9B $21.2B $23.4B


%E  65%  50%  48%  50%  55%  52%  45%  48%  46%  54%  53%  53%  51%  47%  49%  51%  49%

$10,000 $12,000 $14,000 $16,000 $18,000 $20,000 $22,000 $24,000

First Six Months  Last Six Months
Advertising Formats – 2009 Six-Month Results

<table>
<thead>
<tr>
<th>Format</th>
<th>HY 2009</th>
<th>% Change in 2009 compared to 2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>Search</td>
<td>$5,148</td>
<td>2%</td>
</tr>
<tr>
<td>Ad banners / display ads</td>
<td>$2,394</td>
<td>-1%</td>
</tr>
<tr>
<td>Classifieds and Directories</td>
<td>$1,116</td>
<td>-31%</td>
</tr>
<tr>
<td>Rich media</td>
<td>$704</td>
<td>-13%</td>
</tr>
<tr>
<td>Digital Video Commercials</td>
<td>$477</td>
<td>38%</td>
</tr>
<tr>
<td>Lead Generation</td>
<td>$728</td>
<td>-10%</td>
</tr>
<tr>
<td>Sponsorships</td>
<td>$184</td>
<td>-20%</td>
</tr>
</tbody>
</table>

HY 2009: Half-Year 2009 Results

% Change in 2009 compared to 2008: 2%, -1%, -31%, -13%, 38%, -10%, -20%, -40%
Historical Format Trending

Internet Ad Revenue Share by Major Advertising Format – 2004 – HY 2009*

*Format definitions may have changed over time period depicted, both within the survey process and definitional by survey respondents.
Retail Advertisers Continue to Drive Consumer Ad Spending – First Six Months of 2009 Results

Internet Ad Revenues by Major Industry Category*

*Format definitions may have changed over time period depicted, both within the survey process and definitionally by survey respondents.
Internet Ad Revenues by Pricing Model

% of 2009 Six-Month Revenues

- Performance: 58%
- CPM: 38%
- Hybrid: 4%

Total – $10.9 Billion

% of 2008 Six-Month Revenues

- Performance: 54%
- CPM: 42%
- Hybrid: 4%

Total – $11.5 Billion

*Pricing model definitions may have changed over time period depicted, both within the survey process and definitionally by survey respondents. Prior year 2008 results were updated in this current report.
Historical Pricing Model Trends

Internet Ad Revenues by Pricing Model – 2004 – HY 2009*

*Pricing model definitions may have changed over time period depicted, both within the survey process and definitional by survey respondents.
PricewaterhouseCoopers
New Media Group

PricewaterhouseCoopers (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.

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PricewaterhouseCoopers’ 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

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