



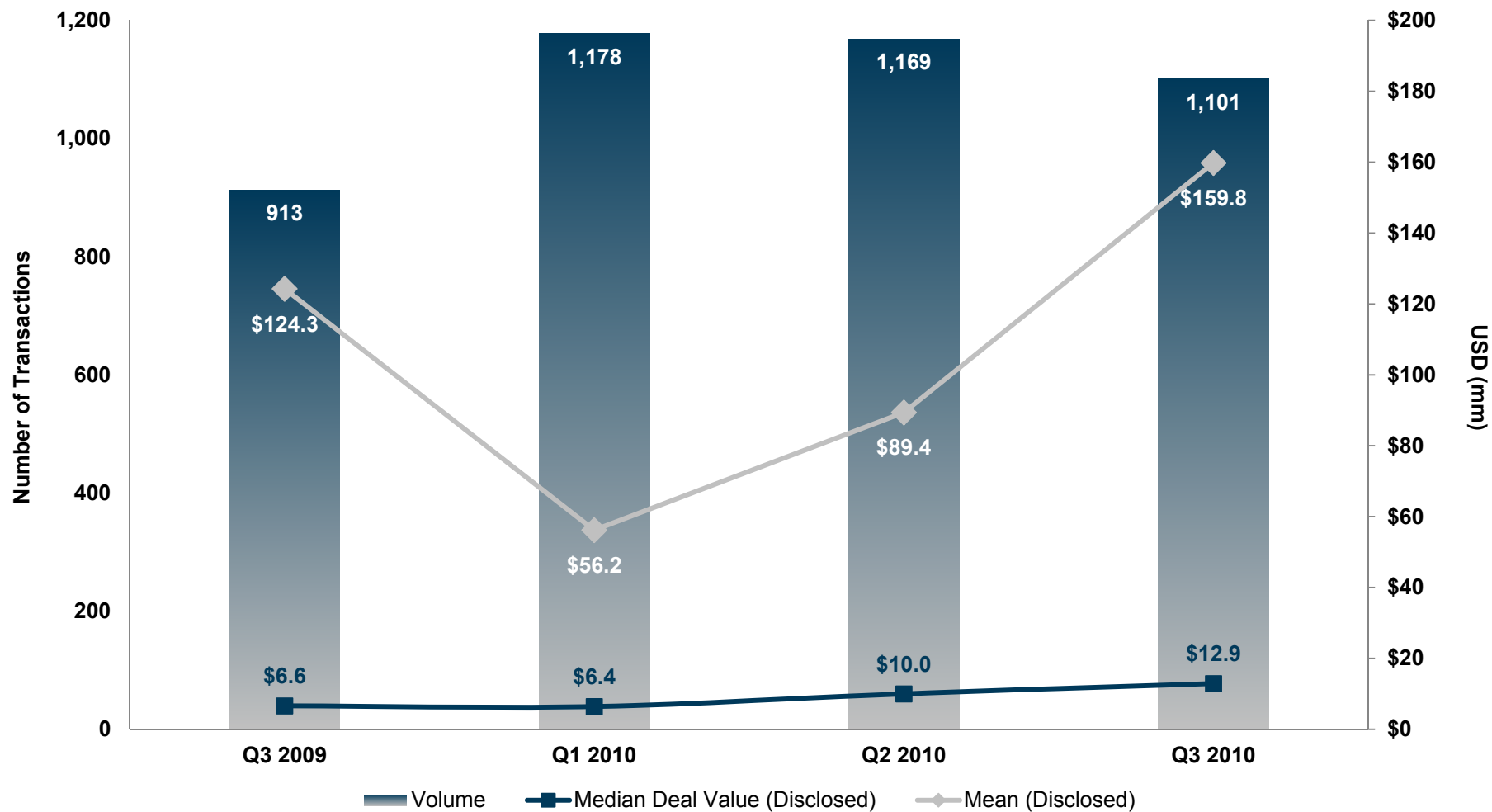
Technology, Digital Media &
Internet M&A Activity

THIRD QUARTER 2010 IN REVIEW

S&A Exit Report Methodology

- The S&A Exit Report captures:
 - Digital media, Internet and technology transactions that were announced during the 3rd quarter of 2010 (July 1st – September 30th)
 - Publicly available deal values and implied trading multiples
 - Notable transactions and events during the quarter
 - S&A industry thoughts and trends
 - Sectors of focus include:
 - Internet and Digital Media
 - Software

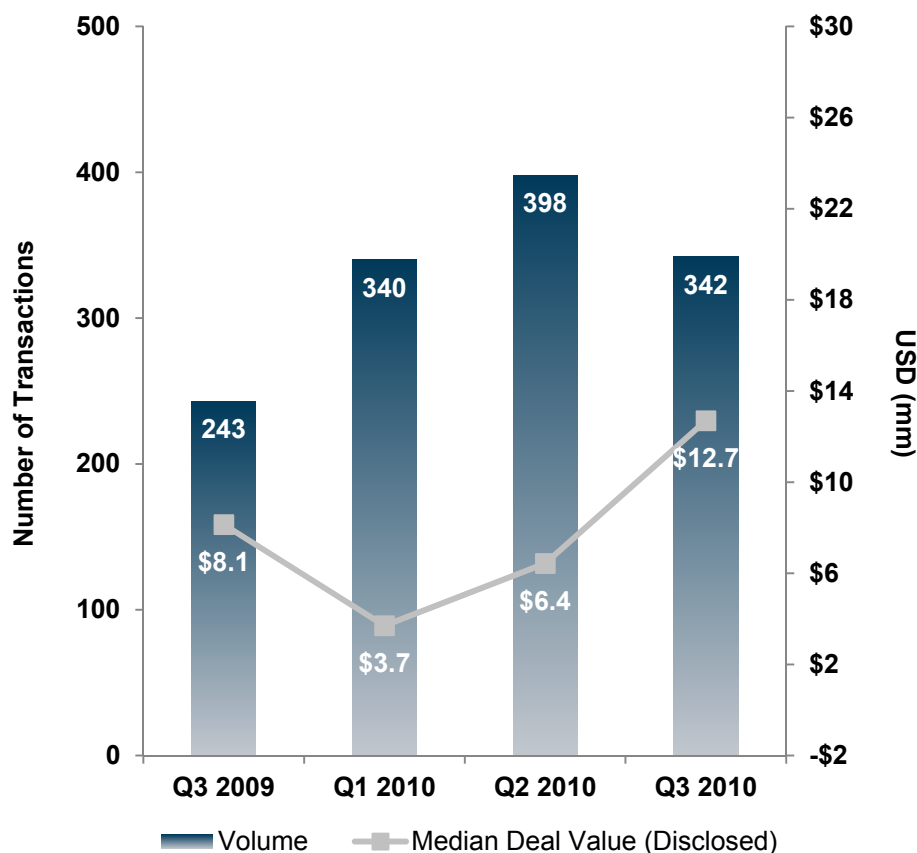
Overall Technology Transaction Trends



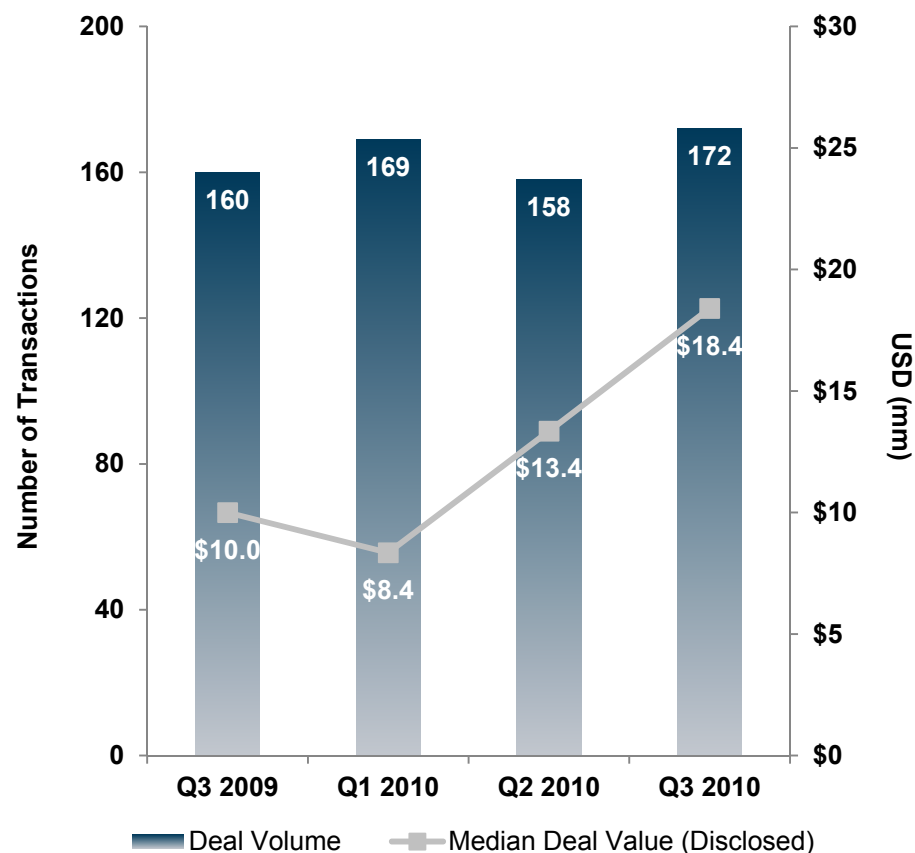
Source: Capital IQ and Siemer & Associates' proprietary research database

S&A Sector Focus M&A Activity

Digital Media & Internet



Software



Source: Capital IQ and Siemer & Associates' proprietary research database

Q3 M&A Sector Overview

Sector	Deal Metrics	Notable Transactions
<p>Internet & Digital Media</p>	<p>Value: \$6.1bn</p> <p>Volume: 347</p> <p>Mean: \$68.3mm</p> <p>Median: \$14.4mm</p>	
<p>Software</p>	<p>Value: \$20.9bn</p> <p>Volume: 178</p> <p>Mean: \$427.1mm</p> <p>Median: \$9.1mm</p>	

Value: Includes total value of all reported deal volume with publicly available information
 Volume: Includes total number of reported M&A transactions
 Mean and Median: Include publicly disclosed M&A deal values only

3rd Quarter Highlights & Trends

Overall Technology

- Overall Technology M&A deal volume remains relatively consistent
- Median enterprise value (“EV”) of M&A transactions continues upward trend
- The industry has outperformed the overall market, allowing large companies to utilize balance sheets for acquisitions

Digital Media & Internet

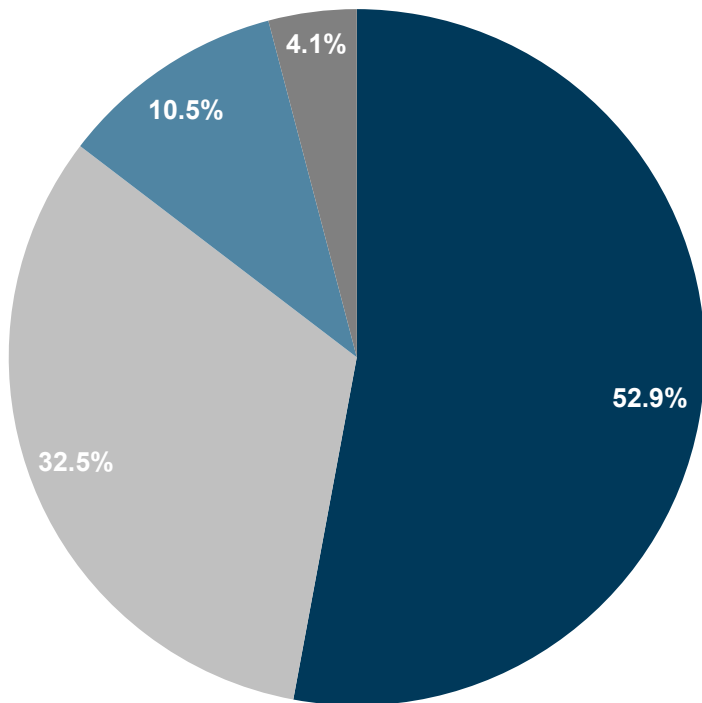
- Transaction volume fell from Q2 but median deal value increased
- Fewer larger deals during the quarter
- Companies continue to vocalize specific strategies and to look for complementary acquisition opportunities

Software

- Stable trend in transactional volume across 2010
- Median deal EV continues to rebound
- Quarter dominated by several large deals
- Shift in cloud computing focus has distracted traditional companies
- Look for larger consolidation across software sector as mature companies continue to merge

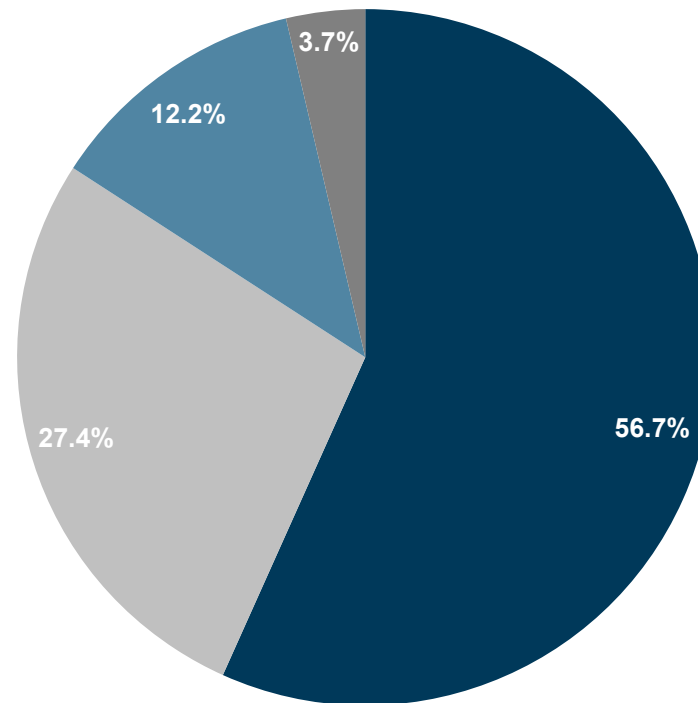
Q3 Geographic Breakdown

Digital Media & Internet



■ North America ■ Europe ■ Asia / Pacific ■ Other

Software



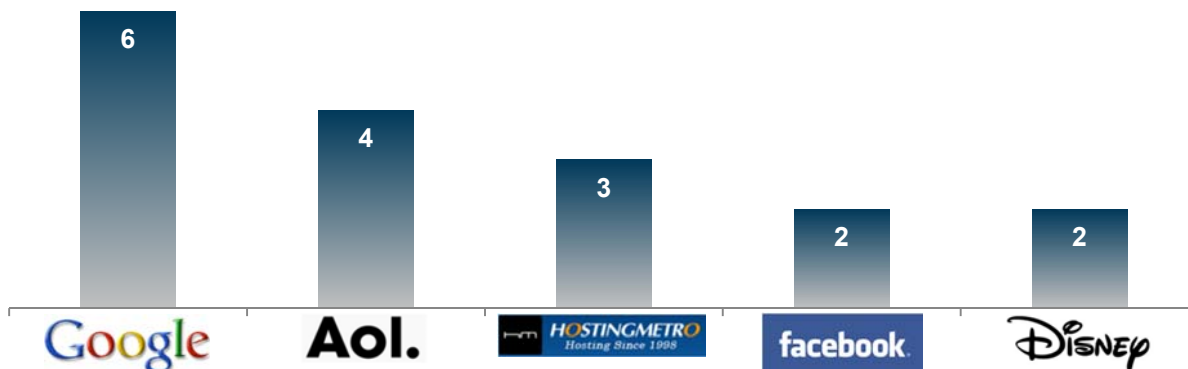
■ North America ■ Europe ■ Asia / Pacific ■ Other

Data provided by Capital IQ and Siemer & Associates' proprietary research.

Leading Acquirers by Sector

Digital Media & Internet

Q3 Acquisitions

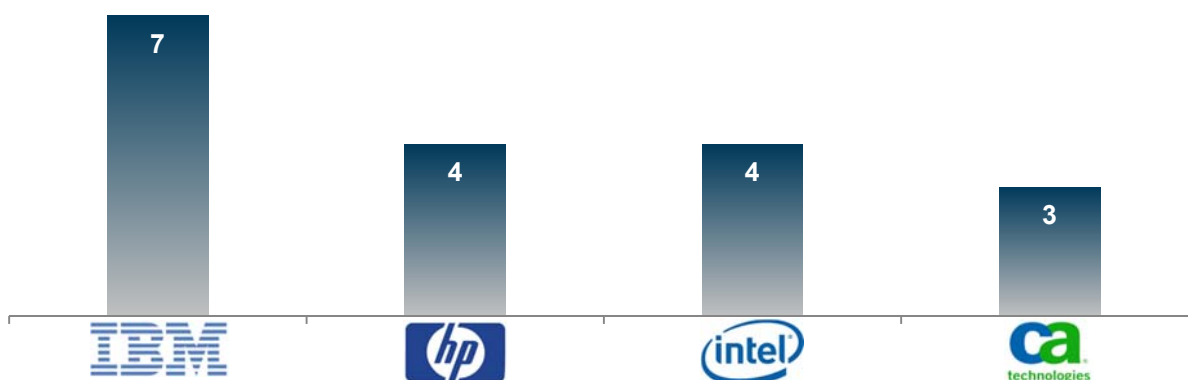


YTD Acquisition Total*

Google	23
Aol.	5
facebook.	5
DISNEY	4
HOSTINGMETRO	3

Software

Q3 Acquisitions



YTD Acquisition Total*

IBM	13
hp	10
intel	6
ca technologies	6

Source: Capital IQ and Siemer & Associates' proprietary research database

* All YTD acquisitions across all sectors

3rd Quarter M&A Summary & Highlights

- Consolidation trends continue to drive M&A across the industry
- Interactive mobile, social and game-oriented applications remain hot sectors
 - Google and Disney were particularly acquisitive this quarter
- Google's interactive application acquisitions include:
 - Slide, a social network application developer, for \$182mm
 - Jambool, an in-app payment platform, for \$70mm
 - SocialDeck, a social and mobile game developer, for an undisclosed amount
 - Everything Is The Best, a mobile and social application developer, for an undisclosed amount
- Disney remained focused on its expansion into gaming with its pick ups of:
 - Playdom, a social game developer, for \$563mm plus a \$200mm earn out
 - Tapulous, a mobile game developer, for an undisclosed amount
- This trend has continued globally with Dena's Q4 acquisition of mobile game developer ngmoco for \$400mm
- S&A believes M&A activity this sector will continue to grow for the foreseeable future due in part to:
 - Continued growth of Facebook user base (approaching 600mm)
 - Rumored Verizon iPhone launching in Q1 2011
 - Google's Android gaining significant market share in the mobile OS landscape

Looking Ahead to Q4 and Beyond...

- Siemer & Associates foresees increased M&A activity in social and gaming applications, Internet advertising, mobile and Internet/domain services
- Social & gaming applications will continue to remain a focus as user engagement and interaction become increasingly important
- Internet advertising has experienced several years of organic growth and technological innovation, particularly in mobile and rich media
 - S&A predicts that a significant amount of capital will be dispensed in the coming quarters to consolidate high margin online advertising networks, platforms and technologies
 - New trends in media consumption will continue to transform the advertising landscape
- The expanding mobile application universe will remain an area of consolidation
- The Internet/domain services industry has stalled in organic growth, but is becoming increasingly interesting for its cash flow qualities
 - Go Daddy was recently removed from the market in Q3
 - Web.com's recent acquisition of Register.com foreshadows a larger trend of acquisitive growth

Contact Information



SIEMER

& ASSOCIATES

Siemer & Associates, LLC • Member FINRA/SIPC

1333 2nd Street, Suite 600

Santa Monica, CA 90401

Phone: (310) 861-2100

Fax: (310) 861-2125

www.siemer.com