Interactive Advertising Bureau
2010 Midyear Internet Advertising Revenue Report

Sherrill Mane, SVP, Industry Services, IAB
David Silverman, Partner, PwC
Tom Adams, Director of WebCosts, SQAD
Agenda

• Welcome

• 2010 Midyear Internet Revenue Highlights
  Sherrill Mane, SVP Industry Services, IAB

• Details of IAB PwC 2010 Midyear Report
  David Silverman, Partner, PricewaterhouseCoopers

• Trends in CPM Rates
  Tom Adams, Director of WebCosts, SQAD

• Q and A
Important Note on Q&A

• We will be using the GotoWebinar user interface for all questions for this call.
  – Please type questions into the Questions box on the GotoWebinar user interface at any time during the presentations.
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  – Additional press questions should be directed to Marla Aaron, IAB Director of PR. Marla@iab.net
  – Additional questions from IAB members should be directed to Joe Laszlo, IAB Director of Research. joe@iab.net.
2010 Midyear Internet Revenue Highlights

“Advertising is totally unnecessary. Unless you hope to make money.”

--Professor Jef I. Richards, Univ. of Texas, Austin

Sherrill Mane
SVP Industry Services
Interactive Advertising Bureau
Biggest First Half Ever

- For the first half of 2010 US Internet ad revenues totaled $12.1 billion, the best first-half revenue ever.
  - This represents an 11.3% (or $1.2 billion) increase from 1H2009’s $10.9 billion.

- Second quarter 2010 revenue of $6.2 billion represents the second highest quarterly revenue result ever for US interactive advertising.
  - This is a 13.9% increase over same time last year ($5.4 billion in 2Q2009).
2010 Midyear Results Compared With 2009

$ Billions

1H2009 1H2010

$10.9 $12.1

11.3%

The Nielsen Company estimates total media revenues increased 3.1% from 1H2009 to 1H2010; Kantar Media estimates a 5.7% increase.

Sources: IAB Internet Advertising Revenue Report, 2010 First Half and Second Quarter Report; The Nielsen Company, October, 2010; Kantar Press Release
Midyear 2010 Top Five Non-Internet Media Revenue Change Over YAG

<table>
<thead>
<tr>
<th>Media Type</th>
<th>Midyear 2010</th>
<th>Midyear 2009</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Network TV</td>
<td>13.73</td>
<td>13.00</td>
<td>5.8%</td>
</tr>
<tr>
<td>Cable TV</td>
<td>12.52</td>
<td>11.07</td>
<td>13.1%</td>
</tr>
<tr>
<td>Spot TV</td>
<td>11.50</td>
<td>12.00</td>
<td>-4.1%</td>
</tr>
<tr>
<td>National Magazine</td>
<td>7.43</td>
<td>7.26</td>
<td>2.3%</td>
</tr>
<tr>
<td>Local Newspaper</td>
<td>5.19</td>
<td>5.18</td>
<td>0.3%</td>
</tr>
</tbody>
</table>

Source: The Nielsen Company, October 2010
According to Nielsen, total media revenues increased 4.2% from 2Q 2009 to 2Q 2010.

Sources: IAB Internet Advertising Revenue Report, 2010 First Half and Second Quarter Report; The Nielsen Company, October, 2010
Interactive Advertising Quarterly Revenue Track
2Q2010: Largest Second Quarter Ever and Second Largest Quarter

Quarterly $ Revenue Growth Comparisons — 1Q2001-2Q2010

Source: IAB Internet Advertising Revenue Report, 2010 First Half and Second Quarter Report
2Q 2010 Top Five Non-Internet Media Revenue Change Over 2Q 2009

<table>
<thead>
<tr>
<th>Media Type</th>
<th>2010 2Q</th>
<th>2009 2Q</th>
<th>Percent Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cable TV</td>
<td>5.83</td>
<td>5.92</td>
<td>13.1%</td>
</tr>
<tr>
<td>Network TV</td>
<td>6</td>
<td>5.92</td>
<td>1.4%</td>
</tr>
<tr>
<td>Spot TV</td>
<td>5.75</td>
<td>5.79</td>
<td>-0.7%</td>
</tr>
<tr>
<td>National Magazine</td>
<td>4.23</td>
<td>3.93</td>
<td>7.5%</td>
</tr>
<tr>
<td>Local Newspaper</td>
<td>2.65</td>
<td>2.62</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Source: The Nielsen Company, March 2010
**Up, Up and Away**

- Display takes off (+16%) while search finds double digit rebound (+12%) in first half 2010
- Standouts in display-related ad formats*’ growth are 32% increase in sponsorship revenue and 31% growth in digital video
- Both impression and hybrid ad pricing models register growth in first half 2010, up 4% and 6%, respectively
- Upward bound display, impression-based and hybrid revenue models indicate an **influx of brand dollars**
- 2Q2010’s $6.2B interactive revenue total rivals Nielsen data on cable and broadcast for the same time period: $6.6B for cable and $6.0B for broadcast network

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

David Silverman,
Partner, PricewaterhouseCoopers
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THANK YOU

UPCOMING IAB EVENTS

• IAB Ad Operations Summit: New York, November 1, 2010

• IAB Case Study Road Show:
  – New York, November 15
  – Chicago, November 17

• IAB Annual Leadership Meeting: La Quinta, CA, Feb 27-March 1, 2011

IAB PROFESSIONAL DEVELOPMENT

• Essentials of the Digital Marketing Ecosystem: New York, October 21 ad 28, 2010

See: www.iab.net/events