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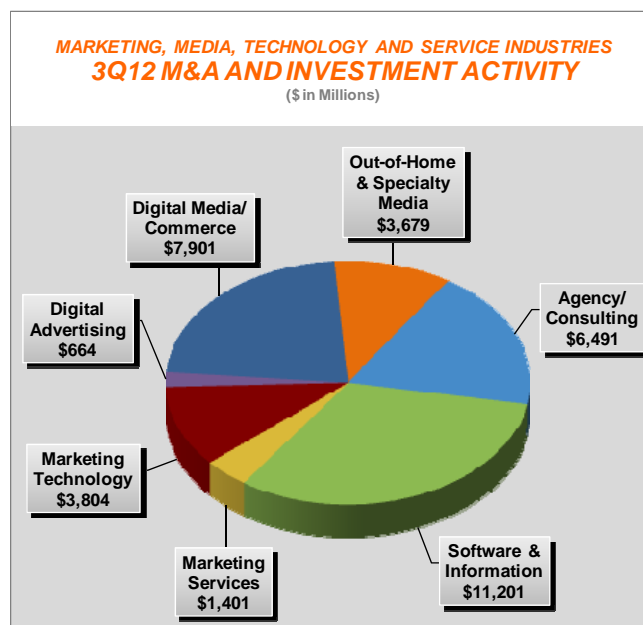
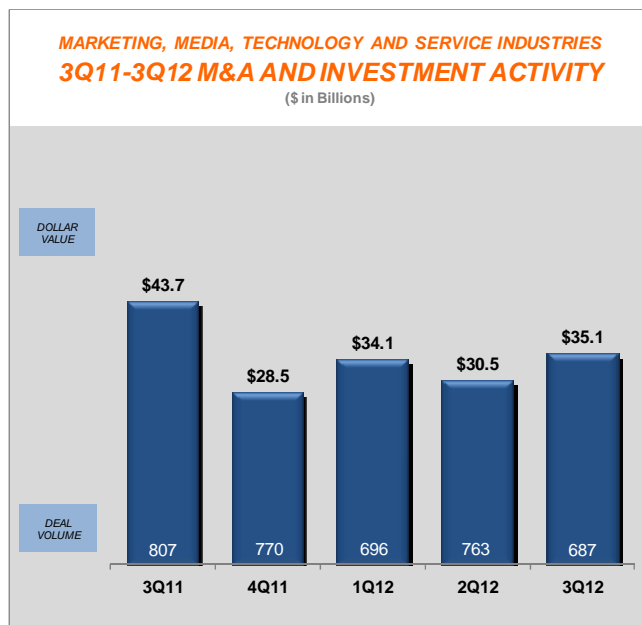
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3Q12 Transaction Value in the Marketing, Media, Technology and Service Industries Up 15 Percent; Nine +\$1 Billion Transactions During the Quarter 3Q12 Review: 687 Transactions Totaling \$35.1 Billion

*Digital Media/Commerce was the Most Active Segment in 3Q12 with 241 Transactions;
 Software & Information was the Highest Value Segment with \$11.2 Billion in Deal Value*

September 28, 2012 (New York, NY) – The aggregate transaction value for mergers and acquisitions and investments in the Marketing, Media, Technology and Service Industries in 3Q12 increased 15 percent, while activity fell 10 percent, compared to 2Q12. During 3Q12, Petsky Prunier tracked 687 M&A and investment transactions for a total of \$35.1 billion across seven broad segments: Digital Advertising, Agency/Consulting, Marketing Technology, Digital Media/Commerce, Software & Information, Out-of-Home & Specialty Media and Marketing Services. Digital Media/Commerce was the most active segment with 241 transactions, while Software & Information was the highest value segment totaling \$11.2 billion, including five of the quarter’s nine +\$1 billion transactions.



M&A Activity

Acquisitions accounted for 44 percent of total transactions in 3Q12, up from 39 percent in the previous quarter. Digital Media/Commerce was the most active M&A segment in 3Q12 with 80 transactions and \$5.8 billion in M&A deal value. eCommerce was the most active and highest value Digital Media/Commerce subsegment, with 16 transactions worth \$3.6 billion in value, a 95 percent increase in value from the previous quarter. Niche Content was also active with 15 transactions announced worth approximately \$915 million. Notable deals in the Digital Media/Commerce segment included:

- The Carlyle Group’s \$3.3 billion acquisition of stock photography company Getty Images, at 3.5x revenue
- Suning Appliance’s \$66 million acquisition of China-based online maternal and infant goods retailer Redbaby

- Google's \$25 million acquisition of website Frommer's Travel

Marketing Technology was the second-most active M&A segment with 75 transactions announced worth approximately \$2.6 billion. While activity in the segment was flat compared to the previous quarter, value fell 26 percent. Content Management was the most active subsegment, with 16 acquisitions worth \$397 million, up 14 percent and 49 percent, respectively, from 2Q12. Transactions in the segment included:

- Google's \$250 million acquisition of social marketing platform provider Wildfire Interactive, at a rumored valuation of more than 6.0x revenue
- Salesforce.com's \$76 million acquisition of GoInstant, which offers a browser that enables multiple users to search the web together
- Gannett's \$23 million acquisition of BLiNQ Media, a Facebook advertising software and services firm

The third most active M&A segment in 3Q12 was Agency/Consulting with 56 transactions valued at \$6.4 billion. The Digital Agency subsegment accounted for 30 percent of deal activity and 88 percent of value, primarily due to Dentsu's \$4.9 billion acquisition of media and digital communications company Aegis Group, at 2.6x revenue and 14.7x EBITDA. Additional acquisitions included:

- Publicis Groupe's acquisition of global marketing and technology agency LBi International, giving the company an enterprise value of \$538 million and a valuation of 1.8x revenue and 12.0x EBITDA
- Aegis Group's \$86 million acquisition of China-based digital media planning and buying agency Catch Stone

Software & Information was the highest value M&A segment as a result of five +\$1 billion deals. There were 26 acquisitions in the segment worth approximately \$10.7 billion, with value up 63 percent from the previous quarter. Notable deals included:

- Dell's \$2.2 billion acquisition of enterprise management software provider Quest Software, at 2.5x revenue and 14.0x EBITDA
- IBM's \$1.2 billion acquisition of Kenexa, which provides on-demand human resources software, at 3.8x revenue
- One Equity Partners' \$1.1 billion acquisition of MModal IP, a provider of documentation and speech recognition solutions for the healthcare industry, at 2.4x revenue and 9.2x EBITDA

M&A activity in Digital Advertising in 3Q12 increased by 38 percent, with 29 deals announced for approximately \$408 million. The Search Marketing subsegment accounted for the highest M&A transaction value in the segment with seven deals announced for approximately \$109 million, a 155 percent increase in value compared to 2Q12. Transactions in the segment included:

- MediaPost Communication's acquisition of Adverline, a France-based ad network, micropayments and publishing company, at an enterprise value of \$60.5 million and a valuation of 1.9x revenue and 15.8x EBITDA
- CityGrid Media's \$30 million acquisition of Felix, which operates a digital pay-per-call ad business, at 1.0x revenue

Investment Activity

Investments accounted for 56 percent of overall volume and 12 percent of deal value in 3Q12, with 387 investments announced worth approximately \$4.3 billion. Digital Media/Commerce was the most active and highest value segment with 161 deals announced worth \$2.1 billion, down 10 percent and 25 percent in volume and value, respectively, from 2Q12. The three most active subsegments were eCommerce, Social Media/Apps and Gaming, accounting for nearly 70 percent of investments in the segment. Digital Media/Commerce investments included:

- MIH Group's \$150 million investment in Flipkart Online Services, an India-based eCommerce company
- Atomico's \$105 million investment in online design retailer Fab.com, which values the company at a reported \$600 million
- Andreessen Horowitz' \$68 million investment in Quirky, which offers a social network and online store for newly developed products

As with the previous quarter, Marketing Technology was the second most active segment with investors, with 130 deals announced worth approximately \$1.2 billion. Content Management was the most active subsegment in 3Q12 with 31 investments worth approximately \$172 million, volume up 15 percent and value down 58 percent from 2Q12. Significant Marketing Technology deals in the quarter included:

- The \$200 million investment in mobile payments company Square, from Citi Ventures, Rizvi Traverse Management and Starbucks, at a reported \$3.3 billion valuation
- Bessemer Venture Partners' \$28 million investment in ClearSlide, which provides a web-based platform designed to facilitate communication demands among sales teams
- DAG Ventures' \$22 million investment in Visible Measures, a provider of an analytics and ad platform for social videos, at a reported \$125 million valuation

Buyer & Investor Activity

3Q12 Most Active Strategic Buyers by Number of Transactions		
Buyer	Number of Transactions	Representative Targets
Dentsu	5	Aegis Group, Catch Stone Advertising, Communicate 2, I Spy Marketing, Taproot India Communications
WPP Group	4	Alchemedia, Fortune Cookie, KKLD, Press Index
Google	3	Frommer's Travel, Sparrow, Wildfire Interactive
Publicis Groupe	3	Bartle Bogle Hegarty, LBi International, Resultrix
Comcast	2	Msnbc, Weather Underground
Gannett Company	2	BLiNQ Media, Mobestream Media
IAC/InterActiveCorp	2	About.com, DateHookUp.com
IBM	2	Butterfly Software, Kenexa
Informa	2	MediaPro, MMPI Canada
Interpublic Group of Companies	2	Hudson Global Group, Interactive Avenues Marketing Solutions
Merkle	2	5th Finger, Brillig
Ron Sachs Communications	2	Vicki Johnson Communications, What's Next Marketing
Sony	2	Gaikai, So-net Entertainment
VMware	2	DynamicOps, Log Insight

Strategic buyers accounted for 40 percent of all control deals and 55 percent of transaction value in 3Q12, with 275 transactions worth approximately \$19.4 billion. Slightly more than half of the acquisitions by strategics occurred within the Digital Media/Commerce and Marketing Technology segments, while another 19 percent were announced within the Agency/Consulting segment.

Buyout firms announced 26 acquisitions for a total of \$11.5 billion in 3Q12. Nine of those transactions were in the Software & Information segment, accounting for 35 percent of total buyout volume and 55 percent of value. Sizeable buyout transactions announced in 3Q12 included:

- Hellman & Friedman's \$1.5 billion buyout of UK-based Wood Mackenzie, a provider of energy market research and analysis, at a reported enterprise value of \$1.7 billion
- Thoma Bravo's \$1 billion buyout of enterprise software and information solutions provider Deltek, at 2.9x revenue and 17.7x EBITDA

Compared to 2Q12, investment transaction volume and value decreased by 17 percent and 41 percent, respectively. Despite the decrease in activity, venture and growth capital investors still announced 386 transactions worth approximately \$4.2 billion. Google Ventures, Sequoia Capital and 500 Startups were the most active investors, with seven, six and five investments, respectively, during 3Q12.

IPO Activity

There were six IPOs in the Marketing, Media, Technology and Service industries in 3Q12. Eloqua, Kayak Software, Palo Alto Networks and Trulia each priced at the high-end or above their initial filing ranges. E2open priced at the low-end of its initial filing range, while Performant Financial was the only company to price below its initial range. E2open, Eloqua, Kayak Software and Palo Alto Networks each closed the quarter trading above their first trading day closing price, while

Performant Financial and Trulia closed down two percent and 12 percent, respectively. Workday submitted its IPO filing in 3Q12 but has yet to price.

“eCommerce and, separately, active corporate development were two prominent trends this quarter,” noted John Prunier, partner of Petsky Prunier LLC. “eCommerce continues to be a focus of investment and M&A activity, as the entire retailing ecosystem shifts in response to accelerating changes in consumer shopping and business purchasing behavior. During the quarter, we also observed a steady increase in strategic buyer activity, reflected not only in the level of announced strategic acquisitions, but also in strategics’ pursuit of opportunities.”

*All values as of 9/27/12. Transaction values include only reported up-front cash payments and do not account for any potential future performance-based compensation.

Quarterly M&A and Investment Activity by Segment

Most Active Digital Media/Commerce Subsegments								
Subsegment	2Q12		3Q12		3Q12 vs. 2Q12 (% Change)		LTM	
	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)
eCommerce	75	3,437	67	4,433	(11%)	29%	259	10,747
Social Media/Apps	52	1,572	50	525	(4%)	(67%)	225	3,250
Gaming	27	508	35	806	30%	59%	123	3,152
Mobile Content/Apps	34	776	32	564	(6%)	(27%)	130	1,842
Niche Content	20	606	19	937	(5%)	55%	84	2,424
Classifieds/Auctions/P-to-P	19	391	17	242	(11%)	(38%)	69	1,408
Digital Promotion/Coupon	12	162	6	208	(50%)	28%	44	1,048
Vertical Search	11	256	6	44	(45%)	(83%)	28	624
Comparison Shopping	5	275	4	45	(20%)	(84%)	20	958
Local Search	7	123	4	94	(43%)	(24%)	20	873
Virtual Goods	0	0	1	5	NM	NM	1	5
Domain Portfolio/Marketplace	0	0	0	0	NM	NM	1	15
Web Search/Portals	3	19	0	0	NM	NM	8	100
Total	265	8,124	241	7,901	(9%)	(3%)	1,012	26,447

Most Active Marketing Technology Subsegments								
Subsegment	2Q12		3Q12		3Q12 vs. 2Q12 (% Change)		LTM	
	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)
Content Management	41	675	47	569	15%	(16%)	126	1,981
Social Technology	36	1,316	24	469	(33%)	(64%)	130	2,720
Analytics & Reporting	26	348	21	207	(19%)	(40%)	78	1,327
Mobile Technology	19	554	19	214	0%	(61%)	86	1,751
Commerce Management	7	214	15	120	114%	(44%)	55	921
Online Targeting/Optimization	9	90	13	208	44%	131%	41	531
MRM/Workflow Management	6	141	8	67	33%	(52%)	21	332
SFA/Lead Management	7	86	7	118	0%	38%	20	458
Ad Serving	6	134	6	74	0%	(45%)	17	295
BI tools	11	194	6	133	(45%)	(31%)	37	2,006
Email/Messaging Software	7	424	6	132	(14%)	(69%)	21	860
CRM	3	457	5	86	67%	(81%)	29	2,553
Media Management System	3	104	4	64	33%	(38%)	16	407
Subtotal	181	4,736	181	2,462	0%	(48%)	677	16,141
Other	21	422	24	1,341	14%	218%	93	2,910
Total	202	5,158	205	3,804	1%	(26%)	770	19,051

"Other" includes Content Delivery Network, Data Quality, Internet Service Providers, Marketing Asset Management, Product/Price Software, Search & Discovery, Segmentation/Data Mining, SEM/SEO Tools, Teleservices/eServices, Web to Print and Website Creation/Hosting

Most Active Agency/Consulting Subsegments								
Subsegment	2Q12		3Q12		3Q12 vs. 2Q12 (% Change)		LTM	
	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)
Digital Agency	27	884	21	5,654	(22%)	540%	100	7,837
Public Relations	4	39	10	187	150%	384%	41	1,189
General Agency	8	164	5	100	(38%)	(39%)	27	507
Healthcare Consulting	0	0	5	55	NM	NM	10	361
Social Agency	6	38	5	65	(17%)	71%	18	202
Experiential Marketing	5	107	4	139	(20%)	30%	24	685
Branded Communications	0	0	3	45	NM	NM	8	214
Design Agency	5	60	3	50	(40%)	(17%)	11	146
Media Planning/Buying	0	0	2	7	NM	NM	6	102
Promotion Agency	3	40	2	134	(33%)	233%	8	214
DM Agency	0	0	1	20	NM	NM	6	252
Ethnic/Multicultural Agency	0	0	1	5	NM	NM	2	6
Healthcare Agency	5	70	1	15	(80%)	(79%)	15	256
Subtotal	63	1,401	63	6,476	0%	362%	276	11,970
Other	6	1,604	1	15	(83%)	(99%)	39	5,455
Total	69	3,005	64	6,491	(7%)	116%	315	17,425

"Other" includes B-to-B Agency, DR Media Buying Marketing Consulting, Other Consulting and Specialty Agency

Most Active Software & Information Subsegments								
Subsegment	2Q12		3Q12		3Q12 vs. 2Q12 (% Change)		LTM	
	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)
Infrastructure Software	35	440	14	512	(60%)	16%	97	1,499
Healthcare Software	24	1,069	10	1,772	(58%)	66%	67	6,826
Market Research	5	81	10	1,622	100%	1,895%	39	2,071
Unclassified Software	14	292	10	304	(29%)	4%	30	673
HR Software	5	259	9	1,907	80%	636%	28	8,042
ERP Software	18	1,350	6	3,528	(67%)	161%	54	7,612
Engineering Software	3	1,413	3	407	0%	(71%)	11	2,039
Credit/Risk Software	4	85	2	130	(50%)	52%	13	404
Financial Information	0	0	2	426	NM	NM	4	1,305
Financial Software	14	604	2	17	(86%)	(97%)	32	3,477
Geo-Demo Information	1	70	2	454	100%	549%	3	524
Healthcare Information	3	1,891	2	58	(33%)	(97%)	7	1,977
Legal Software	1	32	2	4	100%	(87%)	6	111
Subtotal	127	7,587	74	11,142	(42%)	47%	391	36,560
Other	5	306	3	59	(40%)	(81%)	24	1,814
Total	132	7,893	77	11,201	(42%)	42%	415	38,374

"Other" includes Engineering/Scientific/Tech Information, Geo-Demo Software, IT Information, Marketing Data and Product/Price Information

Most Active Digital Advertising Subsegments								
Subsegment	2Q12		3Q12		3Q12 vs. 2Q12 (% Change)		LTM	
	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)
Mobile Marketing	12	124	16	165	33%	33%	65	1,059
Digital Video	16	167	12	156	(25%)	(7%)	58	2,199
Ad Networks/Exchanges	12	274	8	106	(33%)	(61%)	42	1,020
Online Lead Generation	7	105	7	53	0%	(50%)	34	410
Search Marketing	4	80	7	109	75%	37%	19	688
Affiliate/CPA Network	5	530	2	50	(60%)	(91%)	17	722
Game Advertising	1	5	2	25	100%	400%	6	61
Email Services	1	3	0	0	NM	NM	5	36
Total	58	1,288	54	664	(7%)	(48%)	246	6,194

Most Active Marketing Services Subsegments								
Subsegment	2Q12		3Q12		3Q12 vs. 2Q12 (% Change)		LTM	
	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)
Printing Services	6	92	9	1180	50%	1,183%	31	1521
Loyalty/Retention	4	42	4	33	0%	(20%)	13	160
Ad Specialty/Premiums	0	0	3	45	NM	NM	3	45
Logistics	4	375	3	52	(25%)	(86%)	11	473
Database/Analytics	1	25	2	30	100%	20%	6	91
Lettershop	0	0	2	35	NM	NM	5	80
Retail Services	3	404	1	25	(67%)	(94%)	7	491
Call Center	0	0	0	0	NM	NM	3	65
Channel Services	0	0	0	0	NM	NM	1	200
Collections	0	0	0	0	NM	NM	2	40
Data Processing/Enhancement	2	6	0	0	NM	NM	3	24
Fulfillment	1	15	0	0	NM	NM	4	210
List Broker/Manager	1	5	0	0	NM	NM	1	5
Offline Lead Generation	0	0	0	0	NM	NM	1	5
Total	22	965	24	1,401	9%	45%	91	3,411

Most Active Out-of-Home & Specialty Media Subsegments								
Subsegment	2Q12		3Q12		3Q12 vs. 2Q12 (% Change)		LTM	
	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)	Number of Transactions	Deal Value (\$ Millions)
Entertainment Media	5	3,064	9	1,204	80%	(61%)	15	6,468
Traditional Outdoor	2	130	5	715	150%	448%	16	4,752
Digital Place-Based Media	3	38	4	70	33%	86%	16	317
B-to-B Media	4	105	3	213	(25%)	102%	13	440
Yellow Pages	1	750	1	1,477	0%	97%	4	2,238
Total	15	4,087	22	3,679	47%	(10%)	64	14,216

About Petsky Prunier LLC

Petsky Prunier (www.petskyprunier.com) is one of the leading investment banks in the internet, marketing, media, technology, information, healthcare and service industries. Our firm's mergers and acquisitions and private placements advisory services reflect a unique blend of product specialization and industry expertise. Together with strategic consulting firm Winterberry Group (www.winterberrygroup.com), a Petsky Prunier company, the organization represents one of the largest industry-specific advisors providing strategic and transactional services. Securities transactions are processed through Petsky Prunier Securities LLC.

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