

THE JORDAN
EDMISTON
GROUP, INC.



JEGI CAPITAL

SINCE 1987

INDEPENDENT INVESTMENT BANKING FOR
THE MEDIA & INFORMATION INDUSTRIES

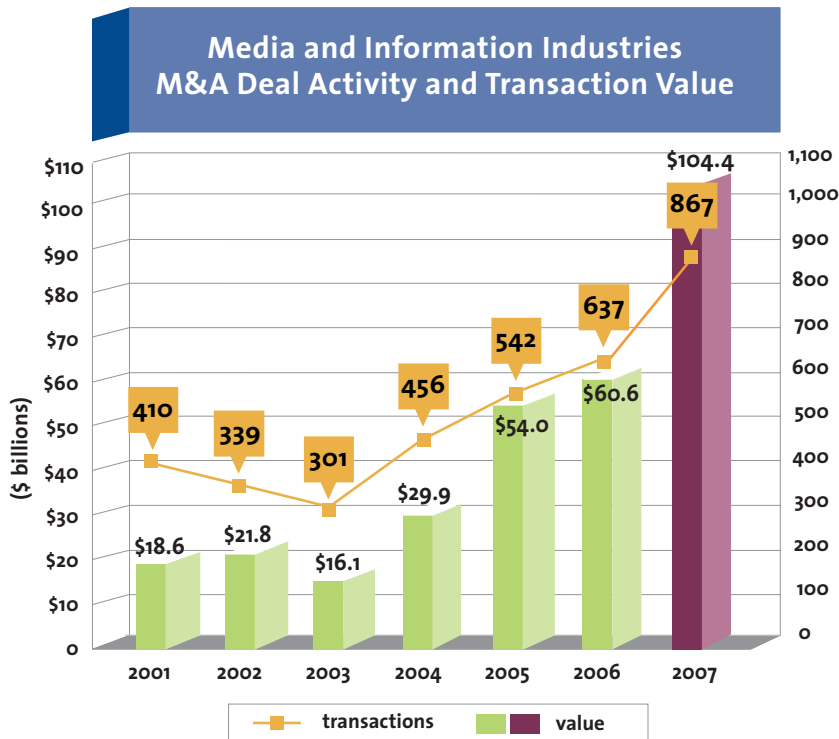
State of Interactive M&A

April 2008

www.jegi.com

2007 Media & Information M&A

M&A for the media and information industries reached record highs in 2007, led by the Online Media and Marketing & Interactive Services sectors. 2007 handily exceeded 2006 levels with 867 transactions and nearly \$105 billion in value for the year, up 36% and 72%, respectively, over last year. To put the year into perspective, the approximately \$45 billion lift in deal value between 2006 and 2007 nearly matched total M&A for 2005.

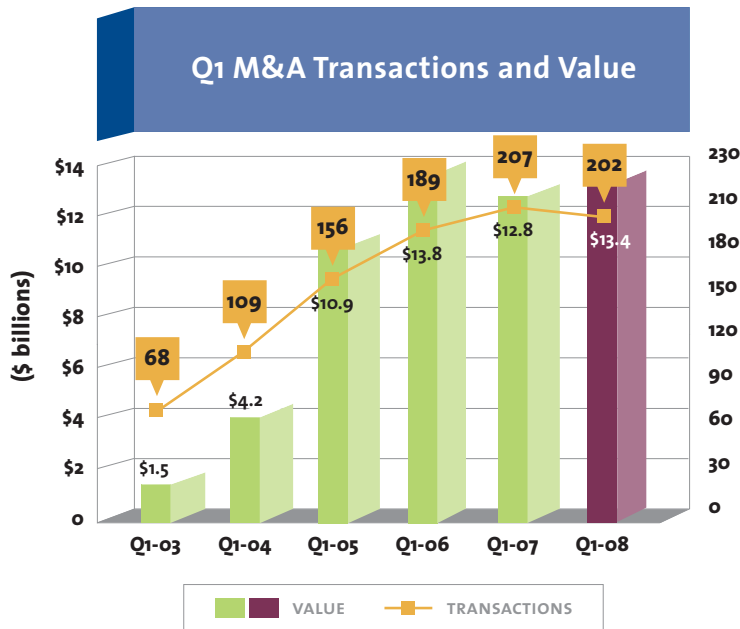


SOURCE: JEGI TRANSACTION DATABASE

\$75 billion of the \$105 billion total M&A value hit in the first half of 2007, and the last six months slowed – but certainly did not stall — with the disruption in the credit markets and forecasts of weaker overall advertising growth. Mid-sized transactions continued at a brisk pace for both strategic and private equity buyers across the 11 media and information sectors tracked by The Jordan, Edmiston Group, Inc. (JEGI).

Q1-2008 Media and Information M&A

Heading into 2008, media and information M&A maintained a strong pace in the first quarter, despite a worsening economic environment. 202 announced transactions totaled \$13.4 billion in value, a better than average performance. Deal value increased 5% compared to Q1 2007, on slightly fewer transactions, on par with the first quarter of 2006 and well ahead of first quarter 2005. Given the economic headwinds, we find it quite encouraging that Q1 2008 deal value modestly surpassed the initial pace of a record-setting 2007.



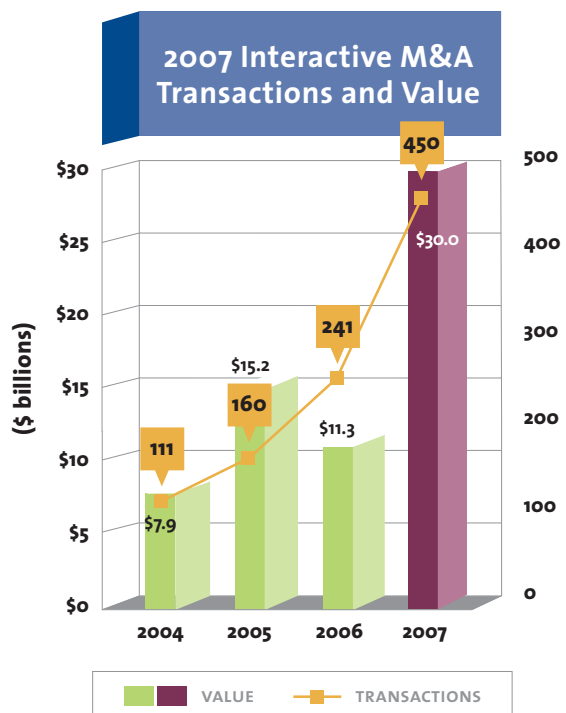
SOURCE: JEGI TRANSACTION DATABASE

2007 Interactive M&A

Interactive M&A, which includes Consumer Online Media, B2B Online Media and Interactive Marketing Services, led all media market sectors in 2007, with 450 transactions valued at \$30 billion – up more than 160% in total value over 2006.

Interactive M&A has been driven by the strong growth in online advertising revenue. The Interactive Advertising Bureau (IAB) and Pricewaterhouse Coopers (PwC) estimate Internet advertising revenue grew 25% in 2007 to \$21.1 billion. Online advertising is projected to grow 20% in 2008 to 9.3% of total US ad spending, according to Universal McCann and eMarketer.

In 2007, Consumer Online Media saw 255 of the 450 total Interactive M&A transactions. Deals in this sector included the sale of iParenting to The Walt Disney Company, Spectrum Equity’s acquisition of the Generations Network, and the acquisition



SOURCE: JEGI TRANSACTION DATABASE

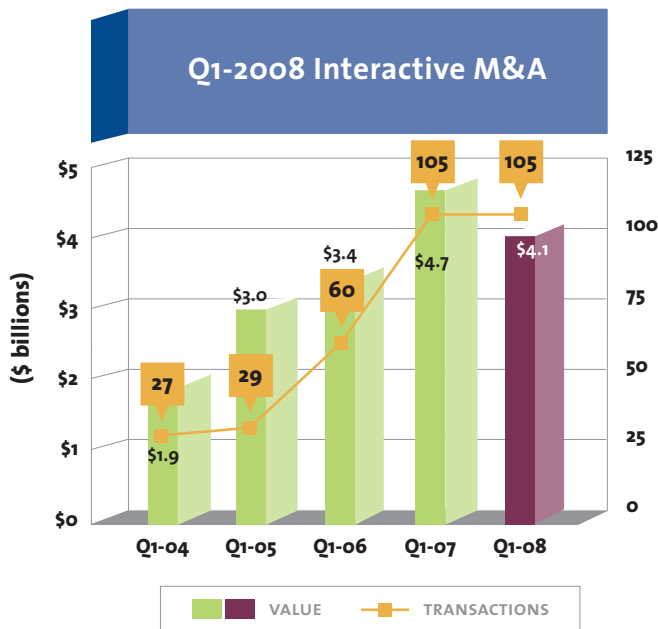
of HowStuffWorks by Discovery Communications. However, Interactive Marketing Services drove more deal value in 2007, led by large interactive advertising transactions including Microsoft's \$5.7 billion acquisition of aQuantive and Google's announced \$3.1 billion acquisition of DoubleClick (completed in 2008).

2007 Interactive M&A Transactions and Value				
	B2B Online Media	Consumer Online Media	Interactive Marketing Services	Total Interactive M&A
Transactions	60	255	135	450
Value (\$billions)	\$2.1	\$10.2	\$17.7	\$30.0

SOURCE: JEGI TRANSACTION DATABASE

Q1-2008 Interactive M&A

Interactive M&A remained active in early 2008 with 105 transactions in Q1 matching Q1 2007, while deal volume declined to \$4.1 billion in Q1 2008 from \$4.7 billion in Q1 2007. The early M&A pace of 2008 is well ahead of 2004-2006 levels.



SOURCE: JEGI TRANSACTION DATABASE

In the first quarter of 2008, Consumer Online Media led with 62 completed transactions totaling \$2.5 billion in value. AOL added to a string of deals with an \$850 million purchase of UK social networking site Bebo. The quarter saw 28 Interactive Marketing Services transactions for a total of \$1.0 billion, including GSI Commerce's \$157 million acquisition of e-Dialog, the investment

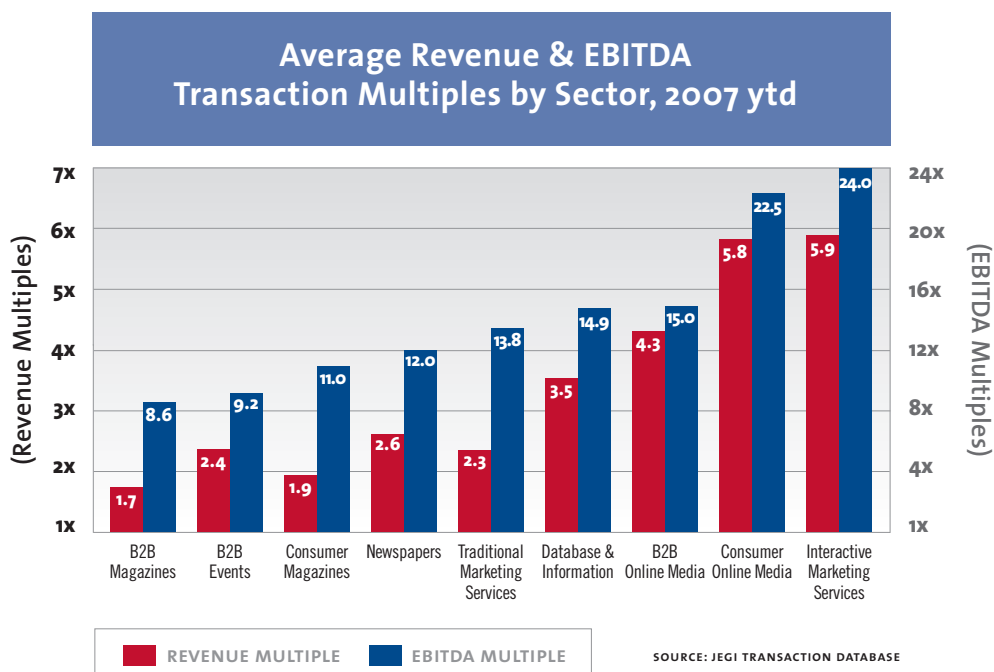
in Undertone Networks by JMI Equity, and the acquisition of Rapt by Microsoft. Looking ahead, Microsoft's bid for Yahoo is likely to stimulate a new wave of consolidation and acquisition among large and mid-tier digital groups.

Q1-2008 Interactive M&A Transactions and Value				
	B2B Online Media	Consumer Online Media	Interactive Marketing Services	Total Interactive M&A
Transactions	15	62	28	105
Value (\$millions)	\$508.5	\$2,536.2	\$1,012.6	\$4,057.3

SOURCE: JEGI TRANSACTION DATABASE

Strong Multiples for Interactive Media

Acquirers continue to pay premium prices for Interactive Media properties. Of the media sectors covered by JEGI, the highest revenue and EBITDA multiples are being paid for B2B Online Media, Consumer Online Media, and Interactive Marketing Services.



To learn more, visit: www.jegi.com

Interactive Ad Networks

The continued growth of online media ad revenue has made ad networks particularly attractive, and each of the “Big Four” online media companies – AOL, Google, Microsoft, and Yahoo – has acquired at least one ad network or ad delivery company over the past 15 months. Additionally, private equity firms and venture capital backed interactive companies have also been active in acquiring and investing in interactive ad networks over the past year.

Select Recent Interactive Ad Networks M&A Transactions		
Date	Buyer/Investor	Seller
Mar-08	JMI Equity	Undertone Networks
Nov-07	AdKnowledge	MediaRun
Sep-07	Yahoo!	Blue Lithium
Aug-07	Apollo Group	Aptimus
Jul-07	AOL (Time Warner)	Tacoda
May-07	Microsoft	aQuantive
May-07	WPP	24/7 Real Media
Apr-07	Yahoo!	Right Media
Apr-07	Great Hill Partners	Gorilla Nation Media
Apr-07	Hachette Filipacchi Media U.S (Lagardere)	Jumpstart Automotive Media
Apr-07	Google	DoubleClick

SOURCE: JEGI TRANSACTION DATABASE

NOTE: COMPANIES REPRESENTED BY JEGI ARE HIGHLIGHTED IN BOLD RED.

Mobile

Interactive M&A has also been driven lately by an expanding array of mobile sectors and applications (e.g., social networking, local search, geolocation, and mobile ad networks). Deal activity has covered both established and mature mobile industry participants – Enpocket and Navteq, for example – as well as emerging application developers such as Jaiku and Webfives.

Many of the large global media, marketing services and technology companies have been very active acquirers of mobile businesses over the past 12 months.

*To Subscribe to JEGI’s Client Briefing Newsletter:
www.jegi.com/subscribe.php*

Select Recent Mobile M&A Transactions		
Date	Buyer	Seller
Feb-08	Microsoft	Danger
Jan-08	Motorola	Soundbuzz
Dec-07	Motricity	Infospace Mobile (Infospace)
Nov-07	Microsoft	Webfives
Nov-07	WPP Group	Quesar Media
Nov-07	Microsoft	Musicwave
Oct-07	Google	Jaiku
Oct-07	Google	Zingku
Oct-07	Nokia	Navteq
Sep-07	Publicis Groupe	Phonevalley
Aug-07	Yahoo!	Actionality
Aug-07	Dell	Zing Systems
Jul-07	Nokia	Enpocket
May-07	AOL (Time Warner)	Third Screen Media
May-07	Microsoft	ScreenTonic

SOURCE: JEGI TRANSACTION DATABASE

Looking Ahead

Led by ad spending on Internet video, which is projected to grow from less than \$1 billion in 2007 to \$4.3 billion in 2011 according to eMarketer, online media revenue is expected to continue growing strongly in 2008 and beyond. The market is moving towards Internet video ubiquity, shifting all forms of media into broadband and mobile applications.

Hundreds of companies are currently working to build the mobile media and marketing sector. Some of the most interesting developments in this space are being led by the large interactive media and technology companies, which are transferring their online capabilities to mobile applications, as well as investing in new products and services.

Media companies are going through an extraordinary period of change, and in the next two years, the mobile landscape will evolve dramatically. In JEGI's April 2008 Client Briefing newsletter, a private equity executive described it as a "once in a lifetime transformation, which will enable a tremendous amount of wealth to be created."

From an M&A perspective, the deal pace set in the first quarter of 2008 and JEGI's pipeline of deal activity suggest that buyers remain ready and able to complete acquisitions of quality mid-sized media and information companies.

The Leading Investment Bank for Interactive M&A

JEGI – Top Dealmaker for Internet Transactions in 2007

Rank	Advisor	# Deals
1	The Jordan, Edmiston Group	6
2	Jeffries & Co.	5
3	Montgomery & Co.	5
4	Evercore Partners	4
5	Lehman Brothers	4



SOURCE: 451 GROUP

Contact Us: Tolman Geffs
tolmang@jegi.com

David Clark
davidc@jegi.com

Scott Peters
scottp@jegi.com

Consumer Online Media


a leading publisher of online communities
for parents and parents-to-be
has been sold
to

DECEMBER 2007


an innovative consumer
health search engine
has been sold
to

JUNE 2007

Intercept Interactive, Inc.
operator of
UNDERTONE NETWORKS™
a premiere online advertising network
has accepted
a strategic investment
from

MARCH 2008




a leading online media company
focused on brand advertising sales
has sold
a significant investment
to

MAY 2007

B2B Online Media

FierceMarkets
a leading online B2B media
company providing e-newsletters,
web sites, webinars,
and live events
has been sold
to

JANUARY 2008

 **MONEY-MEDIA**
a leading business information
provider serving the mutual fund,
asset management and
corporate board markets
has been sold
to

JANUARY 2008

 **KNOWLEDGESTORM**
REACH. SEARCH. RESULTS.
has been sold
to

for
\$58,000,000
NOVEMBER 2007

 Reed Business Information.
has acquired

the leading online marketplace
for buyers and sellers of products
and services
JANUARY 2007

212-754-0710 www.jegi.com