

The Compass Newsletter

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Dear Friends and Colleagues:

Once again this quarter, it's the Digital World that seems to be the only sign of optimism. The rest of the economy and, for that matter, the world, is pretty bleak. Just read through the first few pages of this newsletter. No wonder we were slow to get it out. Who wants to hear all the bad stats?

On a happier note, in September, we launched our "*Gridley's Guide to Digital NY*". This was a "labor of love" project all summer that we've gotten FABULOUS reviews on. Our report includes information on 300 private companies, 120 VC and PE investors and 50 public companies. We decided to write this guide when we were out marketing in the spring and everyone was asking us about all the buzz in NY. People knew that there was a "there there", but didn't seem to know how big it was and what was really going on. In fact, there has been over \$4 billion invested in digital companies in NY since January 2007. In an effort to show all the data services companies out there a little innovation, we decided to build a website and make the guide an interactive one, not simply a paper based report. If you haven't seen it, please visit www.gridleydigitalny.com. There, you can sort through all the digital companies and investors in NY. We plan to update this report and website on a regular basis and think it will be a "go to" resource for anyone interested in the NY digital ecosystem.

Table of Contents

Summary of Economic Statistics.....	2
Performance of Key Market Indices	4
Performance of Our Targeted Industry Sectors.....	4
Overall U.S. Equity Market Transaction Volume	15
M&A Market Transaction Volume - Announced Deals with U.S. Targets	19
Private Equity / Venture Capital Financing Transactions	28
Outlook for the Market	42
A Word about Gridley & Company LLC	42



Summary of Economic Statistics

Interest Rates:

Short Term: For Q3 2011, the Federal Reserve continued to maintain its low target rate of between 0.00% and 0.25%, a range that has remained unchanged since December 16, 2008. In order to help foster economic recovery, the Fed is likely to keep the federal fund rates at low levels until mid-2013.

Long Term: Ten-year treasury notes began at 3.15% and ended the quarter at 1.92%. The spread between the 2-year and 10-year notes fell significantly from 272 to 167 basis points. The Fed addressed the faltering economy with plans to invest \$400 billion dollars in long term securities by the end of June 2012 through "Operation Twist" - a plan funded by a sale of short-term debt. This move is unlikely to have any material impact on the economy.

Oil Prices: The price of crude oil decreased about 17% in Q3 2011, starting the quarter at \$94.94 per barrel and ending at \$79.20 per barrel, the lowest level since Sept. 29, 2010. This price drop was largely due to a fall in demand related to the global economic slowdown. Not only had the demand for oil worldwide decreased, but lower demand for goods imported from emerging economies such as China has led to a further drop in oil demand, removing what had been a key price support for oil in the past. Since the end of Q3, oil has rebounded with record gains in October and even broke \$100 per barrel. Prices soared as more information around the Greek debt plan was released, allaying some investors' fears. We'll have to wait and see if the plan gets pushed through.

Gold and Other Commodities: Gold prices rose 9.25% overall in Q3. Prices rose in the first two thirds of the quarter to reach a high of \$1,907 on September 6th, but have since fallen to close the quarter at \$1,622.30. Gold prices were still up 14% for the year, reflecting weak faith in paper currencies and the expectation that central banks will weaken currencies further by pumping more cash into their economies. Since the end of Q3, gold prices have risen above \$1,700 and analysts believe that there will continue to be price support for gold from many risk averse investors.

U.S. Dollar: The dollar strengthened 5.7% against the Euro and 2.9% against the British pound, while weakening 5.4% against the Yen. The European debt crisis and economic and financial uncertainty in the region gave a boost to the bruised dollar. However, the dollar fell against the Yen as investor confidence in Japan recovered in the nation's rebuilding period after their natural disaster.

Housing and Commercial Real Estate: The housing sector showed signs of strength in Q3. Housing sales increased by 7.7%, primarily due to reinvestments of distressed homes. Investments in nonresidential structures showed no signs of growth. 18 of the 20 cities in the S&P/Case-Shiller Home Price Indices continued to decline on an annual basis. Despite seasonal signs of vitality, housing prices are still lower than the previous year. If the job market and the economy overall do not improve, the housing market will likely remain depressed through 2012.

Consumer Confidence: At the end of September, the Conference Board Consumer Confidence Index measured 45.4, down 22.4% from 58.5 at the end of June. The Index declined sharply in August, as pessimistic consumers expressed concern about both the economic outlook and their own future earnings. Consumers' assessment of current conditions weakened further in September. Those claiming business conditions are "good" decreased from



14.1% to 11.7%, and those claiming business conditions are "bad" remained virtually unchanged at 40.4%. Those claiming jobs are "hard to get" increased from 48.5% to 50.0%.

Unemployment: The unemployment rate changed little in Q3, hovering around 9.1%, down just 0.1% from the 9.2% rate at the end of June. According to statistics published by the Bureau of Labor Statistics, 220,000 jobs were added over the quarter. Gains were reported in professional and business services, health care, construction, retail trade, manufacturing and mining, while government employment continued to trend down. Long-term unemployment remained the same and involuntary part-time unemployment actually increased over the quarter. This means that 14.0 million Americans were still looking for work and that job creation remains a major issue for the American economy.



Performance of Key Market Indices

This past quarter scared plenty of investors. The S&P 500, Dow Jones, and Nasdaq indices all dropped by more than 12% in Q3, one of the worst quarterly performances by the three indices since Q4 2008. Investors who were hoping for a second-half bounce instead saw high volatility in the markets and a retraction from the markets in favor of safety and liquidity. Investors fled from equity markets as fears arose around the sputtering global economy and the European bank.

	Stock Price Performance of Key Market Indices			
	Q3			
	2008	2009	2010	2011
S&P 500	(8.9%)	15.0%	10.7%	(14.3%)
Dow Jones	(4.4%)	15.0%	10.4%	(12.1%)
Nasdaq	(8.8%)	15.7%	12.3%	(12.9%)

Source: CapIQ

Performance of Our Targeted Industry Sectors

Not surprisingly, our target industry sectors were impacted by the market dip. The market downturn hurt the Internet Services sector more than the others, with a 27.5% average decrease in stock price. Data Services fared the best, and even that sector had an average stock price decrease of 12.7%.

	Median Stock Price Performance of Targeted Industry Sectors			
	Q3			
	2008	2009	2010	2011
Marketing Services	(8.5%)	(1.7%)	(11.2%)	(22.9%)
Internet Services	(21.5%)	0.4%	(11.3%)	(27.5%)
Financial Technology	(13.4%)	(1.8%)	(11.4%)	(19.2%)
Data Services	(7.9%)	(5.8%)	(8.7%)	(12.7%)
SaaS and Outsourcing Services	(15.5%)	(1.3%)	(3.2%)	(22.6%)

Source: CapIQ

There were plenty of "losers" (stock price decline of more than 20.0%) and only a handful of "winners" (stock price appreciation of more than 20.0%) in our targeted industry sectors in Q3 2011. There were 119 losers versus 9 winners for the quarter. Of the 230 stocks that we follow, 10.9% saw their stock prices increase, while 89.1% saw decreases. None of our target sectors fared well in the Q3 downturn.



2011 Stock Price Performance of Public Companies in Targeted Sectors

Sector	Number of Public Companies	% of Stocks		Number of	
		Increased	Decreased	Winners	Losers
Marketing Services	31	9.7%	90.3%	1	18
Internet Services	94	10.6%	89.4%	4	54
Financial Technology	50	14.0%	86.0%	2	22
Data Services	15	6.7%	93.3%	0	3
SaaS & Outsourcing Services	41	9.8%	90.2%	2	22
Total	231	10.8%	89.2%	9	119

Source: CapIQ

“Winners” and “Losers” in Our Targeted Industry Sectors for Q3 2011

Marketing Services

In Q3 2011, the stand-out winner of the Marketing Services sector was **APAC Customer Services**, a customer service outsourcing provider who operates client support centers domestically and internationally. The substantial rise in APAC’s stock price came after the acquisition announcement by **JP Morgan Chase’s One Equity Partners** for \$8.52 per share, 59.8% above its pre-acquisition stock price.

The Marketing Services sector had 18 losers. Hong Kong-based out-of-home screen advertising company **Focus Media Holding** finished at \$16.84 per share, a 45.9% decline in Q3. Advertising holding company **The Interpublic Group of Companies** fell 42.4% to \$7.20 per share. Three of the other major ad holding companies, **Omnicom**, **WPP**, and **AEGIS**, also had stock price declines of more than 20% in the quarter. **Valassis Communications**, who publishes bundled advertisement inserts in newspapers, fell 38.2% to \$18.74 per share. Similarly, billboard advertising company **Lamar Advertising** ended the quarter 37.8% down at \$17.03 per share.

Internet Services

Internet Services had the most losers, 54 in total including 24 companies whose stock prices declined more than 40% in the quarter. OUCH! Mobile companies especially seemed to have struggled as they represented three of the top six losers. Mobile advertiser **Motricity** lost a substantial 78.1% to close at \$1.69 per share. Motricity’s stock saw dips after announcing revenues below analyst estimates and a net loss for Q3. The other two mobile losers, mobile app store **Sky-mobi** and mobile game producer **Glu Mobile**, were the top two winners in Q1 with gains of 130.2% and 108.7% respectively. Since then, the two experienced falling stock prices in Q2 and now both have become top losers in Q3.



Travelzoo has been troubled by competition from daily deal sites like **Groupon**, **LivingSocial**, and **Gilt Groupe's Jetsetter**. While the company has tried to remedy the situation by hiring more personnel, revenue has not lifted commensurate with its staff expansion. In Q3, Travelzoo stock value dropped 66.0% to \$21.99 per share.

Netflix also found itself in the ranks of the losers after a tumultuous run on the publicity front. In July, Netflix raised the price of its subscriptions, citing the changing cost structure of the DVD rental service and the online streaming service. The company also announced that Netflix would be splitting into two different companies with Netflix as the streaming service and a new "Qwikster" as the DVD-only entity. In response, Netflix lost thousands of subscribers, many more than the company had anticipated in executing the price hike, and correspondingly, stock prices fell from its all time high of \$304.79 per share. In mid-September, Netflix CEO Reed Hastings publicly admitted to the mishandling of the price change and apologized for the resulting broken trust between subscriber and service provider. The company ultimately backed away from its plans to create the Qwikster entity. By the close of a costly Q3, Netflix stock had declined 56.9%.

Remember a few years back when **Online Resources** stretched to buy **Princeton eCom** in a big auction process for about \$200 million? We remember it all too well because we were representing the second place bidder. We subsequently wrote about the deal in our Q2 2006 newsletter saying that this deal would either make or break ORCC as they had never done any deals anywhere near that big and it was an expensive price. Well, it looks like we were right. At the time of the deal, ORCC had a market value of about \$350 million. As of the end of Q3 2011, its market value was a mere \$81.7 million.

Data Services

Unfortunately no company emerged as a winner in the Data Services sector. There is not much to say here except that we would need to see business spending come back for the business information leaders to fully recover.

Financial Technology

In the Financial Technology sector, **Athenahealth** was a top winner, gaining 44.9% in Q3 2011. The steady rise in Athenahealth's stock value came following the announcement of the acquisition of **Proxsys** in mid-July as well as an upbeat revision to revenue growth and profitability around the same time. **S1 Corporation**, the Georgia-based payment and banking solutions company, also finished Q3 2011 as a winner in the sector with a stock price of \$9.17, a 22.6% increase in price per share. S1's stock price spiked when New York-based electronic payment systems firm **ACI Worldwide** announced its acquisition of S1 for \$9.55 per share.

Of the losers in the financial technology sector, **VASCO Data Security International** had the biggest drop (59.0%), finishing at \$5.11 per share. VASCO stocks began to fall steadily in July, in spite of an announcement of raised revenue guidance for fiscal 2011. **Netspend Holdings** was down 48.6%, ending the quarter at \$5.14 per share. In early June, investigations of Netspend Holdings by separate law firms for failing to disclose prepaid debit card fees to customers commenced; however, most of the drop came on August 3rd, after Netspend Holdings announced an adjustment to a lower-than-previous revenue and EBITDA guidance. The lower prospects took into account the slow start of the non-standard auto insurance channel, failed partnerships with previous distributors, and competitive pressures from other prepaid debit card companies such as **American Express** and **Western Union**.



SaaS & Outsourcing Services

The SaaS and Outsourcing Services sector ended the quarter with 22 losers and two winners. **Emdeon's** stock saw an impressive 43.2% growth in Q3 due to the announcement of its sale to private equity firms **Hellman & Friedman** and **The Blackstone Group** for \$3 billion on August 4th, 2011.

Out of the 22 losers, the three companies that got hit the worst were **ServiceSource Corporation**, **Unisys Corporation**, and **ManpowerGroup**. **ServiceSource**—a winner last quarter—topped the losers category with a 40.5% loss over Q3. In addition, **Unisys** and **ManpowerGroup** both lost 38.9% and 37.3% respectively. **Unisys** reported a \$648 million loss mainly due to corporate restructuring and fierce competition for defense contracts. The **ManpowerGroup**, an employment service, struggled given the overall macroeconomic conditions and the lack of hiring.

The charts on the following pages illustrate each sector's stock price "winners" and "losers" for the third quarter of 2011. Please visit our website, www.gridleyco.com, for a full listing of the public companies in our targeted industry sectors.



Stock Price Winners & Losers in Gridley's Targeted Sectors
Q3 2011

(\$ in millions, except per share amounts)

	Market Cap 09/30/11	Stock Price 09/30/11	Q3 Stock Price Change
Marketing Services			
Winners (1)			
APAC Customer Services, Inc.	\$437.3	\$8.52	59.8%
Losers (18)			
Focus Media Holding Ltd.	\$2,250.1	\$16.84	(45.9%)
The Interpublic Group of Companies, Inc.	3,445.4	7.20	(42.4%)
Valassis Communications Inc.	882.8	18.74	(38.2%)
Lamar Advertising Co.	1,582.1	17.03	(37.8%)
Alterian plc	60.4	0.63	(37.6%)
VisionChina Media Inc.	153.8	1.83	(35.3%)
Convergys Corporation	1,125.7	9.38	(31.2%)
Sykes Enterprises, Incorporated	691.8	14.95	(30.6%)
Charm Communications Inc.	328.8	8.40	(29.4%)
China Mass Media Corp.	23.8	0.94	(28.8%)
TeleTech Holdings Inc.	863.8	15.24	(27.7%)
Clear Channel Outdoor Holdings Inc.	3,331.4	9.36	(26.3%)
Havas	1,599.1	2.76	(25.0%)
Ipsos SA	1,473.2	24.23	(25.0%)
Omnicom Group Inc.	10,295.8	36.84	(23.5%)
WPP plc	11,636.8	6.01	(22.9%)
Aegis Group plc	2,228.1	1.25	(22.2%)
AirMedia Group Inc.	164.3	2.49	(22.2%)



Stock Price Winners & Losers in Gridley's Targeted Sectors

Q3 2011

(\$ in millions, except per share amounts)

	Market Cap 09/30/11	Stock Price 09/30/11	Q3 Stock Price Change
Internet Services			
Winners (4)			
eGain Communications Corp.	\$115.5	\$4.73	60.3%
Zillow, Inc.	753.7	27.35	36.8%
Tudou Holdings Limited	387.1	13.65	36.5%
Carbonite, Inc.	289.0	12.04	20.4%
Losers (54)			
Motricity, Inc.	\$78.2	\$1.69	(78.1%)
Travelzoo Inc.	362.0	21.99	(66.0%)
Glu Mobile, Inc.	133.3	2.11	(60.0%)
E-Commerce China Dangdang Inc.	391.0	4.94	(57.4%)
Netflix, Inc.	5,950.8	113.27	(56.9%)
Sky-mobi Limited	104.6	3.25	(55.5%)
FriendFinder Networks Inc.	60.3	1.84	(54.7%)
WebMediaBrands Inc	25.6	0.60	(54.5%)
Youku.com Inc	1,863.7	16.36	(52.4%)
Inuvo, Inc.	10.2	1.02	(51.4%)
Monster Worldwide, Inc.	881.9	7.18	(51.0%)
ReachLocal, Inc.	317.8	10.87	(47.8%)
DG FastChannel, Inc.	466.4	16.95	(47.1%)
LiveDeal, Inc.	1.1	1.60	(46.7%)
OpenTable, Inc.	1,089.4	46.01	(44.6%)
Vistaprint N.V.	1,085.2	27.03	(43.5%)
Web.com Group, Inc.	192.6	6.98	(43.3%)



Stock Price Winners & Losers in Gridley's Targeted Sectors

Q3 2011

(\$ in millions, except per share amounts)

	Market Cap 09/30/11	Stock Price 09/30/11	Q3 Stock Price Change
Internet Services (cont'd)			
Losers (54)			
Ancestry.com Inc.	\$1,068.1	\$23.50	(43.2%)
Changyou.com Limited	1,324.0	25.30	(42.5%)
Yandex N.V.	6,608.4	20.46	(42.4%)
Renren Inc.	1,999.3	5.10	(42.4%)
Harris Interactive Inc.	27.3	0.49	(42.4%)
Dice Holdings, Inc.	525.0	7.82	(42.2%)
Demand Media, Inc.	671.4	8.00	(41.0%)
Responsys, Inc.	507.3	10.78	(39.2%)
Overstock.com Inc.	215.8	9.27	(39.1%)
zipRealty Inc.	29.6	1.44	(37.4%)
Phoenix New Media Ltd.	429.2	5.68	(36.7%)
Digital River Inc.	822.6	20.73	(35.5%)
TheStreet, Inc.	63.3	1.98	(35.5%)
comScore, Inc.	537.5	16.87	(34.9%)
WebMD Health Corp.	1,769.0	30.15	(33.9%)
U.S. Auto Parts Network, Inc.	154.9	5.07	(33.8%)
Move, Inc.	232.2	1.45	(33.8%)
Sohu.com Inc.	1,846.3	48.20	(33.3%)
Mercadolibre, Inc.	2,372.6	53.75	(32.3%)
Constant Contact, Inc.	513.1	17.29	(31.9%)
DealerTrack Holdings, Inc.	648.9	15.67	(31.7%)
Sina Corp.	4,716.7	71.61	(31.2%)
EDGAR Online Inc.	20.7	0.60	(30.2%)
Jiayuan.com International Ltd.	250.1	8.00	(30.0%)



Stock Price Winners & Losers in Gridley's Targeted Sectors
Q3 2011

(\$ in millions, except per share amounts)

	Market Cap 09/30/11	Stock Price 09/30/11	Q3 Stock Price Change
Internet Services (cont'd)			
Losers (54)			
Atrinsic, Inc.	\$14.2	\$2.25	(29.7%)
LivePerson Inc.	527.7	9.95	(29.6%)
Rediff.com India Ltd.	178.7	6.57	(28.7%)
Shutterfly, Inc.	1,423.1	41.18	(28.3%)
DemandTec, Inc.	212.9	6.54	(28.1%)
Local.com Corp.	53.2	2.42	(27.5%)
Autobyte Inc.	39.1	0.85	(24.9%)
Baidu, Inc.	37,305.0	106.91	(23.7%)
Adobe Systems Inc.	11,936.8	24.17	(23.1%)
Pandora Media, Inc.	2,362.5	14.65	(22.5%)
Online Resources Corp.	81.7	2.55	(21.8%)
Vertro, Inc.	12.5	1.76	(21.8%)
QuinStreet, Inc.	492.2	10.35	(20.3%)



Stock Price Winners & Losers in Gridley's Targeted Sectors Q3 2011

(\$ in millions, except per share amounts)

	Market Cap 09/30/11	Stock Price 09/30/11	Q3 Stock Price Change
Financial Technology			
Winners (2)			
athenahealth, Inc.	\$2,083.5	\$59.55	44.9%
S1 Corporation	501.1	9.17	22.6%
Losers (22)			
VASCO Data Security International Inc.	\$194.4	\$5.11	(59.0%)
Netspend Holdings, Inc.	413.2	5.14	(48.6%)
CoreLogic, Inc.	1,135.4	10.67	(36.1%)
PRGX Global, Inc.	115.5	4.72	(34.0%)
Citrix Systems, Inc.	10,267.3	54.53	(31.8%)
SEI Investments Co.	2,808.1	15.38	(31.7%)
CSG Systems International Inc.	414.1	12.64	(31.6%)
Moneygram International Inc.	928.8	2.33	(29.8%)
State Street Corp.	16,209.7	32.16	(28.7%)
Fair Isaac Corp.	842.9	21.83	(27.7%)
Digimarc Corporation	170.1	25.38	(27.5%)
Wright Express Corp.	1,469.9	38.04	(26.9%)
Portfolio Recovery Associates Inc.	1,064.9	62.22	(26.6%)
Advent Software, Inc.	1,090.1	20.85	(26.0%)
Net 1 Ueps Technologies Inc.	293.5	6.50	(25.1%)
Deluxe Corp.	949.2	18.60	(24.7%)
Crawford & Company	241.9	5.36	(24.2%)
Western Union Co.	9,597.6	15.29	(23.7%)
Ebix Inc.	550.2	14.70	(22.8%)
VeriFone Systems, Inc	3,686.3	35.02	(21.0%)
Fidelity National Information Services, Inc.	7,441.9	24.32	(21.0%)
Global Payments Inc.	3,244.8	40.39	(20.8%)



Stock Price Winners & Losers in Gridley's Targeted Sectors

Q3 2011

<i>(\$ in millions, except per share amounts)</i>	Market Cap 09/30/11	Stock Price 09/30/11	Q3 Stock Price Change
Data Services			
Winners (0)			
Losers (3)			
China Real Estate Information Corporation	\$697.5	\$4.92	(31.1%)
Intersections Inc.	217.3	12.80	(29.7%)
Thomson Reuters Corporation	22,618.7	28.40	(21.6%)



Stock Price Winners & Losers in Gridley's Targeted Sectors Q3 2011

(\$ in millions, except per share amounts)

	Market Cap 09/30/11	Stock Price 09/30/11	Q3 Stock Price Change
SaaS and Outsourcing Services			
Winners (2)			
Emdeon Inc.	\$1,714.6	\$18.79	43.2%
WNS (Holdings) Ltd.	531.8	11.95	32.8%
Losers (22)			
MedQuist Holdings Inc.	\$371.7	\$7.56	(41.5%)
ServiceSource Corporation	898.0	13.21	(40.5%)
Unisys Corporation	677.3	15.69	(38.9%)
ManpowerGroup	2,754.5	33.62	(37.3%)
Hudson Highland Group Inc.	112.4	3.42	(36.1%)
Kenexa Corp.	423.0	15.64	(34.8%)
Sapient Corp.	1,410.8	10.14	(32.5%)
Taleo Corp.	1,062.7	25.72	(30.5%)
Virtusa Corp.	335.8	13.20	(30.3%)
iGATE Corporation	652.9	11.54	(29.3%)
Computer Sciences Corporation	4,163.1	26.85	(29.3%)
Cornerstone OnDemand, Inc.	602.7	12.54	(29.0%)
SS&C Technologies Holdings, Inc.	1,124.8	14.29	(28.1%)
Team Health Holdings, Inc.	1,074.6	16.42	(27.1%)
The Hackett Group, Inc.	151.5	3.73	(26.7%)
Accretive Health, Inc.	2,070.1	21.23	(26.3%)
Concur Technologies, Inc.	2,010.2	37.23	(25.6%)
Convio, Inc.	2,010.2	37.23	(25.6%)
Echo Global Logistics, Inc.	294.6	13.30	(25.1%)
Salesforce.com	15,484.9	114.28	(23.3%)
Lionbridge Technologies Inc.	139.7	2.46	(22.6%)
SuccessFactors, Inc.	1,918.1	22.99	(21.8%)



Q3 2011 U.S. Equity Market Transaction Volume

Clearly the stock market plunge had negative effects on equity transactions. Q3 2011 had 23 IPOs that raised an aggregate of \$4.8 billion, compared to 20 IPOs that raised \$6.6 billion in Q3 2010. The largest U.S. IPO in the quarter was **Dunkin' Brands Group** raising less than \$500 million. The volume of follow-on offerings decreased from \$24.6 billion in Q3 2010 to \$2.2 billion in Q3 2011 (that's one-tenth!). Finally, equity-linked offerings decreased by more than 40% year over year.

U.S. Equity Market Transaction Volume							
Q3 2010 vs. Q3 2011							
(\$ in millions)	Q3 2010		Q3 2011		Change		
	Deals	\$	Deals	\$	Deals	\$	% Amt.
Gridley & Company Universe							
IPO	2	\$499.4	3	\$325.5	1	(\$173.8)	(34.8%)
Follow-On Offerings	4	674.1	2	315.5	(2)	(358.5)	(53.2%)
Equity Linked Offerings	2	300.0	0	0.0	(2)	(300.0)	(100.0%)
Total	8	\$1,473.4	5	\$641.0	(3)	(\$832.4)	(56.5%)
Overall US Equity Transactions							
IPO	20	\$6,571.4	23	\$4,776.6	3	(\$1,794.9)	(27.3%)
Follow-On Offerings	74	24,616.5	32	2,242.6	(42)	(22,373.9)	(90.9%)
Equity Linked Offerings	32	6,596.3	27	3,840.1	(5)	(2,756.2)	(41.8%)
Total	126	\$37,784.2	82	\$10,859.2	(44)	(\$26,925)	(71.3%)

Source: CapIQ; includes equity offerings on major US exchanges only; excludes Petroleo Brasileiro's \$67 billion international share offering

Q3 2011 U.S. Equity Market Transaction Volume in Our Sectors

Our targeted industry sectors raised \$641 million from five equity offerings in Q3 2011, a far cry from the \$4.6 billion raised from 15 equity offerings in the previous quarter. In our Q2 newsletter, we had mentioned that the IPO doors were blown wide open, especially for the Internet Services sector. While Q3 is usually a slow quarter for IPOs and equity transactions, looking at the deal flow shows that the market downturn did have a negative effect on the transaction volume. Equity transaction volume in our sectors dropped by more than half. However, with the subsequent successful IPO of **Groupon**, the window for Internet Services IPOs might just be opening back up again. The big Wall Street firms sure hope so as they need the investment banking income! However, we're not sure anyone is going to cry any "crocodile tears" for those firms anytime soon.



U.S. Equity Market Transaction Volume in Gridley Sectors
Q3 2010 vs. Q3 2011

(\$ in millions)	Q3 2010		Q3 2011		Change		
	Deals	\$	Deals	\$	Deals	\$	% Amt.
Marketing Services							
IPO	0	\$0.0	0	\$0.0	0	\$0.0	NM
Follow-On Offerings	1	62.6	0	0.0	(1)	(62.6)	(100.0%)
Equity Linked Offerings	1	125.0	0	0.0	(1)	(125.0)	(100.0%)
Total	2	\$187.6	0	\$0.0	(2)	(\$187.6)	(100.0%)
Internet Services							
IPO	1	\$132.0	3	\$325.5	2	\$193.5	146.6%
Follow-On Offerings	2	396.7	0	0.0	(2)	(396.7)	(100.0%)
Equity Linked Offerings	0	0.0	0	0.0	0	0.0	NM
Total	3	\$528.7	3	\$325.5	0	(\$203.2)	(38.4%)
Financial Technology							
IPO	0	\$0.0	0	\$0.0	0	\$0.0	NM
Follow-On Offerings	0	0.0	0	0.0	0	0.0	NM
Equity Linked Offerings	1	175.0	0	0.0	(1)	(175.0)	(100.0%)
Total	1	\$175.0	0	\$0.0	(1)	(\$175.0)	(100.0%)
Data Services							
IPO	0	\$0.0	0	\$0.0	0	\$0.0	NM
Follow-On Offerings	0	0.0	0	0.0	0	0.0	NM
Equity Linked Offerings	0	0.0	0	0.0	0	0.0	NM
Total	0	\$0.0	0	\$0.0	0	\$0.0	NM
SaaS and Outsourcing Services							
IPO	1	\$367.4	0	\$0.0	(1)	(\$367.4)	(100.0%)
Follow-On Offerings	1	214.8	2	315.5	1	100.8	46.9%
Equity Linked Offerings	0	0.0	0	0.0	0	0.0	NM
Total	2	\$582.1	2	\$315.5	0	(\$266.6)	(45.8%)
Total All Sectors	8	\$1,473.4	5	\$641.0	(3)	(\$832.4)	(56.5%)

Source: CapIQ



Select Q3 2011 Marketing Services Completed Offerings, Filings, and Withdrawals

For the second quarter in a row, the Marketing Services sector had no offerings or filings.

Select Q3 2011 Internet Services Completed Offerings, Filings, and Withdrawals

Internet Services was once again the most active sector within our targeted industries. The market downturn did cause some to postpone, with three IPOs in Q3, the largest of which raised \$1.74 billion, there was less activity compared to Q2. However, looking forward to Q4, there is much promise for the sector as seven companies filed for IPOs during Q3.

- **Zillow** (NASDAQ: Z), an operator of an online real estate information marketplace, priced its \$79.6 million IPO on July 19th. None of the 3.5 million shares offered were secondary. A greenshoe of 0.5 million shares was exercised. The offering priced at \$20.00 and the stock finished the quarter up 36.8% over the offering price to \$27.35.
- **Carbonite** (NASDAQ: CARB), a provider of online backup solutions, priced its \$71.9 million IPO on August 10th. 0.9 million of the 6.3 million shares offered were secondary. A greenshoe of 0.9 million shares was exercised. The offering priced at \$10.00 and the stock finished the quarter up 20.4% over the offering price to \$12.04.
- **Tudou** (NASDAQ: TUDO), an operator of a Chinese online video platform, priced its \$174.0 million IPO on August 16th. 0.4 million of the 6.0 million shares offered were secondary. No greenshoe was exercised. The offering priced at \$29.00 and the stock finished the quarter down 52.9% below the offering price to \$13.65.
- **Zynga**, a provider of online social games, networks and platforms, filed its IPO on July 1st. The company plans to raise up to \$1.0 billion.
- **Demandware**, a provider of e-commerce solutions, filed its IPO on July 15th. The company plans to raise up to \$100.0 million.
- **Brightcove**, a provider of cloud-based solutions for publishing and distributing professional digital media, filed its IPO on August 24th. The company plans to raise up to \$50.0 million.
- **Jive Software**, a provider of a social business software platform, filed its IPO on August 24th. The company plans to raise up to \$100.0 million.
- **Angie's List**, a provider of a platform to connect members with local professionals, filed its IPO on August 25th. The company initially planned to raise up to \$75.0 million. On November 16th, the company went public and raised \$114.3 million.
- **Bazaarvoice**, a provider of various social commerce solutions, filed its IPO on August 26th. The company plans to raise up to \$86.3 million.



- **MobiTV**, a provider of services to deliver media content across internet platforms, filed its IPO on August 31st. The company plans to raise up to \$75.0 million.

Select Q3 2011 Financial Technology Completed Offerings, Filings, and Withdrawals

Equity activity in the Financial Technology sector declined in Q3 relative to Q2. There was one IPO filing and one IPO withdrawal, compared to three IPO filings in Q2 2011.

- **Enova International**, a provider of online financial services credit consumers, filed its IPO on September 15th. The company plans to raise up to \$500.0 million.
- **WageWorks**, a provider of pre-tax benefits solutions, filed its IPO on April 25th and initially planned to raise \$75.0 million. On August 4th, the company cut its price range by 43% and planned to raise \$50.0 million. Later that day, WageWorks withdrew its planned IPO entirely.

Select Q3 2011 Data Services Completed Offerings, Filings, and Withdrawals

The data services sector had one IPO filing in Q3 2011. There was one follow-on offering in this sector last quarter.

- **TransUnion**, a provider of information of information and risk management solutions, filed its IPO on July 5th. The company plans to raise \$325.0 million.

Select Q3 2011 SaaS & Outsourcing Services Completed Offerings, Filings, and Withdrawals

SaaS & Outsourcing Services had two follow-on offerings and one IPO filing, compared to one follow-on offering and one IPO filing in Q2.

- **SS&C Technologies** (NASDAQ: SSNC), provider of software products and software-enabled services to the financial services sector, priced a \$134.4 million follow-on offering on July 22nd. All of the 7.0 million shares offered were secondary. No greenshoe was exercised. The offering priced at \$19.20, a 5.2% discount to the previous close, and the stock finished the quarter down 25.6% below the offering price to \$14.29.
- **ServiceSource** (NASDAQ: SREV), provider of service revenue management solutions, priced a \$181.1 million follow-on offering on July 28th. Almost all of the 9.0 million shares offered were secondary. A greenshoe of 1.4 million shares was exercised. The offering priced at \$17.50, a 4.2% premium to the previous close, and the stock finished the quarter down 24.5% below the offering price to \$13.21.
- **Eloqua**, an on-demand provider of revenue performance management software solutions, filed its IPO on August 24th. The company plans to raise \$100.0 million.



Q3 2011 M&A Market Transaction Volume - Announced Deals with U.S. Targets

The M&A market was strong in Q3 2011. Deal volume reached \$265.1 billion in the U.S., almost the same volume compared to Q2 and up 31.7% from Q3 of last year. It's reassuring that buyers see strategic value in acquisitions even in market volatility. Many industry leaders still need to come back from the sidelines, and the market downturn may prove to be a good opportunity to pick up some assets at a bargain.

The top five announced deals by enterprise value include:

- **Express Scripts's** purchase of **Medco Health Solutions** (\$33.5BN)
- **Capital One Financial's** purchase of US Card and Retail Services Business from **HSBC** (\$32.2BN)
- **United Technologies'** purchase of **Goodrich Corp.** (\$18.1BN)
- **BHP Billiton's** purchase of **Petrohawk Energy Corporation** (\$15.8BN)
- **Google's** purchase of **Motorola Mobility Holdings** (\$9.0BN)

U.S. M&A Transaction Volume Announced Deals with U.S. Targets				
(\$ in billions)	Q3			
	2008	2009	2010	2011
Number of Deals	2,729	2,401	3,264	3,656
<i>Percent Change from 2010</i>	-	-	-	12.0%
<i>Percent Change from 2009</i>	-	-	35.9%	52.3%
<i>Percent Change from 2008</i>	-	(12.0%)	19.6%	34.0%
Total \$ Volume	\$254.5	\$102.9	\$201.3	\$265.1
<i>Percent Change from 2010</i>	-	-	-	31.7%
<i>Percent Change from 2009</i>	-	-	95.5%	157.5%
<i>Percent Change from 2008</i>	-	(59.6%)	(20.9%)	4.1%

Source: CapIQ

Q3 2011 M&A Deals in Our Targeted Industry Sectors

Deal activity in our sectors was robust. Even though there was market volatility, certain buyers made some key strategic acquisitions. We encourage buyers, especially traditional industry leaders, to keep their eyes open and be opportunistic when it comes to finding key strategic assets.



Select Q3 2011 Marketing Services M&A Deals

On July 7th, **APAC Customer Services** announced its sale to **One Equity Partners**, the private equity investment arm of **JPMorgan Chase & Co.** APAC will be merged with a portfolio company, **NCO Group**, a business process outsourcing service provider. The firm offered \$8.55 per share in cash to APAC stockholders (or \$436 million in enterprise value, representing 1.31x LTM revenue and 9.2x LTM EBITDA).

Select Q3 2011 Internet Services M&A Deals

On July 12th, **Electronic Arts**, a leading developer and distributor of video game software, formally announced the acquisition of **PopCap Games**, a leading developer, publisher and operator of puzzle games worldwide, for up to \$1.25 billion in cash, stock, and earnout. PopCap Games produces casual games commonly found on electronic devices ranging from computers to portable consoles to even in-flight entertainment systems. The addition of PopCap Games to Electronic Arts will enable them to leverage PopCap's experience in developing hit mobile games to become more competitive in the booming casual gamer market. **Zynga** also bid on PopCap. This strategic move comes two months after the EA's acquisition of **Firemint**, underlining their aggressive push into the mobile gaming arena.

On August 2nd, **ValueClick** announced the acquisition of **Dotomi** for \$278.2 million, representing approximately 3.7x LTM revenue. Dotomi will bring its customized display advertisement optimization expertise in the retail realm, an area of much focus for ValueClick lately. This acquisition came only a mere four months after ValueClick purchased **Greystripe**, a mobile ad agency, for \$70 million on April 21st. We send our congratulations to Dotomi CEO John Giuliani for taking the company to a successful exit. *Dotomi presented at Gridley's January conference in 2011.*

On August 3rd, website construction giant **Web.com Group** announced the acquisition of **Network Solutions**, an online-domain registry and website hosting firm, for \$755.5 million. This acquisition provides Web.com Group with Network Solution's extensive customer base and marries the two companies' expertise in web domain services and website development, while simultaneously eliminating a formidable competitor from the website domain landscape. In January, Web.com Group purchased **Register.com**, a similar domain registration, website hosting, and website development site for \$135.1 million.

On August 21st, online communications leader **Skype** announced the acquisition of **GroupMe**, Skype's first acquisition following its acquisition by **Microsoft**, for \$8.5 billion dollars. Founded in 2010, GroupMe operates a group messaging, conference call, and location and photo sharing network. The price was a rumored \$85 million and this acquisition brings group mobile messaging capabilities, which Skype was previously lacking. Earlier this year, Skype also acquired **Qik** for \$100 million as these two acquisitions show Skype's desire to capture more market share in mobile.. This could prove to be valuable for Microsoft upon the closing of the Skype acquisition estimated to be later this year, especially given Microsoft's latest Mango (Windows mobile) smartphone push.

On September 8th, **Google** acquired **Zagat**, which provides ratings and reviews for restaurants, hotels, shopping, and entertainment, for a reported \$151 million. Adding Zagat's editorial content and ratings is a way to serve more premium content throughout its local search ecosystem, whether through Google Offers, Maps, or mobile search. Google is obviously ramping up its local presence and its Offers, competing against Groupon and LivingSocial. This



could also pose a threat for other online review services such as **Yelp**, who in 2009 turned down a \$500 million acquisition offer from Google and subsequently raised \$25 million in venture capital funding.

On September 20th, **Glam Media**, the largest internet social content company geared towards women, announced the acquisition of **Ning**, a social network building platform, for a reported \$150 million. Glam Media hopes to utilize Ning's social network technologies to complement the advertising platform of its current publishers, which would amount to a combined network of 240 million users and 100,000 publishers. This deal comes amidst reports of a potential IPO by Glam Media, who has raised a total of approximately \$130 million to date.

Select Q3 2011 Financial Technology Services M&A Deals

On July 7th, **PayPal** announced that it offered \$240 million for **Zong**, a mobile payment solutions company. This acquisition followed a string of purchases that would help PayPal close the discovery-to-transaction loop. By acquiring a big player in emerging mobile payments technology, PayPal has made a strategic play to take a lead against its competitors, including **Google**. PayPal and Google have had a history of skirmishes. The former has filed lawsuits against Google for failing to follow through on a previous mobile payment agreement and for poaching a key payments executive from PayPal to push the Google Wallet initiative. However, the mobile payment arena is far from exclusive to these two giants as companies such as **Square**, **Intuit**, and **BOKU** have emerged as specialized contenders.

On July 11th, **NCR Corp.** announced a tender offer for **Radiant Systems** for \$28 per share in cash, or \$1.14 billion in enterprise value (3.10x LTM revenue and 20.7x LTM EBITDA). This acquisition allows NCR to expand into the restaurant and entertainment businesses while also taking out a competitor. NCR intends to extend Radiant Systems' technologies to fast-growing international markets as well. As we've said before, we encourage industry leaders to find strategic assets. This is especially true when emerging technologies appear on the horizon, so we will keep a close eye on how NCR reacts to emerging payment startups and technology solutions focused on disrupting retail POS. NCR completed its acquisition of Radiant Systems on August 24th.

On July 26th, **ACI Worldwide**, an electronic payment support company based in New York City, announced the acquisition of payment systems competitor **S1 Corporation**. ACI will pay \$9.55 per share consisted of \$6.62 per share in cash and 0.1064 shares of its common stock to S1 shareholders. The total deal (\$439 million in enterprise value) is the third proposal by ACI as it had upped its offer to acquire S1 over the course of three months. Before accepting the ACI proposal, S1 was contemplating the acquisition of **Fundtech**, who provides transaction processing software support for financial institutions. Fundtech instead opted for a \$400 million acquisition offer from **GTCR**, with the intention of merging the company with **BankServ**. ACI hopes to attain greater capabilities, network, and influence for its already extensive payment systems with the acquisition of S1, whose online, mobile, and voice banking/payment technologies serve 3,000 banks, retailers, and other clients.

On August 8th, digital goods e-commerce platform developer **Plimus** was acquired for \$115 million dollars by **Great Hill Partners**. E-commerce and online services will only continue to grow, and Plimus is well-positioned to help businesses monetize their digital goods and services. Their new ownership will help push their growth. *CEO Hagai Tal presented at Gridley's January conference in 2010.*



Select Q3 2011 Data Services M&A Deals

On August 25th, **Bloomberg** reported that it would be seeking to acquire **The Bureau of National Affairs**. The marriage of Bloomberg's extensive market data with BNA's four legal/tax/regulatory publishing, specialized business publishing, printing, and software segments will create an amalgamation of expert information and proprietary content that caters to professionals in law, government, business, and finance. Bloomberg offered \$39.50 in cash per share, or \$962 million in enterprise value, representing 2.92x LTM revenue and 14.5x LTM EBITDA.

Select Q3 2011 SaaS and Outsourcing Services M&A Deals

On July 18th, healthcare benefits provider **Aetna** announced the acquisition of employee benefits administrator **PayFlex Systems** for \$202 million. 423 employees of PayFlex will join the Aetna team, fusing PayFlex's and Aetna's CFS business into a single unit to take advantage of economies of scale. Along with the acquisition of **Prodigy Health Group** in June, Aetna intends to further develop its healthcare payments system in light of the healthcare changes sweeping this nation.

On August 4th, **Emdeon** was acquired by **Hellman & Friedman** and the **Blackstone Group** for \$2.2 billion in cash and other benefits. The PE firms' offer represented enterprise value of \$3.3 billion, or 3.08x LTM revenue and 13.1x LTM EBITDA. Emdeon provides revenue and payment cycle management solutions that connect payers, providers, and patients. Given the heavy consideration of a national healthcare plan, along with the significant potential in international and emerging markets, Emdeon possesses plenty of growth potential due to the attractiveness of the healthcare sector and the company's position in providing healthcare revenue management solutions. Emdeon's previous acquisitions of **Equiclaim** and **Chapin Revenue Cycle Management** (for \$41.0 and \$27.4 million, respectively) further bolster its position in the market.

The following charts illustrate each sector's M&A transactions for the third quarter of 2011.



Select M&A Deals in Gridley's Targeted Sectors
Third Quarter 2011

(\$ in millions)

Announcement Date	Acquirer	Target	Implied Enterprise Value	Enterprise Value to LTM Revenue	LTM EBITDA	Forward P/E	Premium Paid to Stock Price 30 Days Prior to Announcement Date
Marketing Services							
09/16/11	MDC Partners Inc.	Laird+Partners, Inc.	NA	NA	NA	NA	NA
09/16/11	MDC Partners Inc.	Concentric Pharma Advertising, Inc.	NA	NA	NA	NA	NA
09/15/11	MS&L Group	Schwartz Communications, Inc.	NA	NA	NA	NA	NA
09/14/11	Genpact Ltd.	EmPower Research LLC	NA	NA	NA	NA	NA
09/09/11	cs2 Advertising, Inc. (nka:Sullivan Branding)	Thompson & Company Marketing Communications	NA	NA	NA	NA	NA
09/08/11	Papa Bello Enterprises, Inc.	Blow Me Away Media Corp	NA	NA	NA	NA	NA
09/07/11	Lightspeed Online Research, Inc.	Global Market Insite, Inc.	NA	NA	NA	NA	NA
09/06/11	In-Touch Insight Systems Inc.	Service Intelligence, Inc.	NA	NA	NA	NA	NA
09/02/11	The Borenstein Group, Inc.	Q2 Marketing Inc.	NA	NA	NA	NA	NA
09/01/11	Screenvision Cinema Network, LLC	UniqueScreen Media, Inc.	NA	NA	NA	NA	NA
08/23/11	On Hold Marketing Services, Inc.	VoiceScapes, Inc.	NA	NA	NA	NA	NA
08/22/11	E.B. Lane Marketing Communications, Inc.	HenryGill Communications	NA	NA	NA	NA	NA
08/17/11	Terry Hines & Associates, Inc.	Allied Integrated Marketing	NA	NA	NA	NA	NA
08/17/11	CLEAResult Consulting, Inc.	Fluid Market Strategies, Inc.	NA	NA	NA	NA	NA
08/09/11	VI Marketing and Branding	Pearcy Dunning Advertising & Public Relations, Inc.	NA	NA	NA	NA	NA
08/09/11	Zito Partners	Viviani Associates Public Relations	NA	NA	NA	NA	NA
08/09/11	Nielsen Holdings N.V.	Marketing Analytics, Inc.	NA	NA	NA	NA	NA
08/08/11	MCH Inc.	Wilson Marketing Group, Inc.	NA	NA	NA	NA	NA
08/04/11	National Premium, Inc.	CAM, Inc.	NA	NA	NA	NA	NA
08/03/11	Empower MediaMarketing, Inc.	Market Intelligence Group LLC	NA	NA	NA	NA	NA
07/27/11	Act-On Software, Inc.	Marketbright, Inc.	NA	NA	NA	NA	NA
07/26/11	Jaffe Communications, Inc.	Campbell Media (nka:Jaffe-Campbell Health Group)	NA	NA	NA	NA	NA
07/21/11	Regan Communications Group, Inc.	5s Public Relations & Special Events	NA	NA	NA	NA	NA
07/20/11	JWT	Lunchbox LP	NA	NA	NA	NA	NA
07/19/11	Double Forte	The Barn Group LLC	NA	NA	NA	NA	NA
07/15/11	Prospect Capital Corporation	Alloy Media's re:fuel	\$32.0	NA	NA	NA	NA
07/15/11	GreenRubino Inc.	Wilson Public Relations LLC	NA	NA	NA	NA	NA
07/11/11	Luckie & Company, LLC	Integrative Logic Inc.	NA	NA	NA	NA	NA
07/11/11	Dealer Media Group, Inc.	Tom Park Results Marketing, LLC	NA	NA	NA	NA	NA
07/07/11	NCO Group Inc.	APAC Customer Services, Inc.	436.2	1.31x	9.2x	17.4x	51.1%
07/06/11	Knowledge Networks, Inc.	Garcia Research Associates, Inc.	NA	NA	NA	NA	NA
07/06/11	Lake Capital	Opinion Research Corporation	NA	NA	NA	NA	NA
07/03/11	InQuest Marketing Inc.	Advertising Advantages, Inc.	NA	NA	NA	NA	NA
Subtotal			\$468.2				



Select M&A Deals in Gridley's Targeted Sectors
Third Quarter 2011

(\$ in millions)

Announcement Date	Acquirer	Target	Implied Enterprise Value	Enterprise Value to LTM Revenue	LTM EBITDA	Forward P/E	Premium Paid to Stock Price 30 Days Prior to Announcement Date
Internet Services							
09/21/11	Tagged Inc.	WeGame.com, Inc.	NA	NA	NA	NA	NA
09/21/11	Salesforce.com	Assistly, Inc.	NA	NA	NA	NA	NA
09/21/11	Rearden Commerce, Inc.	Demand Chain, Inc.	NA	NA	NA	NA	NA
09/20/11	Serve Virtual Enterprises, Inc.	Sometrics, Inc.	\$30.0	NA	NA	NA	NA
09/20/11	Glam Media, Inc.	Ning, Inc.	150.0	NA	NA	NA	NA
09/20/11	Vertive, LLC	CouponCodes.com LLC	NA	NA	NA	NA	NA
09/16/11	HootSuite Media, Inc.	OB-Tech LLC	NA	NA	NA	NA	NA
09/15/11	Bitzio, Inc.	Thinking Drone, Inc.	2.6	NA	NA	NA	NA
09/15/11	ioWorldMedia, Inc.	Up Your Ratings	NA	NA	NA	NA	NA
09/15/11	Collectors Universe Inc.	Coinflation, LLC	0.8	NA	NA	NA	NA
09/15/11	Chegg, Inc.	Zinch Inc.	NA	NA	NA	NA	NA
09/15/11	Cellfish Media, LLC	Bandsintown	NA	NA	NA	NA	NA
09/15/11	Pearson plc	Connections Education LLC	400.0	NA	NA	NA	NA
09/14/11	GrubHub, Inc.	Dotmenu, Inc.	NA	NA	NA	NA	NA
09/14/11	Performance Management Institute, LLC	The Ratings Guy, LLC	NA	NA	NA	NA	NA
09/14/11	NA	LPS Real Estate Group Inc., Assets	NA	NA	NA	NA	NA
09/14/11	OnTheSnow	SkiReport.com, LLC	NA	NA	NA	NA	NA
09/13/11	Exponential Interactive, Inc.	New Wave Media Inc.	NA	NA	NA	NA	NA
09/12/11	NURUN Inc.	Odopod Inc.	NA	NA	NA	NA	NA
09/12/11	Batanga, Inc.	MetroFlog.com and MetroBlog.com and	NA	NA	NA	NA	NA
09/09/11	Converseon, Inc.	Social Graphiti	NA	NA	NA	NA	NA
09/09/11	BuyWithMe, Inc.	TownHog.com	NA	NA	NA	NA	NA
09/09/11	Performance Marketing Brands, Inc.	Fatwallet, Inc. and 77Blue LLC	NA	NA	NA	NA	NA
09/08/11	Seven Peaks Water Park Management, LLC	CityDeals Sales & Services, LLC	NA	NA	NA	NA	NA
09/08/11	Callidus Software Inc.	Rapid Intake, Inc.	NA	NA	NA	NA	NA
09/08/11	SMA Alliance, Inc.	USAutoplex.com	7.3	NA	NA	NA	NA
09/08/11	Thought Equity Motion, Inc.	Panvidea, Inc.	NA	NA	NA	NA	NA
09/08/11	Google Inc.	Zagat Survey, LLC	151.0	NA	NA	NA	NA
09/08/11	BigDoor Media, Inc.	OneTrueFan, Inc.	NA	NA	NA	NA	NA
09/08/11	MooLala, Inc.	Fitpacs Inc.	NA	NA	NA	NA	NA
09/08/11	CrowdGather, Inc.	Inform Technologies, Inc., Yuku.com	0.6	NA	NA	NA	NA
09/07/11	Internet Brands, Inc.	Inhabitat, LLC	NA	NA	NA	NA	NA
09/07/11	Action Products International, Inc.	Local Printing Associates and Company LLC	NA	NA	NA	NA	NA
09/07/11	ConnectEdu, Inc.	EducationDynamics, LLC, Enrollment and Retention	NA	NA	NA	NA	NA
09/02/11	The Riverside Company	Centiv Services, LLC	NA	NA	NA	NA	NA
09/02/11	Google Inc.	Zave Networks, Inc.	NA	NA	NA	NA	NA
09/02/11	TeleNav, Inc.	Goby Technologies, Inc.	NA	NA	NA	NA	NA
09/01/11	Advice Interactive Group, LLC	B2 Digital Media, LLC	NA	NA	NA	NA	NA
08/31/11	projekt202, LP	Captura Consulting LLC	NA	NA	NA	NA	NA
08/30/11	Alvarez Technology Group, Inc.	PacketSplash Technologies, Inc.	NA	NA	NA	NA	NA
08/30/11	Bullseye Strategy, LLC	iClarity, LLC	NA	NA	NA	NA	NA
08/30/11	Barchart.com, Inc.	Stockgroup Media Inc., Financial Tools Business	NA	NA	NA	NA	NA
08/30/11	Penton Media, Inc.	Nine Lives Media Inc.	NA	NA	NA	NA	NA
08/30/11	BLITZ Digital Studios, LLC	bigMETHOD, LLC.	NA	NA	NA	NA	NA
08/29/11	DailyFlash, LLC	Daily Group Savings, Inc.	NA	NA	NA	NA	NA
08/29/11	List Services Corporation	Accession Media, LLC (nka:Allora Media)	NA	NA	NA	NA	NA
08/29/11	Lokion, Inc.	Resolute Games & Apps	NA	NA	NA	NA	NA
08/29/11	Marine Drive Mobile Corp.	I Like A Deal, LLC	NA	NA	NA	NA	NA
08/29/11	Cisco Systems, Inc.	TaskDock, Inc.	NA	NA	NA	NA	NA
08/26/11	Actus Interactive Software, LLC	Digital Holdings Inc.	NA	NA	NA	NA	NA
08/24/11	ePals Corporation	Nexify, Inc.	2.7	NA	NA	NA	NA
08/24/11	Eurotech, Ltd.	FilmRookie	NA	NA	NA	NA	NA
08/23/11	Reddit.com	RedditGifts.com	NA	NA	NA	NA	NA
08/23/11	Ziff Davis Media Inc.	Focus Research, Inc. (nka:Ziff Davis B2B Focus)	NA	NA	NA	NA	NA
08/22/11	RealPage, Inc.	Multifamily Technology Solutions, Inc.	74.4	4.62x	NM	NA	NA
08/22/11	Ignite Health LLC	Syndicated Methods, Inc.	NA	NA	NA	NA	NA
08/21/11	Skype Global S.à r.l.	GroupMe, Inc.	85.0	NA	NA	NA	NA
08/19/11	SuperBox, Inc.	Novamira Corp.	NA	NA	NA	NA	NA
08/19/11	WPP Digital	Rockfish Interactive, Inc.	NA	NA	NA	NA	NA
08/19/11	Chegg, Inc.	Student of Fortune Inc.	NA	NA	NA	NA	NA
08/18/11	Evernote Corporation	Skitch Inc.	NA	NA	NA	NA	NA
08/18/11	CrowdSavings.com, LLC	DealDaddies, Inc.	NA	NA	NA	NA	NA
08/18/11	HubSpot, Inc.	Oneforty, Inc.	NA	NA	NA	NA	NA
08/17/11	Walsh Doherty Capital	Shout For It	NA	NA	NA	NA	NA
08/17/11	Apponomy Inc.	YooHoo Media, Inc.	NA	NA	NA	NA	NA
08/17/11	Rimm-Kaufman Group LLC	AudetteMedia, Inc.	NA	NA	NA	NA	NA
08/16/11	GOOD Worldwide LLC	Jumo International, Inc.	NA	NA	NA	NA	NA



Select M&A Deals in Gridley's Targeted Sectors
Third Quarter 2011

(\$ in millions)

Announcement Date	Acquirer	Target	Implied Enterprise Value	Enterprise Value to LTM Revenue	LTM EBITDA	Forward P/E	Premium Paid to Stock Price 30 Days Prior to Announcement Date
Internet Services (cont'd)							
08/16/11	BuyWithMe, Inc.	Scoop St.	NA	NA	NA	NA	NA
08/15/11	Group Commerce Inc.	Socialight, Inc.	NA	NA	NA	NA	NA
08/15/11	Digital Chocolate, Inc.	Sandlot Games Corporation	NA	NA	NA	NA	NA
08/12/11	comScore, Inc.	AdXpose, Inc.	NA	NA	NA	NA	NA
08/11/11	CrowdSavings.com, LLC	QponDay.com LLC	NA	NA	NA	NA	NA
08/11/11	Smart Business Network Inc.	Flique Creative, LLC	NA	NA	NA	NA	NA
08/09/11	Demand Media, Inc.	IndieClick Media Group, Inc.	\$14.0	NA	NA	NA	NA
08/09/11	Demand Media, Inc.	RSS Graffiti, LLC	17.7	NA	NA	NA	NA
08/09/11	Allrecipes.com, Inc.	Food Wishes	NA	NA	NA	NA	NA
08/09/11	SAY Media, Inc.	Remodelista LLC	NA	NA	NA	NA	NA
08/08/11	Twitter, Inc.	Bagcheck Inc.	NA	NA	NA	NA	NA
08/08/11	WebTrends Corporation	Reinvigorate	NA	NA	NA	NA	NA
08/05/11	Rapid Fire Marketing, Inc.	InboundMarketingPR	NA	NA	NA	NA	NA
08/04/11	LocalResponse, Inc.	Philo Media Corporation	NA	NA	NA	NA	NA
08/04/11	Bitzio, Inc.	Disospace Solutions, LLC	0.8	0.17x	NA	NA	NA
08/04/11	Trubiquity, Inc.	ECbridges, Inc.	NA	NA	NA	NA	NA
08/04/11	Market Leader, Inc.	SharperAgent Inc.	2.1	0.60x	NA	NA	NA
08/04/11	Augme Technologies, Inc.	HipCricket, Inc.	57.4	6.53x	NM	NA	NA
08/04/11	Elevate Marketing Group, LLC	Zipadi Technologies, LLC	0.5	NA	NA	NA	NA
08/04/11	Meltwater Group	IceRocket.com, LLC	NA	NA	NA	NA	NA
08/03/11	Kurtosys Systems, Ltd.	Sponge	NA	NA	NA	NA	NA
08/03/11	Galaxy4Gamers LLC	1337pwn	NA	NA	NA	NA	NA
08/03/11	Web.com Group, Inc.	Network Solutions, LLC	755.5	NA	NA	NA	NA
08/02/11	Facebook, Inc.	Push Pop Press, Inc.	NA	NA	NA	NA	NA
08/02/11	The Marek Group, Inc.	Brandspring Solutions, LLC	NA	NA	NA	NA	NA
08/02/11	Cardtronics USA, Inc.	LocatorSearch, LLC	NA	NA	NA	NA	NA
08/02/11	ValueClick, Inc.	Dotomi, Inc.	278.2	3.70x	NA	NA	NA
08/02/11	Compact Information Systems, Inc.	AccuData Holdings, Inc.	NA	NA	NA	NA	NA
08/02/11	InMobi	ChipIn, Inc.	NA	NA	NA	NA	NA
08/01/11	BIZX, LLC	CheapoVegas.com	NA	NA	NA	NA	NA
08/01/11	Globant, Inc.	Nextive	NA	NA	NA	NA	NA
08/01/11	Google Inc.	Center'd Corporation	NA	NA	NA	NA	NA
08/01/11	Autodesk, Inc.	Instructables, Inc.	32.0	NA	NA	NA	NA
08/01/11	IncrediMail, Ltd. (nka:Perion Network Ltd)	Smilebox, Inc.	40.0	NA	NA	NA	NA
07/29/11	Fathom SEO, LLC	Webbed Marketing, LLC	NA	NA	NA	NA	NA
07/29/11	RealPage, Inc.	Senior-Living.com, Inc.	14.8	65.13x	NM	NA	NA
07/28/11	F-3 Technologies, Inc.	fanBunker.com	NA	NA	NA	NA	NA
07/28/11	SVM, LP	GiftZip.com	NA	NA	NA	NA	NA
07/27/11	eDoorways International Corp.	Paddington Media LLC	NA	NA	NA	NA	NA
07/26/11	SocialCrush	SayItSocial, LLC	NA	NA	NA	NA	NA
07/26/11	MOKO.mobi Limited	mbuzzy, Inc.	NA	NA	NA	NA	NA
07/25/11	Upstream Worldwide, Inc.	Fort Knox Recycling, LLC	NA	NA	NA	NA	NA
07/24/11	Matomy Media Group Ltd.	Adperio, Inc.	30.0	0.60x	NA	NA	NA
07/21/11	WPZOOM	ProudThemes.com	NA	NA	NA	NA	NA
07/21/11	Google Inc.	Inflatable Spaces Inc	NA	NA	NA	NA	NA
07/21/11	Rent My Vacation Home, Inc.	Rent A Myrtle Beach Vacation Home	NA	NA	NA	NA	NA
07/21/11	NA	Republik Media & Entertainment, Ltd.	0.1	NA	NM	NA	NA
07/21/11	CX, Inc.	FileDen.com	NA	NA	NA	NA	NA
07/20/11	Gourmet Ads Pty Limited	RecipeBridge, LLC	NA	NA	NA	NA	NA
07/20/11	Bizzingo, Inc.	IBG, Inc.	NA	NA	NA	NA	NA
07/20/11	Energy King, Inc. (nka:Godfather Media, Inc.)	Venue Media LLC	NA	NA	NA	NA	NA
07/20/11	Augme Technologies, Inc.	JAGTAG, Inc.	5.6	4.27x	NA	NA	NA
07/20/11	Quepasa Corp.	Insider Guides, Inc.	100.0	3.67x	19.6x	NA	NA
07/20/11	Bally Technologies, Inc.	MacroView Labs Inc.	NA	NA	NA	NA	NA
07/20/11	NA	Hivemine LLC	NA	NA	NA	NA	NA
07/19/11	Live Gamer, Inc.	gamerDNA Media Inc. and BrandPort, Inc.	NA	NA	NA	NA	NA
07/19/11	Tibanne Co., Ltd.	MtGoxLive.com	NA	NA	NA	NA	NA
07/19/11	BraveMatters	Winston Media	NA	NA	NA	NA	NA
07/19/11	Verint Systems Inc.	Vovici Corporation	75.4	NA	NA	NA	NA
07/19/11	Komli Media Private Limited	mobile-worx inc.	NA	NA	NA	NA	NA
07/18/11	Vitruve, Inc.	GamesThatGive, Inc.	NA	NA	NA	NA	NA
07/18/11	Groupon, Inc.	Zappedy, Inc	10.3	NA	NA	NA	NA
07/18/11	Mobile2win India Pvt. Ltd.	RelayStrategy, Inc.	NA	NA	NA	NA	NA
07/18/11	FriendFinder Networks Inc.	Perfectmatch.com, Inc.	2.5	NA	NA	NA	NA
07/18/11	Move, Inc.	SocialBios.com	NA	NA	NA	NA	NA



**Select M&A Deals in Gridley's Targeted Sectors
Third Quarter 2011**

(\$ in millions)

Announcement Date	Acquirer	Target	Implied Enterprise Value	Enterprise Value to		Forward P/E	Premium Paid to Stock Price 30 Days Prior to Announcement Date
				LTM Revenue	LTM EBITDA		
Internet Services (cont'd)							
07/18/11	VivaKi	Big Fuel Communications, LLC	NA	NA	NA	NA	NA
07/14/11	MooLaLa, Inc.	RunDaisy, LLC	NA	NA	NA	NA	NA
07/14/11	3BL Media, LLC	Justmeans	NA	NA	NA	NA	NA
07/14/11	Affinion Group, Inc.	Prospectiv Direct, Inc.	\$76.8	NA	NA	NA	NA
07/14/11	Mobile Intelligence Solutions, Inc.	Umber Systems, Inc.	NA	NA	NA	NA	NA
07/14/11	VHT, Inc.	W&R Studios, Dwellicious	NA	NA	NA	NA	NA
07/14/11	Nexstar Broadcasting Group Inc.	GoLocal.biz LLC	1.0	NA	NA	NA	NA
07/13/11	One to One Interactive, Inc.	Renu Mobile, Inc.	NA	NA	NA	NA	NA
07/12/11	Google Inc.	Punchd Labs Inc	NA	NA	NA	NA	NA
07/12/11	Electronic Arts Inc.	PopCap Games, Inc.	1,250.0	NA	NA	NA	NA
07/12/11	Lockerz, LLC	AddToAny	NA	NA	NA	NA	NA
07/12/11	Universum Communications AB	Doostang, Inc.	NA	NA	NA	NA	NA
07/12/11	Noveda Technologies, Inc.	MakeMeSustainable, Inc.	10.0	NA	NA	NA	NA
07/11/11	StrategyOne Inc.	PluggedIn Media Corp.	NA	NA	NA	NA	NA
07/11/11	Internet Brands, Inc.	eHarmony, Inc., Weddingbee.com and JustMommies.com	NA	NA	NA	NA	NA
07/11/11	Local.com Corp.	ScreamIn Media Group, Inc.	33.2	8.58x	NM	NA	NA
07/11/11	Yell Group plc	Znode, Inc.	19.2	NA	NA	NA	NA
07/11/11	TripAdvisor LLC	Where I've Been, LLC	NA	NA	NA	NA	NA
07/10/11	Vicar Operating, Inc.	Vetstreet	146.0	NA	NA	NA	NA
07/10/11	WeddingWire Inc.	eHarmony.com, Inc., www.projectwedding.com	NA	NA	NA	NA	NA
07/09/11	TargetClick Marketing Solutions LLC	SEO Solutions, LLC	NA	NA	NA	NA	NA
07/06/11	Oggifinogi, Inc.	Tumri, Inc.	NA	NA	NA	NA	NA
07/05/11	Wolfe.com, LLC	Echelon Media, LLC	NA	NA	NA	NA	NA
07/05/11	Twitter, Inc.	BackType, Inc.	NA	NA	NA	NA	NA
07/05/11	Digital Intersection, Inc.	Opus #1 LLC	NA	NA	NA	NA	NA
07/02/11	PowerScore, Inc.	Law School Interactive	NA	NA	NA	NA	NA
Subtotal							\$3,877.3

**Select M&A Deals in Gridley's Targeted Sectors
Third Quarter 2011**

(\$ in millions)

Announcement Date	Acquirer	Target	Implied Enterprise Value	Enterprise Value to		Forward P/E	Premium Paid to Stock Price 30 Days Prior to Announcement Date
				LTM Revenue	LTM EBITDA		
Financial Technology							
09/19/11	YapStone, Inc.	PropertyBridge, LLC	NA	NA	NA	NA	NA
08/29/11	Redding Bank of Commerce	L&L Payroll Service	NA	NA	NA	NA	NA
08/25/11	Financial Transaction Services, LLC	Efficient Payment Processing Inc.	NA	NA	NA	NA	NA
08/23/11	TransFirst Health Services, Inc.	Solveras, Inc.	NA	NA	NA	NA	NA
08/16/11	GTCR, LLC; GTCR Fund X, L.P.	BServ, Inc.	NA	NA	NA	NA	NA
08/15/11	HealthEquity, Inc.	First Horizon MSaver, Inc.	NA	NA	NA	NA	NA
08/08/11	Great Hill Partners, LLC	Plimus, Inc.	\$115.0	NA	NA	NA	NA
08/08/11	BluePay, Inc.	Eagle Point Financial LLC	NA	NA	NA	NA	NA
07/27/11	INTRIX Technology, Inc.	EPIC Processing, Ltd.	NA	NA	NA	NA	NA
07/26/11	ACI Worldwide, Inc.	S1 Corporation	438.7	1.93x	35.8x	42.4x	26.7%
07/26/11	Retalix Ltd.	MTXEPS, Inc.	25.0	NA	NA	NA	NA
07/26/11	The Topps Company, Inc.	GMG Entertainment, Inc.	NA	NA	NA	NA	NA
07/25/11	CoreLogic Credco, LLC	National Credit Report.com, LLC	0.8	NA	NA	NA	NA
07/19/11	Data Impact, Inc.	Transactis, Inc.	NA	NA	NA	NA	NA
07/11/11	NCR Corp.	Radiant Systems Inc.	1,139.1	3.10x	20.7x	27.5x	47.2%
07/07/11	PayPal, Inc.	Zong, Inc.	240.0	NA	NA	NA	NA
Subtotal							\$1,958.5



Select M&A Deals in Gridley's Targeted Sectors
Third Quarter 2011

(\$ in millions)

Announcement Date	Acquirer	Target	Implied Enterprise Value	Enterprise Value to			Forward P/E	Premium Paid to Stock Price 30 Days Prior to Announcement Date
				LTM Revenue	LTM EBITDA			
Data Services								
09/14/11	Smartlogic Semaphore Limited	SchemaLogic, Inc.	NA	NA	NA	NA	NA	NA
09/01/11	Imaging Office Systems, Inc.	Document Management Solutions Inc.	NA	NA	NA	NA	NA	NA
09/01/11	Cornerstone Records Management, LLC	Shoreline Records Management, Inc.	NA	NA	NA	NA	NA	NA
08/25/11	Bloomberg L.P.	The Bureau of National Affairs, Inc.	\$962.6	2.92x	14.5x	NA	NA	NA
08/02/11	TALX Corporation	DataVision Resources, LLC	NA	NA	NA	NA	NA	NA
08/01/11	Transcend Services, Inc.	Salar, Inc.	11.0	2.75x	NA	NA	NA	NA
07/26/11	Bodhtree Solutions Inc.	e2e Analytix Inc.	NA	NA	NA	NA	NA	NA
07/26/11	New Mountain Capital, LLC	SNL Financial LC	NA	NA	NA	NA	NA	NA
07/21/11	Informatica Corporation	WisdomForce Technologies, Inc.	NA	NA	NA	NA	NA	NA
Subtotal			\$973.6					

Select M&A Deals in Gridley's Targeted Sectors
Third Quarter 2011

(\$ in millions)

Announcement Date	Acquirer	Target	Implied Enterprise Value	Enterprise Value to			Forward P/E	Premium Paid to Stock Price 30 Days Prior to Announcement Date
				LTM Revenue	LTM EBITDA			
SaaS and Outsourcing Services								
09/14/11	Computer Sciences Corporation	AppLabs Technologies Pvt. Ltd.	NA	NA	NA	NA	NA	NA
09/14/11	Arthur J Gallagher & Co.	The BeneTex Group, Inc.	NA	NA	NA	NA	NA	NA
09/14/11	Automatic Data Processing, Inc.	Asparity Decision Solutions, Inc.	NA	NA	NA	NA	NA	NA
09/12/11	8x8 Inc.	Contactual, Inc.	\$27.5	3.31x	NA	NA	NA	NA
09/06/11	Parametric Technology Corporation	4CS Solutions, Inc.	NA	NA	NA	NA	NA	NA
09/05/11	Chakkilam Infotech Ltd.	Cigniti, Inc.	2.4	0.13x	NA	NA	NA	NA
09/01/11	National Utility Service, Inc.	Viking Energy Management, LLC	NA	NA	NA	NA	NA	NA
09/01/11	Groupe CRIT SA	Peoplelink Staffing Solutions, LLC	NA	NA	NA	NA	NA	NA
08/16/11	General Dynamics Information Technology,	Vangent, Inc.	1,299.1	1.82x	14.9x	NA	NA	NA
08/04/11	Hellman & Friedman LLC; The Blackstone	Emdeon Inc.	3,306.3	3.08x	13.1x	17.8x	46.8%	NA
07/27/11	Kroll Risk & Compliance Solutions	CVM Solutions, LLC	NA	NA	NA	NA	NA	NA
07/21/11	athenahealth, Inc.	Proxsys, LLC (nka:athenaCoordinator)	36.0	NA	NA	NA	NA	NA
07/20/11	Mercer, Inc.	Mahoney Associates Inc.	NA	NA	NA	NA	NA	NA
07/18/11	Aetna Inc.	PayFlex Systems USA, Inc.	202.0	NA	NA	NA	NA	NA
07/14/11	Nuance Communications, Inc.	Webmedx, Inc.	NA	NA	NA	NA	NA	NA
07/11/11	Hub International Limited	Workplace Benefit Solutions, LLC	NA	NA	NA	NA	NA	NA
07/11/11	CPI-HR, Inc.	Summit Payroll Services, LLC	NA	NA	NA	NA	NA	NA
07/07/11	Wells Fargo Insurance Services USA, Inc.	EDIFY, LLC	NA	NA	NA	NA	NA	NA
Subtotal			\$4,873.3					



Q3 2011 Private Equity / Venture Capital Financing Transactions

Private Equity

In Q3 2011, U.S. private equity fundraising decreased to \$22.5 billion, down 45% from the previous quarter, according to a Preqin press release. The number of fund closings also decreased dramatically, dropping to just 37 funds from last quarter's 54. Funds that closed in Q3 took an average of 17 months to fundraise, longer than last quarter's 15.5 month average. Private equity fundraising was very challenging in the third quarter, but fortunately institutional investors expect to continue investing in the asset class over the next 12-18 months according to Preqin. Two-thirds of investors participating in the Preqin study intend to make new commitments to private equity funds in the following 12 months. This suggests that although investors are currently approaching private equity with extreme caution, most intend to remain active in the coming months and over the longer term.

Venture Capital

According to Thompson Reuters, venture backed IPO activity in Q3 was at the lowest level in seven quarters, with only five companies going public this quarter, raising a total of \$442.9 million. This represents a 92% drop in dollar value of IPO activity compared to Q2 2011. The information technology sector remains the main engine of IPO activity, with four out of the five IPOs. M&A showed strength, with 101 venture backed M&A deals reported, 35 of which had an aggregate deal value of \$6.3 billion, up 8% over Q2 2011. Information Technology also led the venture backed M&A landscape, with 86 of the 101 deals of the quarter. In terms of fundraising, 52 firms in all raised \$1.7 billion in Q3, the lowest dollar amount since Q3 2003. The quarter marked a 53% decline in the dollar amount raised from Q3 2010.

Notable Investments in Gridley Sectors

We would like to highlight a few interesting private equity investments in Q3 2011:

- On July 5th, **Twitter** announced a planned raise that would value the company at up to \$7 billion. On September 8th, Twitter closed the transaction, raising \$800 million from **Kleiner, Perkins, Caufield & Byers, T. Rowe Price Group, Lowercase Capital, and DST Global**. Twitter plans to use the funding to aggressively innovate, hire more people, invest in international expansion, and to buy back shares from its employees and other existing shareholders. To date, Twitter has raised more than \$1.2 billion.
- On July 12th, **Gilt Groupe** announced a sale of a minority stake to **GSV Capital Corp.** for an undisclosed amount. Including its most recent raise in April of \$138 million (at a valuation of around \$1 billion), the company has raised a total of more than \$240 million to date. Kudos to Kevin Ryan for building one of the hottest and fastest growing startups.
- In the world of online file storage and sharing, both **Dropbox** and **Box.net** each raised a round of funds. On July 12th, Dropbox announced a planned raise that would value the company at about \$5 billion. The transaction eventually closed on October 18th, raising \$250 million in its Series B led by **Index Ventures**. Box.net raised \$81 million at a post-money valuation of \$550 million in a round that included new investors **SAP Ventures, Bessemer Venture Partners, and New Enterprise Associates**. The growth of cloud-based businesses looks like it's not slowing down any time soon.



The following charts illustrate each sector's private equity investments for Q3 2011.

Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011				
Marketing Services				
(\$ in millions)				
Date	Investor	Company	Description	Investment Amount
9/21/11	Undisclosed	Innerscope Research, Inc.	Innerscope Research, Inc. operates as a media research company. It measures audience's emotions and displays them in engagement maps, which provide moment to moment analysis of the audience's response to the media stimuli.	\$9.4
9/20/11	Sorenson Capital	Mindshare Technologies, Inc.	Mindshare Technologies, Inc. provides customer feedback solutions. It offers phone or Web activated automated feedback systems in industries such as retail, food, salon, healthcare, travel, lodging, home service, financial services, insurance, call centers, automotive, and cable companies.	\$20.0
9/8/11	Undisclosed	MarketShare Partners LLC	MarketShare Partners LLC offers marketing analytics software solutions. The company provides Compass, a resource allocation optimizer for marketers that creates and tests various scenarios and presents likely outcomes in the form of charts and downloadable spreadsheets.	\$5.0
9/7/11	Undisclosed	Opinionology, Inc.	Opinionology, Inc. provides survey research data collection solutions for market researchers in the United States and internationally. Its market and public opinion research services include both data collection and analytics, aggregated from online, mobile and telephone surveys.	\$50.0
9/7/11	Boulder Ventures Limited; Centennial Ventures; Monitor Clipper Partners, Inc.; Vista Ventures	Market Force Information, Inc.	Market Force Information, Inc. provides customer experience information and insights for businesses in the United States. It offers mystery shopping, direct customer feedback, on-site merchandising, and analytic services.	\$15.0
8/25/11	Undisclosed	Survey Sampling International LLC	Survey Sampling International LLC provides sampling solutions for survey research. It offers access to consumer and business-to-business respondents through Internet, telephone, and mobile. The company provides sample support, data collection, tracking, panel management, and custom panel services.	\$50.0
7/19/11	JMI Equity	BrightLine Partners LLC	BrightLine Partners LLC provides marketing services in the interactive TV (iTV) advertising space for global consumer products companies. The company's iTV advertisements allow marketers to create a two-way dialogue with their target consumers, increasing viewer involvement, purchase intent and product sales.	\$30.0
7/18/11	OVP Venture Partners; Rho Capital Partners, Inc.; StarVest Partners, L.P.; Greycroft Partners LLC; Positec USA Inc.	Lucid Commerce, Inc.	Lucid Commerce, Inc. provides on-demand business intelligence solutions for direct marketers. Its products are used to measure and manage marketing campaigns at the media purchase level by tracking and analyzing campaigns, offers, customers, and operations.	\$8.0



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011

Internet Services

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
9/29/11	CMEA Capital; U.S. Venture Partners; MLC Investments Limited; Yandex N.V.; PivotNorth Capital; PivotNorth Capital	Blekko, Inc.	Blekko, Inc. provides internet search solutions. Blekko uses slashtags to search only the sites desired and cut out spam.	\$30.0
9/29/11	Goldman Sachs Asset Management, L.P.; Kegonsa Technologies Inc., Investment Arm	Networked Insights, Inc.	Networked Insights, Inc. provides customer intelligence solutions for advertisers, marketers, and public relations professionals. It offers SocialSense, a listening platform that delivers actionable customer-driven insights by analyzing the content and social behavior on the social Web to make strategic and tactical decisions.	\$20.0
9/29/11	Amazon.com Inc.; Madrona Venture Group; Sequel Venture Partners; Hearst Interactive Media; FFP Holdings; Triangle Peak Partners, Inc.	Yieldex, Inc.	Yieldex, Inc. provides advertising inventory management, forecasting, and yield optimization solutions for online publishers. The company developed DynamicIQ to provide decision support services for sales and operations, and BusinessIQ to offer dashboards, analytic reports, and scenario planning services.	\$10.0
9/27/11	Charles River Ventures; U.S. Venture Partners; Emergence Capital Partners; The Social+Capital Partnership	Yammer, Inc.	Yammer, Inc. owns and operates enterprise social networking portals. The portal offers microblogging, profile and group creation, document sharing, messaging, and content tagging services. It also provides enterprise application, integration, and plug-in services.	\$17.0
9/27/11	Morgenthaler; Accelerator Ventures; Seraph Group; Correlation Ventures; Kapor Capital	Fundly Inc.	Fundly Inc. provides a SaaS social fundraising platform for non-profits, universities, and political campaigns. It enables the fundraisers to leverage the power of their own social networks, such as email, Facebook, Twitter, and LinkedIn, and offers secure donation services.	\$5.0
9/26/11	ABS Capital Partners; Village Ventures; Highway 12 Ventures	TechMediaNetwork, Inc.	TechMediaNetwork, Inc., a technology media company, operates as a digital publisher and content provider of consumer technology and science news.	\$33.0
9/23/11	Austin Ventures; InterWest Partners	Spredfast	Spredfast provides social media solutions. It offers a social media campaign management platform that allows organizations to manage, monitor, and measure their messages across various social media channels.	\$12.0
9/22/11	Mohr Davidow Ventures; Advance Publications, Inc.; General Catalyst Partners; Northgate Capital Group, L.L.C.; DAG Ventures, LLC	Visible Measures Corporation	Visible Measures Corporation offers measurement solutions for internet video publishers, viral marketing professionals, and advertisers. It specializes in measuring the consumption and distribution of Internet videos. Its products include VisibleSuite, VisibleCampaign, True Reach and Viewable Media.	\$13.0
9/21/11	Institutional Venture Partners; RRE Ventures LLC; Allen & Company LLC, Investment Arm	Silicon Alley Insider, Inc.	Silicon Alley Insider, Inc. publishes Business Insider, an online business news site for the digital age. The company provides real-time business news, analysis, and commentary. Its verticals include financial, entertainment, digital industry, tech, media, wall street, markets, strategy, sports, travel, tools, politics, PR, and lifestyle, as well as weird, OMG, tape, PRQ, and questions.	\$7.4
9/21/11	JPMP Capital, LLC; American Express Company; Citi Venture Capital International	Rearden Commerce, Inc.	Rearden Commerce, Inc. designs and develops a Web-based tool called Personal Assistant that manages the everyday details of business and personal life, helping companies set and manage spending policies, designate preferred vendors, and manage services for employees.	\$133.0



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011
Internet Services (cont'd)

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
9/21/11	August Capital; Mayfield Fund; Microsoft Corporation, Investment Arm	Adchemy, Inc.	Adchemy, Inc., operates as a digital marketing technology company. It offers Adchemy Audience Data Cloud, a data management platform that allows users to analyze online audience, develop targeted segments, and deliver relevant advertising; and Adchemy WordMap application, a SaaS software solution to extract underlying intentions from keyword search terms.	\$61.0
9/21/11	Mayfield Fund; FLOODGATE; K9 Ventures	Zimride, Inc.	Zimride, Inc. provides Web-based rideshare service that helps organizations to establish private social networks for ridesharing. Its service enables its users to find friends, classmates, and coworkers for carpooling.	\$6.0
9/21/11	FirstMark Capital, L.L.C.; Rho Capital Partners, Inc.	Dashlane Inc.	Dashlane Inc. provides consumer Internet application for online transactions and activities.	\$5.0
9/20/11	Benchmark Capital; Mesirow Financial Private Equity; Lightspeed Venture Partners; Greenspring Associates, Inc.; DAG Ventures, LLC	GrubHub, Inc.	GrubHub, Inc. owns and operates a portal that offers local restaurant information services. The portal offers restaurant menus, coupons, ratings, delivery time information, and reviews to diners.	\$50.0
9/19/11	RRE Ventures LLC; Draper Fisher Jurvetson Gotham Ventures; Pilot Group, LLC; Metamorphic Ventures; Hatteras Funds; Lerer Ventures; Thrive Capital	Sailthru, Inc.	Sailthru, Inc. provides behavioral tracking and services such as Triggermail, a service to monitor the delivery of transactional and mass emails; Horizon, tracks client's user behavior and interests on site; and GetConnect, provide address book integration with various Webmail providers and social networks.	\$8.0
9/19/11	Battery Ventures; GIMV NV; Genesis Partners Ltd.	ActivePath, Inc.	ActivePath, Inc. provides email banking solutions such card services that deliver paperless e-statements and alerts, ePayment, and live interaction. The company's solutions allows banks, card services companies, and brokerage houses to capitalize on email as a communications, sales, and marketing channel.	\$10.0
9/16/11	Redpoint Ventures; JAFCO Ventures	Posterous, Inc.	Posterous, Inc. operates a Website to blog and share photos on the Internet. It also enables to share thoughts, photos, audio, video, and files with friends and family.	\$5.0
9/15/11	Undisclosed	Pugnacious Endeavors Inc	Pugnacious Endeavors Inc owns and operates an online ticket exchange that allows people to buy and sell live event tickets in Europe and the United States.	\$10.0
9/15/11	Bessemer Venture Partners	Pinterest	Pinterest provides an online service that enables users to organize and share various things on the Web. It offers Virtual Pinboard, which connects people based on shared tastes and interests.	\$10.0
9/2/11	Battery Ventures; Shasta Ventures; First Round Capital; Grape Arbor LLC	Live Intent, Inc.	Live Intent, Inc. provides email advertising and trading desk solutions. The company also provides safeRTB auction that aggregates demand from advertisers, agencies, trading desks, and DSPs as an email exchange. In addition, it offers newsletters, alerts, notifications, and dedicated emails.	\$8.0
9/14/11	Menlo Ventures; Rho Capital Partners, Inc.; Star Ventures Management GmbH; QuestMark Partners; The Four Rivers Group	Vidyo, Inc.	Vidyo, Inc. provides Internet and mobile based video conference solutions such as a system that configures and displays video, system network adaptation, and video conferencing, including telemedicine videoconferencing suite for health consulting.	\$22.5



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011
Internet Services (cont'd)

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
9/14/11	Benchmark Capital; Shasta Ventures	Red Robot Labs, Inc.	Red Robot Labs, Inc. develops mobile-social games.	\$8.5
9/15/11	SoftBank Capital; Bertelsmann Digital Media Investments; Fairhaven Capital Partners, LLC; Kirshenbaum Bond Senecal + Partners Ventures	CrowdTwist, Inc.	CrowdTwist, Inc. develops loyalty software solutions for fan clubs that allows fans to earn points and redeem rewards for online activity. The company's software solutions also includes fan reporting, social networking and commerce integration, campaign management, and fan club integration.	\$6.8
9/13/11	Draper Fisher Jurvetson; Azure Capital Partners	EatLime, Inc.	EatLime, Inc. provides online personal video sharing services. It offers content sharing services through its platform TwitVid.	\$6.5
9/12/11	Equity Partners Fund SPC; Funchal Equity Partners Fund; Zigong Commercial Equity Partners Fund	Zfere Holdings Inc.	Zfere Holdings Inc. designs and develops e-commerce software that provides a mobile interface, a cloud based payment system; Nexus, Social Commerce, a business platform; and Social Media Interface, a marketing tool.	\$500.0
9/12/11	Undisclosed	Idle Games Inc.	Idle Games Inc., a social gaming company, develops and creates massively multi-player games for social networks and their audience.	\$9.0
9/9/11	Ignition Partners; Investor Growth Capital	Visible Technologies, Inc.	Visible Technologies, Inc. provides online brand management solutions, which include social media monitoring and analysis application; a search application; and a set of services for managing, protecting, and repairing corporate and individual reputations online.	\$5.6
9/7/11	GRP Partners; Guthy-Renker LLC; United Services Automobile Association; DealerTrack Holdings, Inc.; Capricorn Investment Group LLC; McCombs Partners	TrueCar, Inc.	TrueCar, Inc. provides online new car pricing information on new cars and trucks; and provides location information on previous purchase transactions. The company obtains data directly from car dealers, respected dealer management system providers.	\$200.0
9/7/11	Accel Management Co, Inc.; Greylock Partners; RPM Ventures	BountyJobs Inc.	BountyJobs Inc. operates as an online marketplace for employers, headhunters, and job seekers.	\$5.0
9/6/11	Canaan Partners; Draper Fisher Jurvetson; MeriTech Capital Partners; SAP Ventures; EDB Investments Pte. Ltd.; General Catalyst Partners; Time Warner Investments; W Capital Partners; Keating Capital, Inc.	Tremor Video, Inc	Tremor Video, Inc., a digital video technology company that delivers video advertising engagement solutions for advertisers; and a video income engine for publishers. Its solutions are used in various industries, such as automotive, CPG, entertainment, financial services, health, technology, and travel.	\$37.0
9/2/11	Inlay Investments Inc.; Buckhead Investments Llc.; Hamilton Ventures LLC	PlayON! Sports, Inc.	PlayON! Sports, Inc. provides tools necessary for media companies, academic institutions, and sport associations to produce video coverage of live events. It offers solutions to Webcast events from football games to music concerts, as well as Web-based management services and advertising solutions.	\$7.2
8/31/11	Mohr Davidow Ventures; GGV Capital; Northgate Capital Group, L.L.C.	RootMusic, Inc.	RootMusic, Inc. provides online applications, resources, and content for bands and musicians to share their music and photos. It also offers BandPage that provides the information of music bands to fans; and BandPage Plus, which lets the client to style their pages with custom colors, fonts, and background images.	\$16.0
8/31/11	Undisclosed	Angie's List, Inc.	Angie's List, Inc. operates a consumer-driven solution for its members to research, hire, rate, and review local professionals for home, health care, and automotive service needs in the United States.	\$15.0



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011
Internet Services (cont'd)

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
8/31/11	Undisclosed	2080 Media, Inc.	2080 Media, Inc. operates as a digital media company. It focuses on the production and distribution of broadband content, as well as untelevised live sporting events.	\$7.2
8/30/11	Undisclosed	TrueCar, Inc.	TrueCar, Inc. provides online new car pricing information in the United States. It offers price quotes on new cars and trucks from local dealers and shows car buyers and dealers how much people actually paid for a particular car in a specific local area.	\$77.5
8/30/11	Sequoia Capital; T-Venture Holding GmbH; Genesis Partners Ltd.	Innovid, Inc.	Innovid, Inc. is an interactive video advertisement development company. It develops a media enrichment platform that enables injection of interactive objects into the online videos; and iRoll apps product, a tool used for the creation of interactive pre-roll campaigns that include interactive functionality.	\$9.5
8/30/11	Bain Capital Ventures	HookLogic, Inc.	HookLogic, Inc. provides eCommerce media solutions. The company helps retailers to define strategy, implement media products, and sell media products to advertisers. It also provides targeted opportunities to reach in-market shoppers in the context of shopping for advertisers.	\$9.5
8/30/11	Undisclosed	Longboard Media, Inc.	Longboard Media, Inc., a vertical advertisement network, provides advertising solutions to shopping publishers and advertisers. The company enables brands to target consumers across shopping publishers, mobile commerce apps, and retailers, as well as brands and retailers to present their message to consumers.	\$6.0
8/25/11	Greylock Partners; Insight Venture Partners; Sequoia Capital; Union Square Ventures; Spark Capital; The Chernin Group	Tumblr, Inc.	Tumblr, Inc. operates as a platform to share and post text, photos, quotes, links, music, and videos from the client's browser, phone, desktop, and email platforms. The company was founded in 2007 and is based in New York, New York.	\$85.0
8/25/11	Institutional Venture Partners; JMI Equity; Blumberg Capital; First Round Capital	DoubleVerify, Inc.	DoubleVerify, Inc. provides online advertising verification monitoring, blocking, and compliance solutions to marketers, agencies, advertising networks, and publishers. The company offers solutions for blocking advertisements, analyzing campaigns, managing networks and platforms; brand safety reporting; and online behavioral advertising compliance.	\$33.0
8/23/11	Cybergun SA	Online Warmongers, LLC	Online Warmongers, LLC operates a Battle Zone community to play online multiplayer session-based combat action games. Its game allows players to compete with each other as individuals or in teams in ground combat action, as well as build characters that are augmented, customized, and upgraded.	\$25.0
8/17/11	Undisclosed	Consumer Agent Portal, LLC	Consumer Agent Portal, LLC operates a website for consumers to research their insurance needs and look for independent agents.	\$30.0
8/17/11	Undisclosed	Pugnacious Endeavors Inc	Pugnacious Endeavors Inc owns and operates an online ticket exchange that allows people to buy and sell live event tickets in Europe and the United States.	\$20.0
8/17/11	Undisclosed	Breitbart News Network, LLC	Breitbart News Network, LLC offers real-time access to news and analysis sources online. It provides news related to world, politics, business, sports, entertainment, sci/tech, health, odd, video, and images.	\$10.0
8/16/11	Undisclosed	Zoosk, Inc.	Zoosk, Inc. operates an online social dating community. The company provides social networking applications, mobile services, and a downloadable desktop application through its Website that provide online dating experience. Its service enables users to join, browse, and send a limited number of messages for free.	\$75.0



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011
Internet Services (cont'd)

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
8/16/11	Undisclosed	SEOmоз, Inc.	SEOmоз, Inc. provides consulting, Internet marketing, and search engine optimization (SEO) services to businesses, non-profit organizations, and government agencies. The company offers search engine optimization and marketing services.	\$25.0
8/16/11	Benchmark Capital; New Atlantic Ventures; New Enterprise Associates	Stitcher, Inc.	Stitcher, Inc. operates as a mobile audio company. It offers a media service that allows audio content to be aggregated, organized, and shared on mobile devices.	\$10.0
8/15/11	Oak Investment Partners; CrossLink Capital, Inc.; Hillsven LLC	Bleacher Report, Inc.	Bleacher Report, Inc. operates as an open source sports network and community publishing site for amateur sports writers. It allows sports fans to share insights and opinions, news, and photos, as well as write articles.	\$22.0
8/15/11	Guggenheim Partners, LLC	Cinchcast Inc.	Cinchcast Inc. provides solutions that allow companies to create, share, measure, and monetize audio content to reach and engage the people that are most important to their business in the United States and internationally.	\$6.0
8/12/11	Bay Partners; Insight Venture Partners; Institutional Venture Partners; GGV Capital	Buddy Media, Inc.	Buddy Media, Inc. develops social media management solutions for use on Facebook. Its solutions enable global advertisers and brands to manage their Facebook pages.	\$54.0
8/12/11	Undisclosed	WhaleShark Media, Inc.	WhaleShark Media, Inc. owns and operates coupons and deals websites. The company owns portals under www.Deals.com , www.Deals2Buy.com , www.CheapStingyBargains.com , www.CouponSeven.com , and www.CouponShare.com names.	\$18.0
8/4/11	Advanced Technology Ventures; Madrona Venture Group	Cedexis Inc.	Cedexis Inc. develops performance monitoring and traffic management platforms for consumer and enterprise Web, and Web marketing applications in Europe.	\$7.0
8/9/11	Undisclosed	Return Path, Inc.	Return Path, Inc. provides email deliverability and reputation management services for marketers and senders, email technology providers, and Internet service providers (ISP).	\$11.0
8/5/11	Shamrock Capital Advisors, LLC; Shamrock Capital Growth Fund II, L.P.	Thought Equity Motion, Inc.	Thought Equity Motion, Inc. provides rights development services and technology platform for managing, monetizing, and delivering video contents. Its services include online and offline intellectual property and media content research, footage assurance, and media content legal rights and clearances.	\$25.0
8/4/11	Columbia Capital LLC; InterWest Partners; Menlo Ventures; True Ventures; Harrison Metal Capital; QED Investors LLC	BloomSpot Inc.	BloomSpot Inc. operates a Website that provides an online magazine featuring restaurants, spas, hotels, events, and travel experiences. It also provides offers on hotels, restaurants, spas, and weekend getaways to its members and readers.	\$35.0
8/4/11	Undisclosed	InnoCentive, Inc.	InnoCentive, Inc. operates as an online marketplace that offers open innovation and crowdsourcing solutions for corporations, innovation-companies, academic institutions, governments, nonprofits, and problem solvers around the globe.	\$7.5



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011
Internet Services (cont'd)

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
8/3/11	Bessemer Venture Partners; Draper Fisher Jurvetson; MeriTech Capital Partners; New Enterprise Associates; U.S. Venture Partners; SAP Ventures; Scale Venture Partners; Salesforce.com; Emergence Capital Partners; Andreessen Horowitz	Box.net, Inc.	Box.net, Inc. provides online file storage, sharing, and collaboration solutions. It provides cloud content management for individuals, small businesses, and companies.	\$81.0
8/3/11	The McGraw-Hill Companies, Inc.; Sequoia Capital; Pearson Education Holdings, Inc.; JAFCO Ventures; Tenaya Capital	Standard Nine Inc	Standard Nine Inc, doing business as Inkling, develops interactive applications for ipads. It offers Inkling, an application for iPads that comprises chapters, pages, questions, and illustrations, as well as video, interactivity, and quiz questions that a print title has.	\$17.4
8/1/11	Accel Management Co, Inc.; Harrison Metal Capital	Project J Corporation	Project J Corporation owns and operates an online platform that enables manufactures to showcase their apparel, beauty and lifestyle products through videos.	\$7.9
7/31/11	General Catalyst Partners	BigCommerce Pty. Ltd.	BigCommerce Pty. Ltd. develops shopping cart software to create Web storefronts and accept payments for small and mid-sized retailers. It provides tools to sell products on smartphones and social networking sites.	\$15.0
7/29/11	Avalon Ventures	Nanigans, Inc.	Nanigans, Inc. provides paying users to the developers of social applications and games. The company finds, identifies, and delivers new users to social networking applications developers and advertisers.	\$5.0
7/29/11	Edison Venture Fund	Salsa Labs, Inc.	Salsa Labs, Inc. provides Salsa, a hosted organizing platform for online organizing, advocacy, fundraising, and communications. Its platform is used to build awareness, and mobilize and engage supporters, activists, customers, fans, and donors.	\$5.0
7/28/11	New Enterprise Associates; Sequoia Capital	Hearsay Labs, Inc.	Hearsay Labs, Inc. offers social media platform for businesses with local branches and representatives to manage and deploy content, compliance, monitoring and analytics across brand and local social media presences.	\$18.0
7/28/11	Undisclosed	Bedrocket Media Ventures, LLC	Bedrocket Media Ventures, LLC operates a video studio for Web and TV content. The company creates, develops, and produces web shows that could appear on broadcast television.	\$11.5
7/28/11	Institutional Venture Partners; Sutter Hill Ventures; SV Angel; WGI Group	Yext, Inc.	Yext, Inc. provides online advertising and monetization services to advertisers, publishers, and users in the United States. The company provides information about various products and services offered by businesses across sectors.	\$10.0
7/28/11	Draper Fisher Jurvetson; BlueRun Ventures; General Catalyst Partners; SoftBank Capital; ENIAC Ventures	Kurani Multimedia Inc.	Kurani Multimedia Inc. operates Opinionaided, which helps people to get real time opinions for shopping. It allows users to ask questions, give opinions, and make friends.	\$5.5
7/28/11	Hudson Capital Group, LLC	Mobile Promotions Network, LLC	Mobile Promotions Network, LLC, doing business as Shoooger, operates an integrated platform that provides mobile marketing services. It operates a community of users that scout for deals and shares them with the network.	\$5.0
7/27/11	Undisclosed	Gazillion Entertainment, Inc.	Gazillion Entertainment, Inc. engages in developing, publishing, and operating massively multiplayer online (MMO) free-to-play games and services.	\$49.2



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011
Internet Services (cont'd)

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
7/27/11	FirstMark Capital, L.L.C.; DCM	Ahalife Holdings Inc.	Ahalife Holdings Inc. operates ahalife.com, a digital discovery platform for users to learn about and purchase products. Its platform showcases and sells a range of products, including fashion, technology, beauty, home, fitness, tech, food, travel, and design products from around the world.	\$6.0
7/26/11	Microsoft Corporation; Jesselson Capital; National Geographic Ventures, Inc.	ePALS, Inc. (nka:ePals Corporation)	ePals Corporation provides online communications and collaboration platform to build educational communities for K-12 schools, teachers, students, and parents.	\$47.2
7/26/11	First Round Capital; OpenView Venture Partners; FLOODGATE	Monetate, Inc.	Monetate, Inc. provides testing, targeting, and personalization solutions for online businesses. Its provided solutions data mine traffic and assist in testing campaigns.	\$15.0
7/26/11	InterWest Partners; Azure Capital Partners; First Round Capital; O'Reilly AlphaTech Ventures, LLC	Get Satisfaction, Inc.	Get Satisfaction, Inc. offers online discussion, part FAQ, and part social network for products and services. Its products and services include satisfaction beta release, iphone, pownce on the Web, twitter on the Web, and classic messenger.	\$10.0
7/26/11	Menlo Ventures; Baroda Ventures LLC; Washington Post Company Investments, Investment Arm; First Round Capital; SoftTech VC; Zelvova Ventures; SV Angel; SoftTech VC III, L.P.; Grade-A Investments	Fab.com, Inc.	Fab.com, Inc. operates an online flash sales site and social community that features daily design inspirations and flash sales. It provides a platform for designers to reach a mass audience of consumers across a range of categories.	\$8.0
7/26/11	GSA Venture Partners; Mr. Youth LLC; Foundry Group	Crowdtap LLC	Crowdtap LLC owns and operates an online platform for marketers to collaborate with and mobilize their targeted brand crowd of influential consumers for real-time research, collaboration or word-of-mouth marketing.	\$7.0
7/26/11	Undisclosed	Cocodot Inc.	Cocodot Inc. intends to provide online greetings and guest management services.	\$6.0
7/25/11	Undisclosed	BigCommerce Pty. Ltd.	BigCommerce Pty. Ltd. develops shopping cart software to create Web storefronts and accept payments for small and mid-sized retailers. It provides tools to sell products on smartphones and social networking sites.	\$10.0
7/25/11	EPIC Ventures; New World Ventures; Chicagoland Entrepreneurial Center, Investment Arm; Illinois Innovation Accelerator Fund, L.P.; TomorrowVentures, LLC	BrightTag, Inc.	BrightTag, Inc. develops and provides data management solutions for online publishers and marketers. It offers BrightTag, a data rights management platform that enables marketers and publishers to control tracking tags, protect against data leakage, and enhance online marketing.	\$5.0
7/22/11	VantagePoint Capital Partners; Baird Venture Partners	edo interactive, Inc.	edo interactive, Inc. develops technologies for digital marketing. The company offers services that aid in creating marketing campaigns, campaign tracking, and sales results.	\$20.0
7/22/11	Norwest Venture Partners; RRE Ventures LLC	Quirky, Inc.	Quirky, Inc. operates a Web site that enables users to submit product ideas for feedback from the Quirky community of users. It facilitates and provides general market research data and information to individuals or entities that submit a product idea.	\$16.0
7/22/11	RRE Ventures LLC; VantagePoint Capital Partners; GSA Venture Partners; SoftBank Capital; Lerer Ventures	Spanfeller Media Group, Inc.	Spanfeller Media Group, Inc. engages in online content publishing.	\$6.0



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011
Internet Services (cont'd)

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
7/20/11	Trinity Ventures; Lightspeed Venture Partners; JAFCO Ventures	Casual Collective Inc.	Casual Collective Inc., doing business as KIXEYE, operates as a hardcore social gaming company. The company publishes and distributes puzzle and casual flash games. It also operates a social networking hub that enables players to create and join in clubs, participate forums, and chat rooms.	\$18.0
7/20/11	Concur Technologies, Inc.	Yapta, Inc.	Yapta, Inc., also known as Your Amazing Personal Travel Assistant, provides online travel shopping service that monitors airline ticket pricing and award seat availability for travelers.	\$5.0
7/20/11	Undisclosed	iMemories, Inc.	iMemories, Inc. provides a Web platform for digitizing, storing, and sharing personal videos and photos. It digitally re-masters videos and film on DVDs; and converts photos, negatives, and slides to a digital format.	\$5.0
7/19/11	Benchmark Capital; New Enterprise Associates; Rustic Canyon Partners; Intel Capital; QUALCOMM Ventures	Gaikai, Inc.	Gaikai, Inc. provides online gaming service.	\$30.0
7/18/11	Equity Partners Fund SPC	Zfere Holdings Inc.	Zfere Holdings Inc. designs and develops e-commerce software. The company provides services allowing platform creation, interaction, payment, marketing, and the integration of social networks.	\$100.0
7/18/11	Matrix Partners; Sequoia Capital	MoboTap, Inc.	MoboTap, Inc. operates as a mobile technology developer in the United States. It provides Dolphin Browser, a Web-browser created and optimized for Andriod users.	\$10.0
7/15/11	Insight Venture Partners; New Enterprise Associates; Greenspring Associates, Inc.	Cvent, Inc.	Cvent, Inc. provides on-demand event management and Web survey software. It also offers Web-based software, including online event registration, membership management, event management, event Website creation, meeting site selection, and event sourcing software.	\$135.9
7/15/11	Undisclosed	Cardagin Networks Inc.	Cardagin Networks Inc., through its mobile advertising platform, enables small and local businesses to digitize their loyalty programs, disseminate targeted advertisements to existing and repeat customers, monitor customer habits, and collect data for business uses.	\$5.3
7/14/11	North Bridge Venture Partners; Voyager Capital; Steamboat Ventures, LLC; Emergence Capital Partners; OPENAIR Equity Partners	Mobile Intelligence Solutions, Inc.	Mobile Intelligence Solutions, Inc. provides mobile analytics and measurement solutions that deliver mobile insight required for carriers, advertisers, and publishers to measure, optimize, and grow their businesses.	\$8.0
7/13/11	Morgenthaler; Sequoia Capital	Evernote Corporation	Evernote Corporation offers cloud-based handwriting recognition and digital ink software solutions and technologies for users, system integrators, value added resellers, and original equipment manufacturers in the United States.	\$50.0
7/13/11	Undisclosed	incuBET, Inc.	incuBET, Inc. develops online computer games.	\$5.0
7/12/11	Accel Management Co, Inc.; Benchmark Capital; Greylock Partners; Institutional Venture Partners; Sequoia Capital; Index Ventures; RIT Capital Partners plc; Goldman Sachs Group, Investment Banking and Securities Investments; Valiant Capital Partners; Institutional Venture Partners XIII, L.P.	Dropbox, Inc.	Dropbox, Inc. offers an online files sharing service. The company's Dropbox mobile Website enables the users to share their docs, photos, and videos online. It serves companies, schools, and individuals worldwide.	\$250.0



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011
Internet Services (cont'd)

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
7/12/11	Undisclosed	Ignite Game Technologies Incorporated	Ignite Game Technologies Incorporated offers online gaming services such as video games.	\$7.5
7/12/11	Accel Management Co, Inc.; Harrison Metal Capital	MoPub, Inc.	MoPub, Inc. develops a mobile advertising network. It operates as a mobile monetization platform, providing ad serving, optimization, and new ad experiences for mobile applications.	\$6.5
7/12/11	GSV Capital Corp.	GILT GROUPE, INC.	GILT GROUPE, INC. operates as an online community that provides its members with access to coveted fashion and luxury lifestyle brands. It provides access by invitation only to men, women, and children coveted fashion and luxury brands at sample sale prices.	NA
7/8/11	Undisclosed	Tetris Online, Inc.	Tetris Online, Inc. develops and publishes electronic entertainment properties in North America and Europe. It engages in the online licensing of TETRIS games.	\$5.0
7/7/11	Venrock; RockPort Capital Partners; Craton Equity Partners; Physic Ventures, LLC	Second Rotation, Inc.	Second Rotation, Inc., an electronics reCommerce company, enables customers to sell or recycle electronics in the United States. The company allows customers to trade in or recycle used and unwanted cell phones, along with other electronics.	\$21.7
7/7/11	Polaris Venture Partners, Inc.; Union Square Ventures; First Round Capital; Lowercase Capital; Kapor Capital	Stickybits, Inc.	Stickybits, Inc. provides an application to scan barcodes with iPhone and Android phones. It application enables to scan barcodes, QR codes, and custom barcodes, as well as to attach digital content to real world objects.	\$7.0
7/7/11	Undisclosed	LearnVest, Inc.	LearnVest, Inc., a personal finance company, provides interactive and educational articles, and personal finance information on the Web. The company provides checklists, financial tools, a set of financial basics, and access to a collaborative community.	\$5.0
7/6/11	Undisclosed	Company.com Corp.	Company.com Corp. operates an information and lead generation services portal for small and medium size businesses that are currently under development in the United States.	\$20.0
7/5/11	Kleiner, Perkins, Caufield & Byers; T. Rowe Price Group, Inc.; Lowercase Capital; DST Global; DST Global-2	Twitter, Inc.	Twitter, Inc. owns and operates a platform on which users can broadcast short text messages and follow other users. The company also offers an enterprise-level Twitter integration solution for email marketing.	\$800.0
7/1/11	InterWest Partners; North Bridge Venture Partners; Rho Capital Partners, Inc.; J.P. Morgan Asset Management, Inc.; D.E. Shaw Venture Capital	Tapjoy, Inc.	Tapjoy, Inc. provides monetization and distribution services for social and mobile gaming applications, MMOs, virtual worlds, social platforms, and other publishers selling virtual goods or digital assets.	\$30.0
7/1/11	Shamrock Capital Advisors, LLC; Pelion Venture Partners; Bertelsmann Digital Media Investments	Mojiva, Inc.	Mojiva, Inc. provides mobile advertising solutions. The company also offers reporting interface, performance and costs metrics, and fraud detection services. It caters to content publishers, advertisers, advertisement sellers, and developers.	\$25.0
7/1/11	Undisclosed	LiveMocha, Inc.	LiveMocha, Inc. provides Web based language learning solutions integrating online instructional content with a community of language learners. It offers English, Spanish, French, Hindi, German, and Mandarin Chinese languages learning programs.	\$7.5



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011

Financial Technology

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
9/23/11	Susquehanna Growth Equity, LLC	PaySimple, Inc.	PaySimple, Inc. provides electronic payment solutions with its on-demand management software, which includes recurring billing, email invoicing, credit card processing, and online payment processing solutions.	\$16.0
9/8/11	Groupe Aeroplan Inc.	Cardlytics, Inc.	Cardlytics, Inc. offers banking rewards solution services that allow merchants to target customers based on their purchase history and enable consumers to receive personalized incentives via their online banking pages.	\$33.0
9/8/11	Undisclosed	FrontStream Payments, Inc.	FrontStream Payments, Inc. provides merchant payment solutions by offering credit card processing, electronic benefits transfer, check guarantee and conversion, and POS software integration services.	\$7.8
9/2/11	Undisclosed	Clearent LLC	Clearent LLC provides merchant services for financial institutions and ISOs. Its provides credit cards and gift and prepaid card servicing, electronic benefits transfer, cash advance, and compass, an online reporting tool.	\$5.6
8/16/11	Undisclosed	Paymetric, Inc.	Paymetric, Inc. provides software for managing, protecting, and integrating payment card transactions in enterprise applications, primarily SAP solutions, and Xibuy, a software for managing purchasing card transactions.	\$7.0
8/15/11	Accel Management Co, Inc.; Maveron LLC; Spark Capital; Boston Seed Capital	peerTransfer Corporation	peerTransfer Corporation provides online international money transfer that allow international students to pay their school fees; and services small businesses and individuals between international bank accounts to recipients.	\$7.5
8/8/11	Mohr Davidow Ventures; BlueRun Ventures; UPS Strategic Enterprise Fund	Kabbage Inc.	Kabbage Inc. provides working capital advances for online merchants, including financial services data, technology, and marketing platform for small and medium sized online sellers.	\$17.0
7/28/11	Bay Partners; Canaan Partners; Foundation Capital; Morgenthaler; Norwest Venture Partners; Union Square Ventures; Canaan VII, L.P.; Bay Partners XI, L.P.; Norwest Venture Partners X, L.P.; Foundation Capital VI, L.P.; Morgenthaler Venture Partners IX, L.P.; Union Square Ventures Opportunity Fund, L.P.	LendingClub Corporation	LendingClub Corporation enables the issuance of and investment in consumer loans and operate on an online platform. It allows borrower members to borrow money and investors to purchase member payment dependent notes.	\$25.0
7/28/11	Shasta Ventures; IA Ventures	Simple Finance Technology Corp.	Simple Finance Technology Corp., doing business as BankSimple, provides online banking services. It offers deposit, money transfer, ATM, and online bill payment services.	\$10.0
7/22/11	Undisclosed	Tempo Financial Holdings Corporation	Tempo Financial Holdings Corporation, doing business as i-Transfer, provides global payments and processing services.	\$5.0



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011

Financial Technology (cont'd)

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
7/12/11	Austin Ventures; StarVest Partners, L.P.	NewComLink, Inc.	NewComLink, Inc. provides payment solutions that offer a set of business processes for retailers, including NewComLink solution, a technology driven process that provides payment solutions that enable sales transactions instantly.	\$10.2
7/11/11	Undisclosed	Obopay, Inc.	Obopay, Inc. provides mobile payment services that enable the customers to receive, send, and spend money through mobile phone using Obopay's mobile application. It offers Obopay Prepaid MasterCard, a prepaid card.	\$15.0

Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011

Data Services

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
9/14/11	Silver Lake Partners; Accel-KKR LLC; J&E Capital Management, LLC; Silver Lake Sumeru, L.P.; Invus Financial Advisors, LLC; Tola Capital	Opera Solutions, LLC	Opera Solutions, LLC provides analytics solutions, such as Vektor, a customer data analytics and signal processing platform. The company serves globally to companies in the financial services, government, healthcare, and other selected sectors.	\$84.0
8/23/11	Undisclosed	Palantir Technologies Inc.	Palantir Technologies, Inc. creates and offers platforms for integrating, visualizing, and analyzing information. The company's products Palantir Government and Palantir Finance, serves specific organizational needs in the United States and abroad.	\$70.0
8/12/11	General Catalyst Partners; Windcrest Partners; Andreessen Horowitz; Fidelity Growth Partners Europe	GoodData Corporation	GoodData Corporation provides a cloud-based business intelligence platform-as-a-service that allows companies to share, access, and collaborate seamlessly in the on demand data analytics realm.	\$15.0



Select Private Equity Deals in Gridley's Targeted Sectors - Q3 2011

SaaS & Outsourcing

(\$ in millions)

Date	Investor	Company	Description	Investment Amount
9/8/11	Mainsail Partners	Steelwedge Software, Inc.	Steelwedge Software, Inc. provides software as a service sales planning and performance management solutions for the companies to create, validate, synchronize, collaborate, analyze, and improve the sales and operations plans.	\$16.0
9/7/11	Undisclosed	Work Market Inc.	Work Market Inc. is a Web-based transaction platform for the management of labor and human resource services. It provides businesses access to an on-demand scalable work force along with tools to manage employees, contractors, and third parties.	\$5.0
9/2/11	Bessemer Venture Partners; Catalyst Investors	MINDBODY, Inc.	MINDBODY, Inc., a software-as-a-service company, develops, sells, and supports scheduling and business management software for businesses in yoga, pilates, day spa, and fitness markets.	\$21.0
7/15/11	Gemini Israel Funds; BRM Group; Emergence Capital Partners	SupportSpace, Ltd.	SupportSpace, Ltd. provides online technical support services to consumers and small businesses. The company provides a virtual workforce of certified experts who utilize a SaaS platform to deliver online technical services to vendors and retail users.	\$12.0
7/14/11	Pelion Venture Partners	Domo Technologies, Inc.	Domo Technologies, Inc. offers an executive management platform as a software-as-a-service solution that transforms the way executives run their businesses. The company also provides various developer tools to create rich interactive visualizations as part of their products or services.	\$43.0



Outlook for the Market

Volatility and fear will continue to dominate market sentiment for the short term. How Europe will "play out" is anyone's guess. The European Central Bank doesn't seem to want to take any action. People are relying on the Germans to bail everyone out, but are they really going to do that? Would you if you were them? Finally, Italy and Greece appointed new leadership to help them out of their troubles. Will that be enough? Meanwhile, back in the U.S., we can't seem to reach consensus on a budget deficit reduction plan and unemployment remains high, consumer sentiment is low, and just about every other economic indicator is in the dumps. But, fear not! 2012 is an election year. Perhaps that will save us as the markets have shown gains in every election year since 1948 except for 2000 and 2008. Well, it doesn't hurt to dream...

A Word about Gridley & Company LLC

If you are a private company entrepreneur thinking about selling your company, seek professional help (aka Gridley) as we believe there will be A LOT that you will need to navigate through, even before you decide to go to market. If you are a private equity investor looking for investment opportunities, you already know that diamonds in the rough are becoming harder to find. At Gridley, we have an extensive network of relationships that we can put to work to help you find and WIN new investment opportunities. If you are a private equity investor and you need to show some successful portfolio company exits, consider hiring us to do so. We will push hard for the best valuation and use our extensive network to ensure an attractive buyer pool. Finally, if you are an industry leader thinking about making strategic acquisitions, this is a very exciting time for you. There will be abundant opportunities in the upcoming months. The key is to figure out the optimal strategic moves to make and "navigate" the still choppy valuation "water". We are here to help you do so. In all these cases, we provide thoughtful, high quality, strategic investment banking at a reasonable price. So, please call us if you are thinking of doing a transaction.

On a separate note, we are very excited about our upcoming conference on January 10th here in NYC. It is our 11th year doing this event and we have moved it to The Plaza to accommodate higher attendance levels. Already we have had over 100 people register in the first week that invitations were sent out. If you know of a private company CEO, senior private equity investor, or public company business leader in our targeted industry sectors that we should invite, please let us know! In the meantime, best wishes for a happy holiday season.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda Gridley".

Linda Bornhuetter Gridley
On Behalf of the Team at Gridley & Company LLC



Select Gridley Transactions

<p>Undisclosed</p> <p>Acquired by Channel Intelligence Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by Minicom Digital Signage Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by Oversee.net Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by TeleTech Holdings Advisor</p> <p>Gridley & Company</p>	<p>\$20,500,000</p> <p>Acquired by The Dolan Company Advisor</p> <p>Gridley & Company</p>
<p>Undisclosed</p> <p>Acquired by WPP Group plc Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by FetchBack Inc. Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by M3 Mobile Marketing Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by MDC Partners Inc. Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by Pepperjam Advisor</p> <p>Gridley & Company</p>
<p>Undisclosed</p> <p>Acquired by Silverlign Advisor</p> <p>Gridley & Company</p>	<p>\$20,000,000</p> <p>Investment by TZP Group LLC Placement Agent</p> <p>Gridley & Company</p>	<p>\$367,000,000</p> <p>Acquired by Roper Industries, Inc. Advisor</p> <p>Gridley & Company</p>	<p>\$157,000,000</p> <p>Acquired by e-Dialog, Inc. Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by WPP Group plc Advisor</p> <p>Gridley & Company</p>
<p>Undisclosed</p> <p>Acquired by Quest Software Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Email Business of</p> <p>Acquired by One to One Interactive. Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Ad serving Business of</p> <p>Acquired by Aegis plc Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by Parthenon Capital LLC Advisor</p> <p>Gridley & Company</p>	<p>\$113,189,337</p> <p>Secondary Offering</p> <p>Co-Manager</p> <p>Gridley & Company</p>
<p>\$17,450,000</p> <p>PrePay Intelligent Network Solutions Business Unit of</p> <p>Acquired by Verisign</p> <p>Issued Fairness Opinion</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by Schulman, Ronca, & Bucuvalas, Inc Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by ISIS Equity Partners Advisor</p> <p>Gridley & Company</p>	<p>\$138,000,000</p> <p>Acquired by Modern Media Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by Valassis Advisor</p> <p>Gridley & Company</p>
<p>\$58,000,000</p> <p>Acquired by Performics, Inc. Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Advisory Communications Systems, Inc. (ACS) d/b/a</p> <p>Acquired by ARAG Group Advisor</p> <p>Gridley & Company</p>	<p>\$55,200,000</p> <p>Follow-On Offering</p> <p>Co-Manager</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Marketing One to One, Inc. d/b/a</p> <p>Acquired by Carlson Marketing Group Advisor</p> <p>Gridley & Company</p>	<p>Undisclosed</p> <p>Acquired by Alliance Data Systems Advisor</p> <p>Gridley & Company</p>



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