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Full year and quarterly trends
Advertising formats
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Industry category spending
Advertising market share by media
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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/mobile advertising revenues;
- Making the survey as inclusive as possible, encompassing all forms of Internet/online advertising, including Web sites, consumer online services, ad networks, mobile devices and e-mail 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 and mobile advertising revenues.
- Conducts a quantitative mailing survey with leading industry players, including Web publishers, ad networks, commercial online service providers, mobile 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 monthly gross commissionable advertising revenue by industry category and transaction.
- Identifies non-participating companies and applies a conservative revenue estimate based on available public sources.
- Analyzes the findings, identifies and reports key trends.
Annual revenues totaled $31.7 billion in 2011

Online advertising revenue increased 21.9% in 2011.

2010: $26.04
2011: $31.74
21.9% increase
Fourth quarter revenues totaled $8.97 billion in 2011.

Revenue in Q4 2011 was 20.4% higher than in Q4 2010.
Record Growth between 3Q FY11 and 4Q FY 11

Revenue in Q4 2011 was $1.15 billion higher than Q3 2011.
A historical perspective of internet advertising
Quarterly growth comparison, 1999–2011

In billions

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Source: IAB Internet Advertising Revenue Report, 2011

April 18, 2012
2011 shows record revenues
Historical revenue mix, first half vs. second half

In billions

Last 6 months
First 6 months

20.3% CAGR

2002 2003 2004 2005 2006 2007 2008 2009 2010 2011
$3.0 $4.0 $5.0 $6.8 $9.0 $11.2 $11.9 $11.8 $13.9 $16.8

Source: IAB Internet Advertising Revenue Report, 2011
Mobile shows the strongest growth
Advertising formats - 2011 results and growth rates

<table>
<thead>
<tr>
<th>2011 Revenue</th>
<th>2011 vs. 2010 % Growth</th>
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<tbody>
<tr>
<td>Search</td>
<td>$14.8</td>
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<tr>
<td>Classifieds &amp; Directories</td>
<td>$2.6</td>
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<tr>
<td>Lead Generation</td>
<td>$1.5</td>
</tr>
<tr>
<td>Email</td>
<td>$0.2</td>
</tr>
<tr>
<td>Mobile</td>
<td>$1.6</td>
</tr>
<tr>
<td>Digital Video Ads / Sponsorship</td>
<td>$1.8</td>
</tr>
<tr>
<td>Rich Media</td>
<td>$1.1</td>
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</table>

Source: IAB Internet Advertising Revenue Report, 2011
Historical trends in internet advertising formats
Revenue share by major ad formats, 2006–2011

In 2011, mobile revenue is presented in the ad formats section of the report as a separate category for the first time. In order to provide a comparison to the prior year, we have revised 2010 revenues for ad formats to be on a consistent basis (for the methodology, please reference the Appendix on page 25 of the full year 2011 IAB Internet Advertising Revenue Report).
Pricing models shift towards performance
Internet ad revenues by pricing model, 2010 vs. 2011

Total – $26.0 billion

Total – $31.7 billion

Source: IAB Internet Advertising Revenue Report, 2011
Historical pricing model trends
Internet ad revenues by pricing model, 2005–2011

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, 2011
Internet ad revenues by major industry category
$26.0 B in 2010 vs. $31.7 B in 2011

<table>
<thead>
<tr>
<th>Industry</th>
<th>2010</th>
<th>2011</th>
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<tbody>
<tr>
<td>Retail</td>
<td>21%</td>
<td>22%</td>
</tr>
<tr>
<td>Financial Services</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>Telecom (including ISPs)</td>
<td>13%</td>
<td>12%</td>
</tr>
<tr>
<td>Auto</td>
<td>11%</td>
<td>11%</td>
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<tr>
<td>Tech / Computing</td>
<td>8%</td>
<td>8%</td>
</tr>
<tr>
<td>Leisure Travel</td>
<td>7%</td>
<td>8%</td>
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<tr>
<td>Packaged Goods</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Pharma &amp; Healthcare</td>
<td>5%</td>
<td>5%</td>
</tr>
<tr>
<td>Media</td>
<td>4%</td>
<td>5%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>4%</td>
<td>4%</td>
</tr>
</tbody>
</table>
Advertising market share by media
Advertising spend† of key media in 2011 (In billions)

- Broadcast Television *: $38.5
- Internet: $31.7
- Cable Television **: $30.0
- Newspaper: $20.7
- Magazines ***: $18.0
- Radio: $15.2
- Out of Home: $6.5
- Video Games: $1.0
- Cinema: $0.7

† The total U.S. advertising market includes other segments not charted here.
* Broadcast Television includes Network, Syndicated and Spot television advertising revenue.
** Cable Television includes National Cable Networks and Local Cable television advertising revenue.
*** Magazine includes Consumer and Trade magazines.

Source: PwC; IAB Internet Advertising Revenue Report, 2011
Historical advertising market share
Advertising spend of key media from 2005-2011 (In billions)

* Broadcast Television includes Network, Syndicated and Spot television advertising revenue.
** Cable Television includes National Cable Networks and Local Cable television advertising revenue.

Source: PwC; IAB Internet Advertising Revenue Report, 2011
PwC New Media Group

As business, accounting, and tax advisors to many of the world’s leading Entertainment, Media, and Communications (EMC) and Technology (Tech) companies, PwC (www.pwc.com) has an insider’s view of trends and developments driving the industry. With approximately 1200 practitioners serving EMC and Tech clients in the United States, PwC is deeply committed to providing clients with industry expertise and resources. In recent years, our pioneering work in EMC and Tech has included developing strategies to leverage digital technology, identifying new sources of financing, and marketplace positioning in industries characterized by consolidation and transformation. Our experience reaches across all geographies and segments of the EMC and Tech sectors, including broadband, wireless, the Internet, music, film, television, publishing, advertising, gaming, theme parks, computers and networking, and software. With thousands of practitioners around the world, we are always close at hand to provide deep industry expertise and resources.

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
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