

Project Arbor



Materials Prepared for Discussion

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Preliminary | Subject to Further Review and Evaluation

October 2012



Illustrative Transaction Statistics

Permira
Proposal

(\$MM, except per share amounts)

		Illustrative Arbor Valuation Statistics		
Illustrative Share Price:		\$22.63	\$29.49	\$32.00
Implied Transaction Premium				
	<i>Statistic</i>			
Premium to Share Price Prior to Bloomberg Article (6/5/12)	\$22.63	0%	30%	41%
Premium to Enterprise Value Prior to Bloomberg Article (6/5/12)	\$1,079	0%	32%	43%
Premium to Current Share Price	\$29.49	(23%)	0%	9%
Premium to Current Enterprise Value	\$1,421	(24%)	0%	9%
<i>Based on Prices Prior to Bloomberg Article (6/5/12)</i>				
Premium to 30 Day Share Price	\$23.40	(3%)	26%	37%
Premium to LTM High Share Price	44.70	(49%)	(34%)	(28%)
Premium to LTM Low Share Price	20.95	8%	41%	53%
Premium to LTM Average Share Price	27.83	(19%)	6%	15%
Premium to 2 Year Average Share Price	27.91	(19%)	6%	15%
Premium to IPO Share Price	13.50	68%	118%	137%
Premium to Average Share Price Since IPO	25.20	(10%)	17%	27%
Premium to Share Price Prior to WDYTYA Announcement (5/11/12)	26.16	(13%)	13%	22%
Implied Valuation & Multiples				
Fully-Diluted Equity Value (1)		\$1,088	\$1,431	\$1,556
Fully-Diluted Enterprise Value (1)		1,079	1,421	1,547
Adjusted Street Case (2) (3)				
Revenue Multiples	<i>Statistic</i>			
CY12E	\$496	2.2x	2.9x	3.1x
NTM	533	2.0	2.7	2.9
CY13E	567	1.9	2.5	2.7
Adjusted EBITDA Multiples				
CY12E	\$169	6.4x	8.4x	9.1x
NTM	185	5.8	7.7	8.4
CY13E	196	5.5	7.2	7.9
Management Case (3) (4)				
Revenue Multiples	<i>Statistic</i>			
CY12E	\$501	2.2x	2.8x	3.1x
NTM	551	2.0	2.6	2.8
CY13E	592	1.8	2.4	2.6
Adjusted EBITDA Multiples				
CY12E	\$172	6.3x	8.3x	9.0x
NTM	189	5.7	7.5	8.2
CY13E	210	5.1	6.8	7.4

Note: Current market prices as of October 17, 2012.

(1) Common shares outstanding, options and RSUs based on Arbor Management as of October 2012. Assumes treasury stock method treatment of options.

Balance sheet items based on Arbor Management for the period ended September 30, 2012.

(2) Arbor Adjusted Street Case projections based on consensus analyst estimates as of October 17, 2012. Includes Arbor Management estimates for Archives.com.

(3) NTM represents the next twelve months ended June 30, 2013.

(4) Arbor Management Case projections based on Arbor Management (2013 projections as of May 2012, 2012 forecast as of October 2012).

Includes Arbor Management estimates for Archives.com.

Archives.com Metrics (4)

1/1 – 8/17/12 Revenue: \$13MM
CY12E Revenue: \$21MM
NTM Revenue: \$24MM
CY13E Revenue: \$30MM

1/1 – 8/17/12 Adj. EBITDA: (\$2MM)
CY12E Adj. EBITDA: (\$2MM)
NTM Adj. EBITDA: (\$1MM)
CY13E Adj. EBITDA: \$0MM

Adjusted Street Case projections adjusted to include Arbor Management estimates for Archives.com in all periods.

Management Case projections adjusted to include Arbor Management estimates for Archives.com prior to August 17, 2012.

Process Overview

	Parties Contacted	NDA Signed / Initial Meeting	Submitted Preliminary Proposal	Post Due Diligence Most Recent Price Indication	Declined to Proceed
Strategies	✓	✓		-	✓
	✓			-	✓
	✓			-	✓
	✓			-	✓
	✓	✓		-	✓
Sponsors	✓	✓	✓	-	✓
	✓	✓	✓ (Verbal)	-	✓
	✓	✓		-	✓
	✓	✓	✓	\$28	✓
	✓	✓		\$29	✓
	✓	✓	✓ (Verbal)	-	✓
	✓	✓	✓	\$32	
	✓	✓	✓	-	✓
	✓	✓		-	✓
	✓			-	✓
	✓	✓	✓	\$30	✓
Other Parties					

Selected Areas of Feedback From Prospective Buyers

Positive

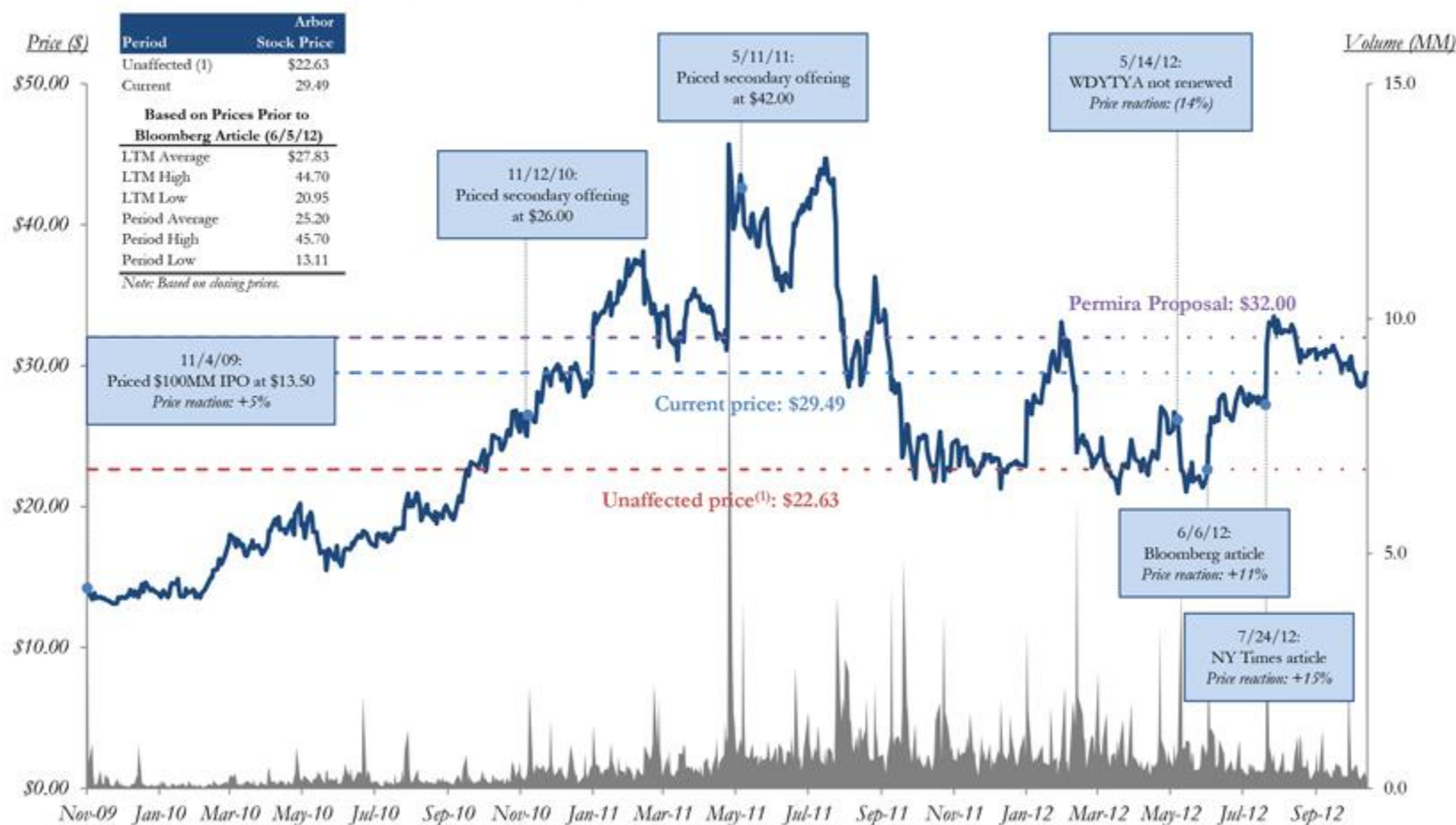
- Product leadership and pipeline of product improvements
- Generally positive on Archives, DNA, and potential TLC agreement for WDYTIA
- Potential for international market penetration
- Opportunity to partner with Family Search on content
- Strong management team

Negative

- Long-term trends in user growth, SAC and retention by geography are negative
- Total available market size, specifically:
 - Available subscribers are heavily weighted toward low engagement users, where willingness to pay is lower and SAC is higher
 - Subscribers added over the past five years have been increasingly casual and more likely to churn
 - Likely to cannibalize core, high LTV, subscribers when pursuing the mass market with lower price points
- User engagement is highly concentrated, and many of the most engaged subscribers eventually churn
- Uncertain business performance without WDYTIA on NBC or comparable network
- Potential threat from Family Search making its content widely available for free (or possibly partnering with Google)
- Upside from Germany and other international opportunities will likely take a long time to realize
- Lack of near-term content catalysts after the 1940 Census
- Consumer feedback that Archives is not a good product and has a poor net promoter score
- Data analytics used to manage the business need to be improved
- For sponsors, exiting the investment will be challenging, given lack of interest during current process

Arbor Trading Performance Since IPO

November 5, 2009 (Arbor IPO) to October 17, 2012



Source: Capital IQ. Based on closing prices.

(1) Unaffected price based on Arbor price of \$22.63 as of June 5, 2012 (prior to Bloomberg article).

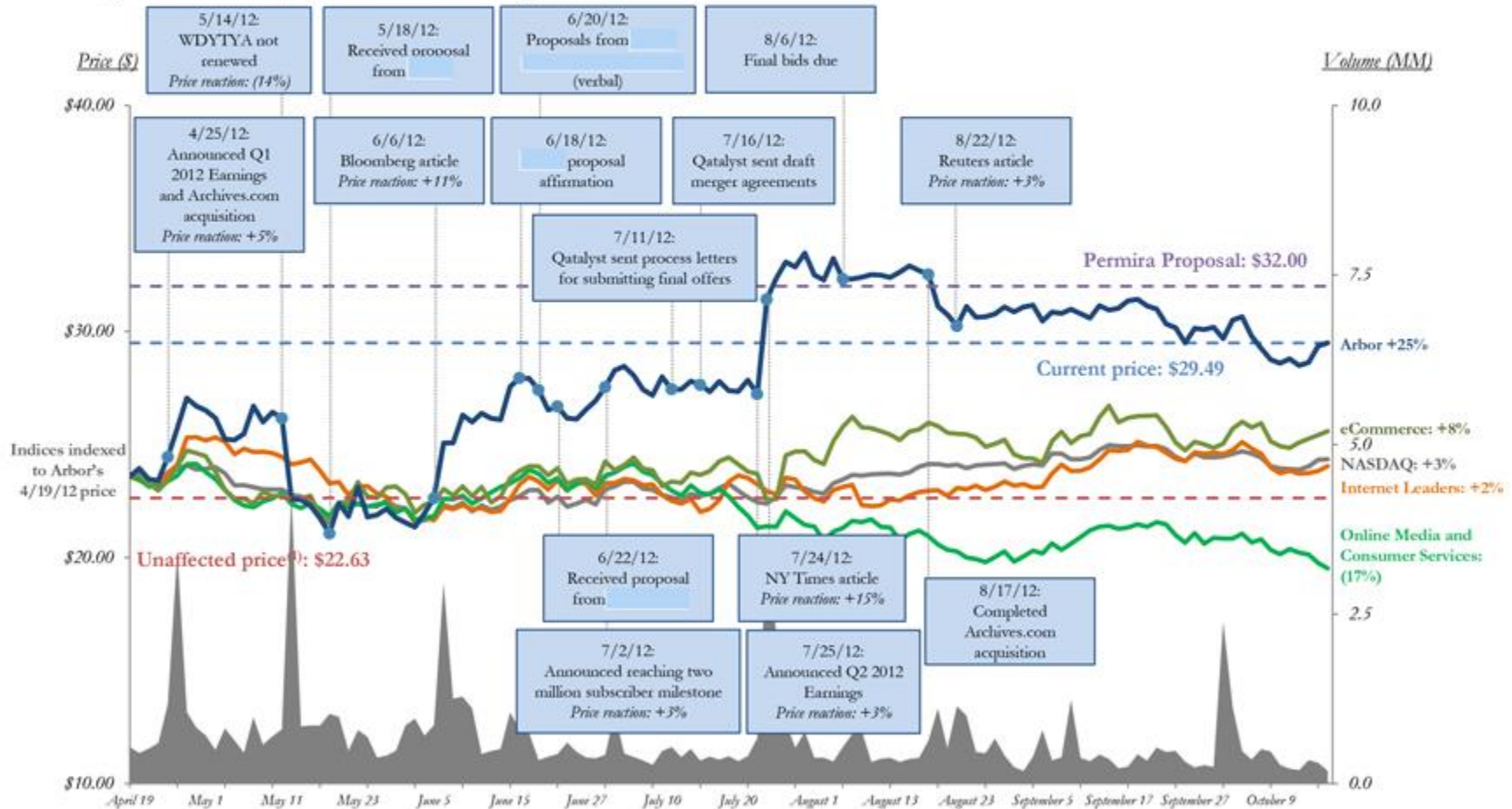
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Arbor Trading Performance During Process

April 19, 2012 (April Board Meeting) to October 17, 2012



Source: Capital IQ. Based on closing prices. Period spans IPO of FB.

(1) Unaffected price based on Arbor price of \$22.63 as of June 5, 2012 (prior to Bloomberg article).

Selected Internet Leaders includes GOOG, AMZN, FB, EBAY, and PCLN.

Selected e-commerce includes EXPE, VPR, OPEN, SFLY, and NFLX.

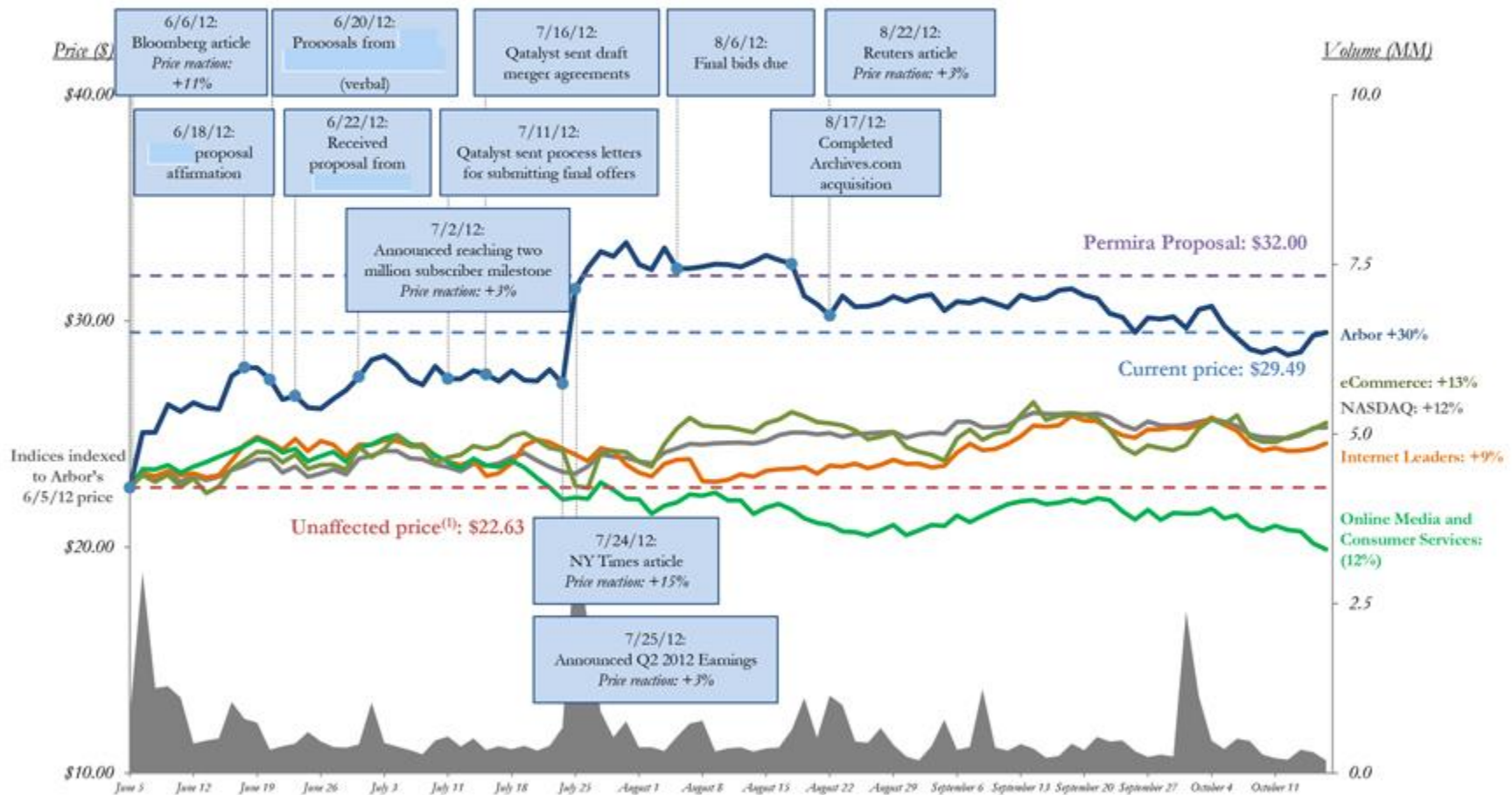
Selected Online Media and Consumer Services includes LACI, WBMD, MFWF, ACTV, ANGI, DHX, DMD, RATE, and QNST.

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Arbor Trading Performance Since Bloomberg Article

June 5, 2012 (Day Prior to Bloomberg Article) to October 17, 2012



Source: Capital IQ. Based on closing prices.

(1) Unaffected price based on Arbor price of \$22.63 as of June 5, 2012 (prior to Bloomberg article).

Selected Internet Leaders includes GOOG, AMZN, FB, EBAY, and PCLN.

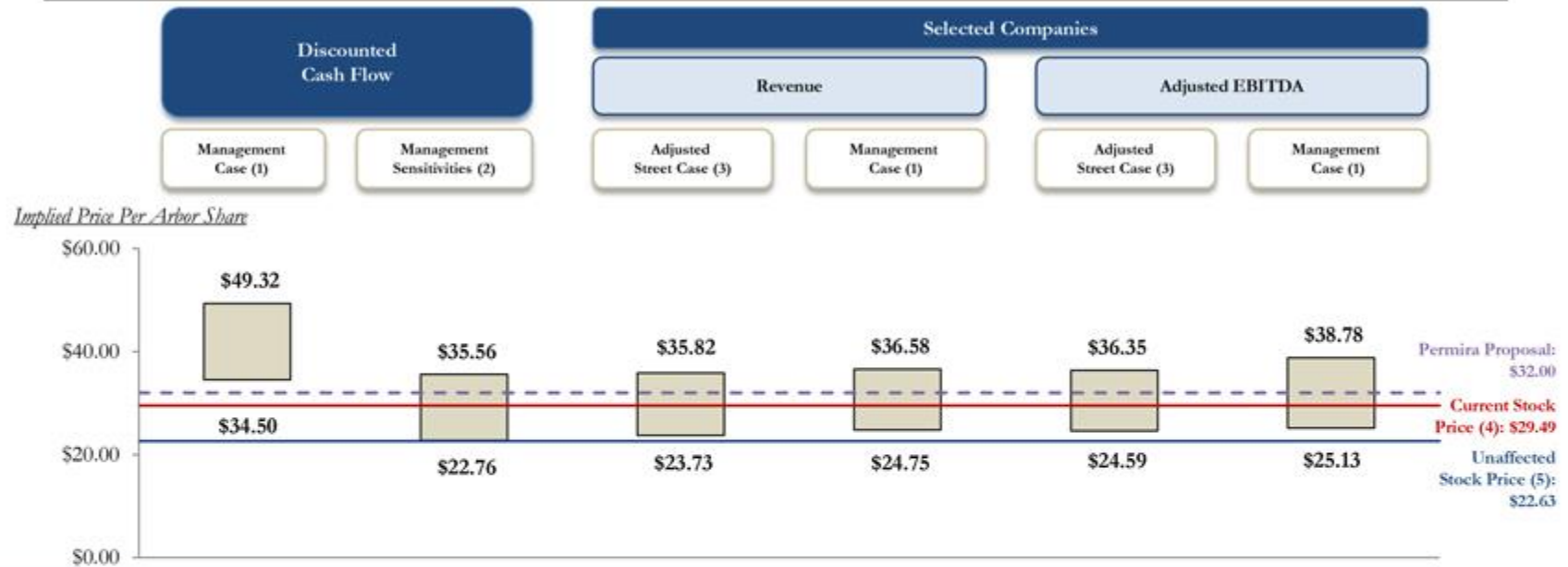
Selected eCommerce includes EXPE, VPR, OPEN, SFLY, and NFLX.

Selected Online Media and Consumer Services includes LACI, WBMD, MFWF, ACTV, ANGI, DHX, DMD, RATE, and QNST.

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Summary of Valuation Analyses



Methodology	Discounted Cash Flow	Selected Companies
Reference Range	<p>WACC: 9.0% – 14.0%</p> <p>Terminal NTM Adjusted EBITDA Multiple Range: 6.0x – 8.0x</p> <p>Management Sensitivities (2) assume 7.9% – 9.4% CY12E – CY16E Revenue CAGR and 33.9% – 36.1% CY16E Adj. EBITDA Margin</p> <p>Reflects 10% dilution from equity award issuances</p> <p>Assumes mid-period discounting convention</p>	<p>Fully-Diluted Enterprise Value / CY12E & CY13E Revenue Multiple Ranges (respectively):</p> <p>2.5x – 3.5x</p> <p>2.0x – 3.0x</p> <p>Fully-Diluted Enterprise Value / CY12E & CY13E Adjusted EBITDA Multiple Ranges (respectively):</p> <p>7.0x – 10.0x</p> <p>6.0x – 9.0x</p>

Note: Balance sheet items based on Arbor Management for the period ended September 30, 2012. Common shares outstanding, options and RSUs based on Arbor Management as of October 2012. Assumes treasury stock method treatment of options.

(1) Arbor Management Case based on Arbor Management (2013-16 projections as of May 2012, 2012 forecast as of October 2012). Includes Arbor Management estimates for Archives.com.

(2) The Management Sensitivities were prepared by Arbor Management and illustrate different financial results based on the Company achieving less favorable operating metrics. See page 15 for additional details.

(3) Adjusted Arbor Street Case based on consensus analyst estimates as of October 17, 2012. Includes Arbor Management estimates for Archives.com.

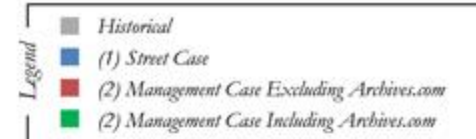
(4) Based on Arbor current stock price of \$29.49 as of October 17, 2012. **CONFIDENTIAL | DRAFT**

(5) Based on Arbor price of \$22.63 as of June 5, 2012 (prior to Bloomberg article).

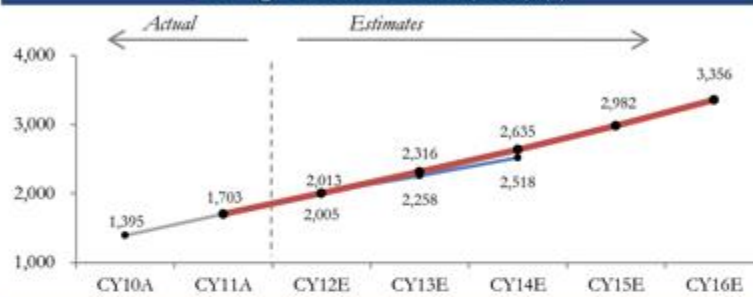
Arbor Financial Summary



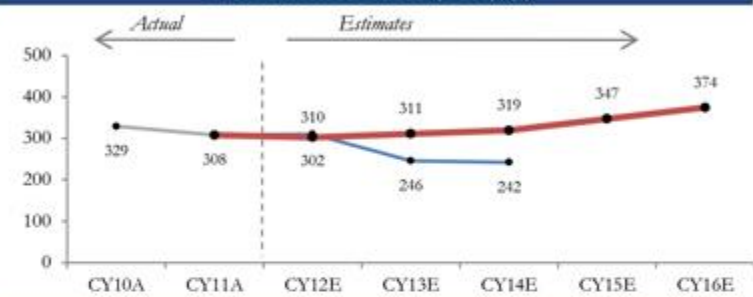
Comparison of Arbor Street and Management Financial Cases



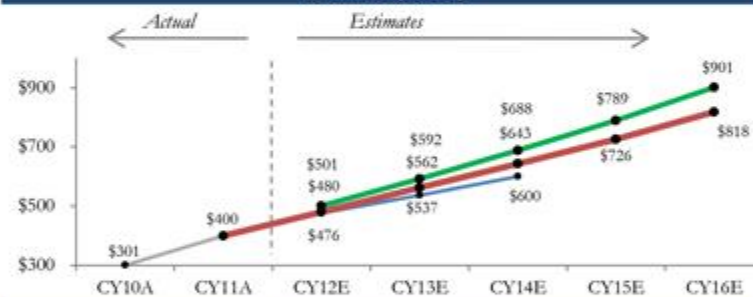
Ending Subscriber Count ('000s) (3)



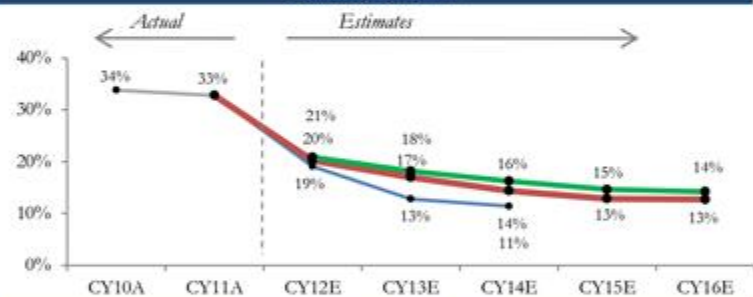
Net Subscriber Adds ('000s) (3)



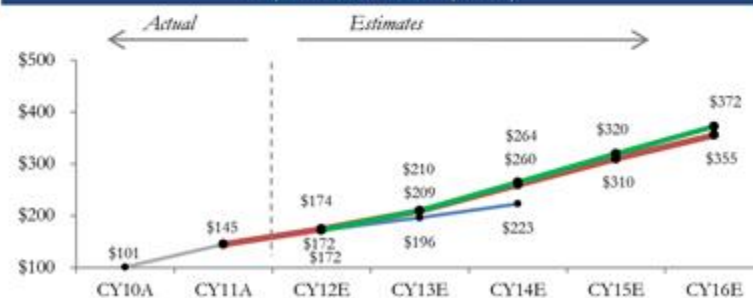
Revenue (\$MM)



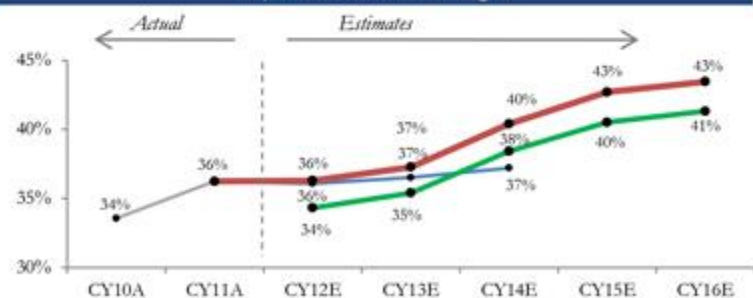
Revenue Growth



Adjusted EBITDA (\$MM)



Adjusted EBITDA Margin



Note: Non GAAP projections exclude stock-based compensation, amortization of intangibles and other non-recurring charges.

(1) Arbor Street Case projections based on consensus analyst estimates as of October 17, 2012.

(2) Arbor Management Case projections based on Arbor CONFIDENTIAL | DRAFT Management (2013-16 projections as of May 2012, 2012 forecast as of October 2012).

(3) Subscriber count is for Arbor's core subscription offering (excludes DNA, Archives, and other Arbor subscription assets).

Summary of Analyst Estimates

(BMM, except Subscriber figures in '000s and per share amounts)

				Projected Performance																Price Target Valuation Methodology
Date	Company	Rec	Price L.T. Growth Target Rate (%)	Net Sub Adds			Revenue			Adj. EBITDA			Adj. EBITDA Mgn			Non-GAAP EPS				
					CY12E	CY13E	CY14E	CY12E	CY13E	CY14E	CY12E	CY13E	CY14E	CY12E	CY13E	CY14E	CY12E	CY13E	CY14E	
	Arbor (Management Case) (1)				302	311	319	\$480	\$562	\$643	\$174	\$209	\$260	36%	37%	40%	-	-	-	
	Arbor Management Guidance (Midpoint)				307	-	-	477	-	-	173	-	-	36%	-	-	-	-	-	
Post-Q2'12 Announcement Analyst Estimates																				
9/20/12	Cantor Fitzgerald	Buy	\$37.00	-	313	234	231	\$474	\$535	\$602	\$169	\$194	\$218	36%	36%	36%	\$2.02	\$2.31	\$2.65	DCF (3% terminal growth, 12% WACC)
9/04/12	Jefferies	Hold	34.00	4%	-	-	-	479	\$42	615	175	192	215	37%	35%	35%	2.45	2.29	2.37	DCF (3% terminal growth, 12% WACC)
7/26/12	Bank of America Merrill Lynch	Buy	36.00	15%	316	277	273	476	\$46	611	173	208	237	36%	38%	39%	2.07	2.44	2.77	15x CY13E Non-GAAP P/E
7/26/12	BMO Capital Markets	Buy	37.00	-	-	-	-	476	\$41	-	170	194	-	36%	36%	-	2.08	2.34	-	8x CY13E EV/Adj. EBITDA
7/26/12	Citi	Buy	35.00	-	-	-	-	476	\$30	568	173	196	216	36%	37%	38%	2.16	2.38	2.55	15x CY13E Non-GAAP P/E
7/26/12	Craig Hallum	Buy	41.00	20%	-	-	-	477	\$27	573	172	197	225	36%	37%	39%	-	-	-	9x CY13E EV/Adj. EBITDA
7/26/12	Goldman Sachs	Buy	36.00	-	-	-	-	476	\$59	642	172	200	229	36%	36%	36%	1.93	2.26	2.58	8x CY13E EV/Adj. EBITDA
7/26/12	Imperial Capital	Buy	35.00	-	313	214	-	475	\$26	-	172	191	-	36%	36%	-	-	-	-	8x CY13E EV/Adj. EBITDA
7/26/12	Piper Jaffray	Buy	45.00	-	298	233	-	474	\$31	-	170	190	-	36%	36%	-	1.88	2.04	-	11x CY13E EV/Adj. EBITDA
7/25/12	Morgan Stanley (2)	Hold	32.00	-	311	269	222	476	\$31	590	171	198	221	36%	37%	37%	2.06	2.40	2.69	DCF (3% terminal growth, 13% WACC)
Median			\$36.00	15%	313	234	231	\$476	\$533	\$602	\$172	\$195	\$221	36%	36%	37%	\$2.07	\$2.33	\$2.62	
Mean			36.80	13%	310	246	242	476	\$37	600	172	196	223	36%	37%	37%	2.08	2.31	2.60	

Sources: Capital IQ and Wall Street Research. All estimates are Non-GAAP projections, excluding stock-based compensation, amortization of intangibles and other non-recurring charges. Calendar year ended December 31. Excludes Archives.com.

(1) Arbor Management Case based on Arbor Management (2013-14 projections as of May 2012, 2012 forecast as of October 2012). Excludes contribution from Archives.com.

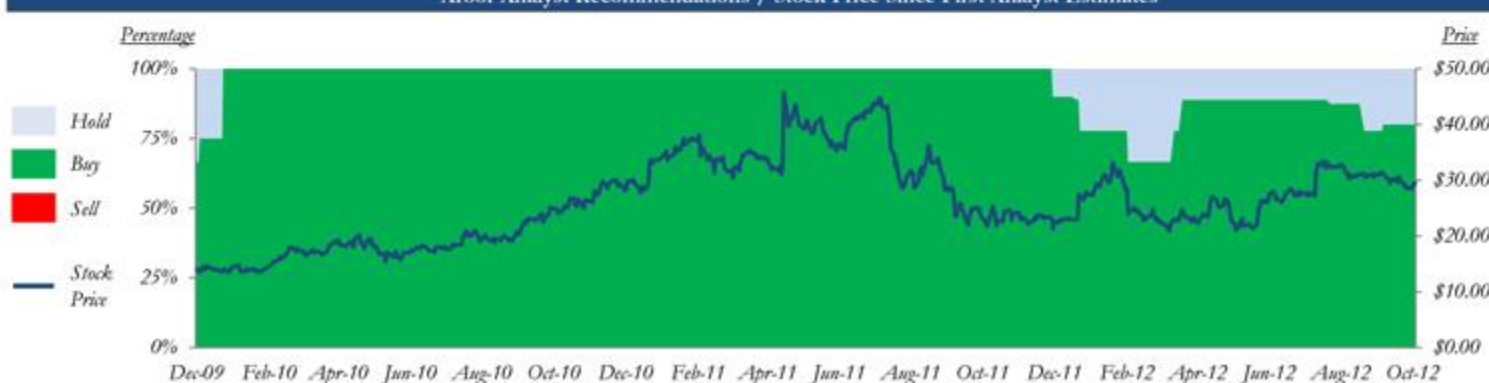
(2) Based on Morgan Stanley base case.

(3) Includes Arbor Management estimates for Archives.com.

(BMM)

Company	Revenue			Adj. EBITDA			Adj. EBITDA Mgn		
	CY12E	CY13E	CY14E	CY12E	CY13E	CY14E	CY12E	CY13E	CY14E
Adjusted Street Case (3)	\$496	\$567	\$645	\$169	\$196	\$228	34%	33%	35%

Arbor Analyst Recommendations / Stock Price Since First Analyst Estimates



Arbor Street vs. Management

Both Street and Management Cases exclude Archives.com

(\$MM, except Subscriber figures in '000s)

	Q3'CY12E				CY12E				CY13E			
			Δ from Street				Δ from Street				Δ from Street	
	Street (1)	Mgmt (2)	\$	%	Street (1)	Mgmt (2)	\$	%	Street (1)	Mgmt (2)	\$	%
Ending Subscribers	2,022	2,020	(1)	(0%)	2,013	2,005	(8)	(0%)	2,258	2,316	58	3%
Quarterly Growth	1%	1%		(7 bps)	-	-			-	-		
Annual Growth	19%	19%		(9 bps)	18%	18%		(44 bps)	12%	15%		330 bps
Revenue	\$123	\$126	\$3	2%	\$476	\$480	\$5	1%	\$537	\$562	\$25	5%
Quarterly Growth	4%	6%		224 bps	-	-			-	-		
Annual Growth	20%	22%		259 bps	19%	20%		113 bps	13%	17%		421 bps
Adjusted EBITDA	\$48	\$52	\$4	8%	\$172	\$174	\$3	2%	\$196	\$209	\$13	7%
% Margin	39%	41%		233 bps	36%	36%		21 bps	37%	37%		76 bps
Annual Growth	19%	29%		989 bps	19%	20%		183 bps	14%	20%		601 bps

Source: Capital IQ and Wall Street Research. All estimates are Non-GAAP projections, excluding stock-based compensation, amortization of intangibles and other non-recurring charges.

(1) Arbor Street Case based on consensus analyst estimates as of October 17, 2012.

(2) Arbor Management Case based on Arbor Management (2013 projections as of May 2012, 2012 forecast as of October 2012). Excludes contribution from Archives.com.

Q3'CY12E Guidance:
(Announced on July 25, 2012)

Ending subscribers (000s): 2,000-2,020

Revenue: \$122-\$125MM

Adjusted EBITDA: \$46.5-\$49.0MM

CY12E Guidance:
(Announced on July 25, 2012)

Ending subscribers (000s): 2,000-2,020

Revenue: \$473-\$480MM

Adjusted EBITDA: \$170-\$175MM

Arbor Management Case Projections

(\$MM, except Subscriber figures in '000s)

		Actual Plan	Pro Forma					'12E-'16E	
		CY11A	CY12E	CY12E (1)	CY13E	CY14E	CY15E	CY16E	CAGR (2)
Arbor Subscribers (3)		1,703	2,005	2,005	2,316	2,635	2,982	3,356	13.7%
% Growth		22%	18%	18%	15%	14%	13%	13%	
Arbor		\$372	\$442	\$442	\$508	\$579	\$657	\$746	14.0%
% Growth		34%	19%	19%	15%	14%	13%	13%	
Archives		—	7	21	30	45	63	83	41.9%
% Growth		—	—	38%	46%	51%	40%	31%	
Other		25	28	28	28	30	31	33	4.5%
% Growth		24%	10%	10%	(1%)	8%	5%	7%	
DNA		2	11	11	26	34	37	39	37.7%
% Growth		4%	334%	334%	145%	29%	10%	4%	
Total Revenue		\$400	\$488	\$501	\$592	\$688	\$789	\$901	15.8%
% Growth		33%	22%	21%	18%	16%	15%	14%	
Arbor		167	207	207	253	298	349	401	17.9%
Adjusted EBITDA Margin		45%	47%	47%	50%	51%	53%	54%	
Archives		—	(1)	(2)	0	5	10	17	NM
Adjusted EBITDA Margin		—	(7%)	(12%)	0%	10%	15%	20%	
Other		9	13	13	11	12	12	13	(0.1%)
Adjusted EBITDA Margin		36%	45%	45%	39%	39%	38%	38%	
DNA		(2)	(10)	(10)	(11)	0	6	7	NM
Adjusted EBITDA Margin		(98%)	(90%)	(90%)	(42%)	0%	17%	19%	
Corporate		(29)	(36)	(36)	(43)	(50)	(57)	(66)	
Adjusted EBITDA		145	174	172	210	264	320	372	21.3%
Adjusted EBITDA Margin		36%	36%	34%	35%	38%	40%	41%	
% Growth		43%	20%	20%	22%	26%	21%	16%	

Note: Projections based on Arbor Management (2013-16 projections as of May 2012, 2012 forecast as of October 2012).

(1) Adjusted to include Arbor Management estimates for Archives.com prior to August 17, 2012. CY12E annual growth rates based on CY11A results that are adjusted to include Archives.com.

(2) CAGR based on Arbor Management estimates for 2012 pro forma for Archives.com.

(3) Subscriber count is for Arbor's core subscription offering (excludes DNA, Archives, and other Arbor subscription assets).

Historical and Projected Key Operating Metrics

Based on Arbor Management Case Projections

(Subscriber figures in '000s)

	Arbor Key Operating Metrics										CAGR			
	Calendar Year										'07A-'09A	'09A-'12E	'12E-'16E	'13E-'16E
Ending Subscribers	832.2	913.7	1,066.1	1,394.9	1,702.6	2,005.0	2,315.7	2,634.9	2,981.7	3,355.8	13.2%	23.4%	13.7%	13.2%
% Growth		9.8%	16.7%	30.8%	22.1%	17.8%	15.5%	13.8%	13.2%	12.5%				
GSA's	479.7	556.0	674.0	1,023.9	1,240.1	1,280.0	1,321.7	1,440.9	1,564.3	1,698.3	18.5%	23.8%	7.3%	8.7%
% Growth		15.9%	21.2%	51.9%	21.1%	3.2%	3.3%	9.0%	8.6%	8.6%				
SAC	\$70.96	\$71.99	\$72.46	\$79.19	\$84.70	\$88.98	\$95.05	\$97.41	\$98.61	\$98.59	1.1%	7.1%	2.6%	1.2%
% Growth		1.5%	0.7%	9.3%	7.0%	5.1%	6.8%	2.5%	1.2%	(0.0%)				
Churn %	3.50%	4.00%	3.82%	3.85%	4.07%	3.67%	3.41%	3.27%	3.15%	3.05%	4.4%	(1.3%)	(4.5%)	(3.7%)
% Growth		14.3%	(4.6%)	1.0%	5.7%	(9.9%)	(6.9%)	(4.1%)	(3.8%)	(3.2%)				
ARPU	\$14.83	\$16.09	\$16.51	\$17.56	\$18.50	\$18.66	\$18.76	\$18.82	\$18.88	\$18.95	5.5%	4.2%	0.4%	0.3%
% Growth		8.5%	2.6%	6.4%	5.3%	0.9%	0.5%	0.3%	0.3%	0.3%				

Note: Projections based on Arbor Management (2013-16 projections as of May 2012, 2012 forecast as of October 2012).

Key operating metrics are for Arbor's core subscription offering (excludes DNA, Archives, and other Arbor subscription assets).

Total '13E-'16E GSAs: 6,025.2

Arbor Preliminary Valuation Analyses



NTM Revenue Multiples Over Time

November 5, 2009 (Arbor IPO) to October 17, 2012



Source: Based on CapitalIQ and consensus analyst estimates. Arbor estimates first available as of December 18, 2009.

Period spans IPOs of FB, ACTV, ANGI, DMD, RATE, and QNST.

Arbor NTM Revenue based on consensus estimates.

Selected Internet Leaders includes GOOG, AMZN, FB, EBAY, and PCLN. Selected eCommerce includes EXPE, VPRT, OPEN, SFLY, and NFLX.

Selected Online Media and Consumer Services includes LACI, WBMD, MWV, ACTV, ANGI, DHX, DMD, RATE, and QNST.

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NTM Adjusted EBITDA Multiples Over Time

November 5, 2009 (Arbor IPO) to October 17, 2012



Source: Based on CapitalIQ and consensus analyst estimates. Arbor estimates first available as of December 18, 2009.

Period spans IPOs of FB, ACTV, ANGI, DMD, RATE, and QNST.

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Arbor NTM Adjusted EBITDA based on consensus estimates. Multiples greater than 50x or negative excluded.

Selected Internet Leaders includes GOOG, AMZN, FB, EBAY, and PCLN. Selected eCommerce includes EXPE, VPRT, OPEN, SFLY, and NFLX.

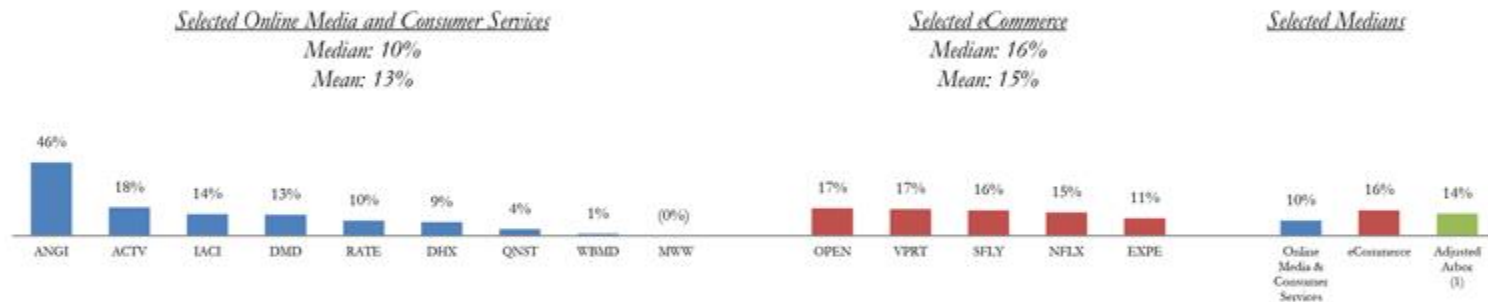
Selected Online Media and Consumer Services includes LACI, WBMD, MWV, ACTV, ANGI, DHX, DMD, RATE, and QNST.

Operating Statistics of Selected Companies

CY11-12E Revenue Growth



CY12-13E Revenue Growth



CY12E Adj. EBITDA Mgn.



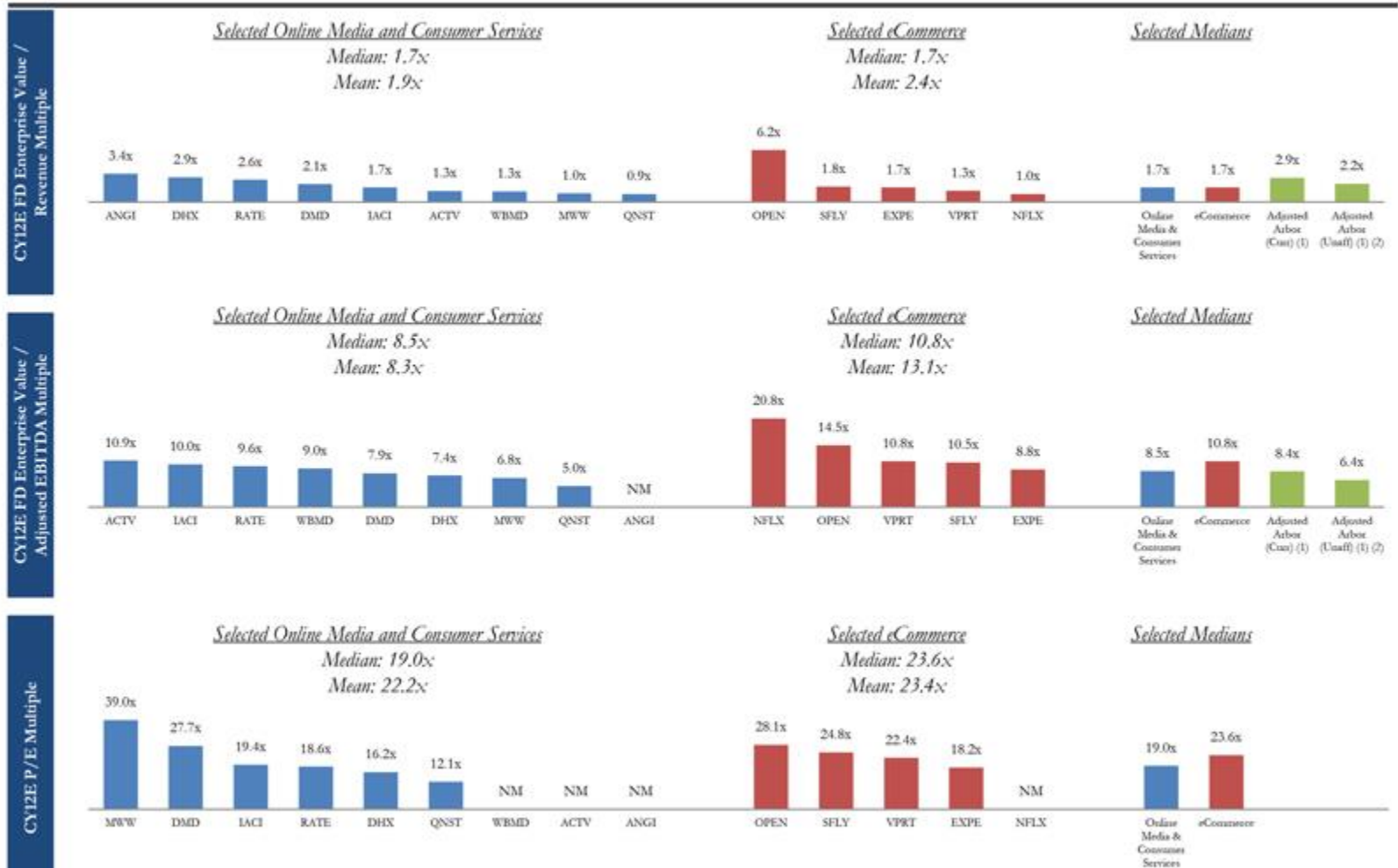
Source: Capital IQ; based on consensus analyst estimates. Current estimates as of October 17, 2012.

(1) Adjusted Arbor projections based on consensus analyst estimates dated October 17, 2012 and include Arbor Management estimates for Archives.com.

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Qatalyst
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Trading Statistics of Selected Companies



Source: Capital IQ; based on consensus analyst estimates. Current prices and estimates as of October 17, 2012. Multiples greater than 50x or negative noted as NM.

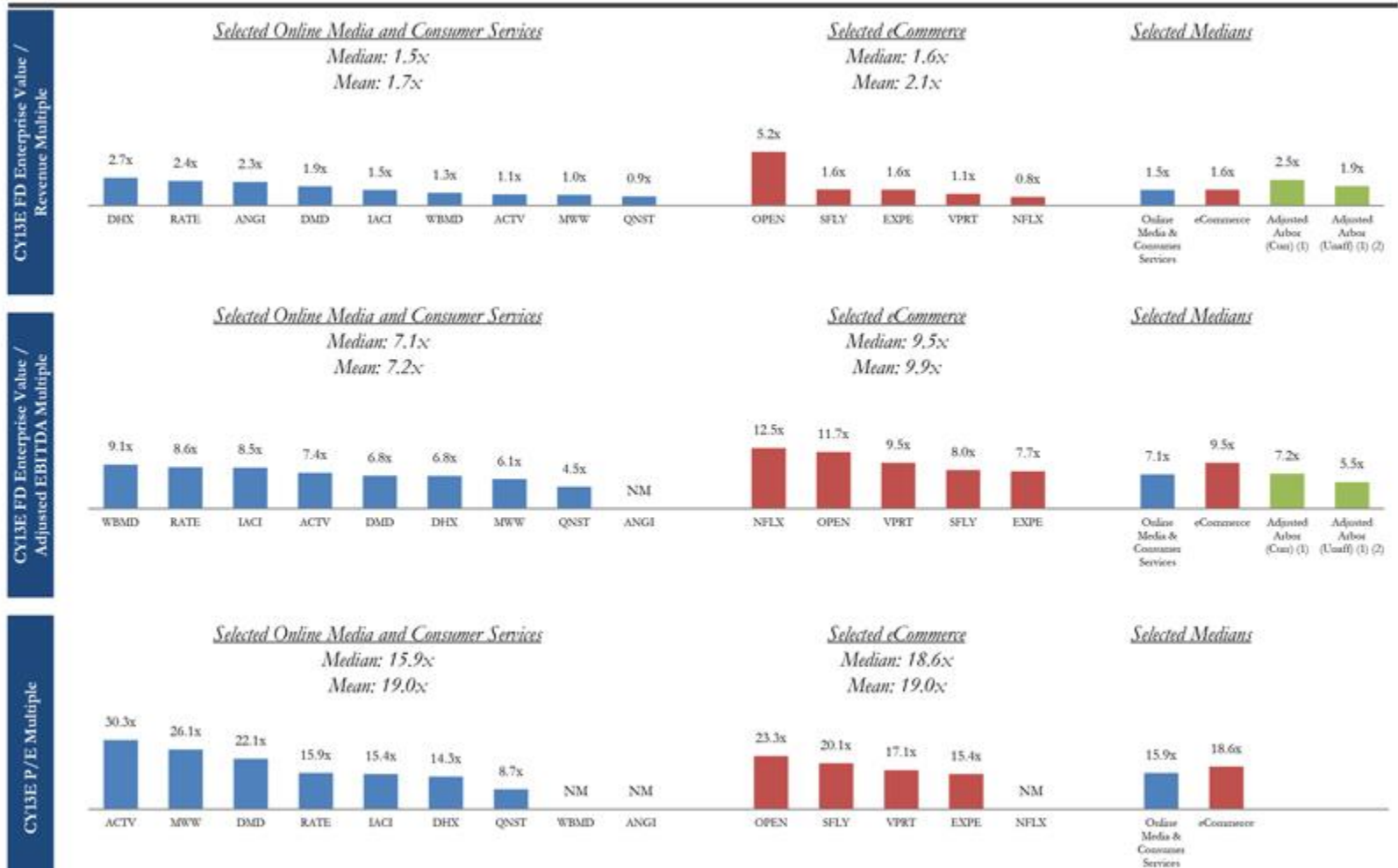
(1) Adjusted Arbor projections based on consensus analyst estimates dated October 17, 2012 and include Arbor Management estimates for Archiva.com.

(2) Unaffected based on Arbor price of \$22.63 as of June 5, 2012 (prior to Bloomberg article).

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Qatalyst
PARTNERS

Trading Statistics of Selected Companies



Source: Capital IQ; based on consensus analyst estimates. Current prices and estimates as of October 17, 2012. Multiples greater than 50x or negative noted as NM.

(1) Adjusted Arbor projections based on consensus analyst estimates dated October 17, 2012 and include Arbor Management estimates for Archiva.com.

(2) Unaffected based on Arbor price of \$22.63 as of June 5, 2012 (prior to Bloomberg article).

Statistics of Selected Companies

(BMM, except per share amounts)

Company (FYE)	Trading Performance			FD Capitalization		Trading Multiples				Operating Statistics								
	Stock Price 10/17/12	Prem / (Disc) to		Equity Value	Ent. Value	FD Est Value /				P/E	P/E/G	Revenue				CY12E Margin		LT EPS Growth %
		LTM	LTM			Revenue		Adj. EBITDA				\$	% Growth	'11-12E	'12-13E	Gross	Adj. EBITDA	
						CY12E	CY13E	CY12E	CY13E									
Adj. Arbor (Street Case) (Dec.) (1) (2)	\$29.49	(34%)	41%	\$1,431	\$1,421	2.9x	2.5x	8.4x	7.2x	-	-	-	\$496	20%	14%	-	34%	-
Adj. Arbor (Unaff. Street Case) (Dec.) (2) (3)	22.63	(49%)	8%	1,088	1,079	2.2	1.9	6.4	5.5	-	-	-	-	-	-	-	-	-
Selected Online Media and Consumer Services																		
IAC / InterActive Corp (Dec.)	\$54.66	(1%)	40%	\$5,307	\$4,739	1.7x	1.5x	10.0x	8.5x	19.4x	15.4x	1.0x	\$2,742	33%	14%	65%	17%	19%
Bankrate (Dec.)	11.24	(55%)	0%	1,124	1,239	2.6	2.4	9.6	8.6	18.6	15.9	0.8	469	11%	10%	68%	28%	25%
Mouster (Dec.)	7.68	(25%)	26%	976	988	1.0	1.0	6.8	6.1	39.0	26.1	2.1	948	(9%)	(0%)	NA	15%	19%
Demand Media (Dec.)	10.07	(15%)	79%	887	793	2.1	1.9	7.9	6.8	27.7	22.1	1.2	371	14%	13%	55%	27%	24%
WebMD (Dec.)	14.62	(63%)	5%	750	586	1.3	1.3	9.0	9.1	NM	NM	NM	462	(17%)	1%	52%	14%	15%
The Active Network (Dec.)	9.92	(44%)	0%	657	561	1.3	1.1	10.9	7.4	NM	30.3	NM	428	27%	18%	54%	12%	31%
Dice (Dec.)	8.62	(22%)	22%	581	560	2.9	2.7	7.4	6.8	16.2	14.3	1.0	191	6%	9%	93%	40%	17%
Angie's List (Dec.)	9.99	(47%)	11%	581	519	3.4	2.3	NM	NM	NM	NM	NM	154	72%	46%	82%	(34%)	38%
QuinStreet (Jun.)	7.62	(37%)	0%	329	331	0.9	0.9	5.0	4.5	12.1	8.7	1.0	350	(11%)	4%	27%	19%	13%
Median		(37%)	11%			1.7x	1.5x	8.5x	7.1x	19.0x	15.9x	1.0x		11%	10%	60%	17%	19%
Mean		(34%)	20%			1.9x	1.7x	8.3x	7.2x	22.2x	19.0x	1.2x		14%	13%	62%	15%	22%
Selected eCommerce																		
Expedia (Dec.)	\$54.33	(8%)	95%	\$8,037	\$6,795	1.7x	1.6x	8.8x	7.7x	18.2x	15.4x	1.4x	\$3,926	14%	11%	78%	20%	13%
Netflix (Dec.)	68.52	(47%)	27%	3,888	3,474	1.0	0.8	20.8	12.5	NM	NM	NM	3,610	13%	15%	27%	5%	19%
VistaPrint (Jun.)	36.43	(15%)	30%	1,315	1,494	1.3	1.1	10.8	9.5	22.4	17.1	1.1	1,111	20%	17%	65%	13%	20%
Shutterstock (Dec.)	29.84	(39%)	32%	1,193	1,075	1.8	1.6	10.5	8.0	24.8	20.1	1.2	591	25%	16%	54%	17%	21%
OpenTable (Dec.)	45.10	(13%)	39%	1,064	996	6.2	5.2	14.5	11.7	28.1	23.3	1.2	162	16%	17%	73%	42%	23%
Median		(13%)	32%			1.7x	1.6x	10.8x	9.5x	23.6x	18.6x	1.2x		16%	16%	65%	17%	20%
Mean		(24%)	45%			2.4x	2.1x	13.1x	9.9x	23.4x	19.0x	1.2x		18%	15%	59%	19%	19%
Selected Internet Leaders																		
Google (Dec.)	\$755.49	(2%)	35%	\$260,190	\$226,062	5.3x	4.2x	11.6x	9.8x	17.7x	15.1x	1.1x	\$42,413	46%	27%	59%	46%	16%
Amazon (Dec.)	247.49	(5%)	43%	115,718	112,489	1.8	1.4	33.6	24.2	NM	NM	NM	62,797	31%	29%	24%	5%	38%
eBay (Dec.)	48.20	(5%)	71%	65,034	57,917	4.1	3.6	12.6	10.9	20.6	17.7	1.4	14,041	21%	16%	71%	33%	14%
Facebook (Dec.)	19.88	(48%)	12%	53,945	44,763	9.1	7.1	17.0	15.1	41.1	32.5	1.4	4,914	32%	28%	74%	54%	30%
Priceline.com (Dec.)	598.24	(22%)	34%	31,381	28,549	5.5	4.7	14.9	12.3	19.8	16.5	1.0	5,196	19%	17%	76%	37%	20%
Median		(7%)	35%			5.3x	4.2x	14.9x	12.3x	20.2x	17.1x	1.2x		31%	27%	71%	37%	20%
Mean		(16%)	39%			5.2x	4.2x	17.9x	14.5x	24.8x	20.5x	1.2x		30%	23%	61%	35%	24%

Source: Capital IQ mean consensus estimates and Wall Street analyst research.

Note: Multiples greater than 50x or negative noted as NM. Pre forms for closed acquisitions.

(1) - Arbor Street Case projections based on consensus analyst estimates as of October 17, 2012. Balance sheet items based on Arbor Management for the period ended September 30, 2012. Common shares outstanding, options and RSUs based on Arbor Management as of October 2012.

Assumes treasury stock method treatment of options.

(2) - Adjusted Street Case metrics include Arbor Management estimates for Arhive.com.

(3) - Based on Arbor price prior to Bloomberg article of \$22.63 as of June 5, 2012.

(4) - Arbor Prem / (Disc) to LTM High and Low based on prices prior to Bloomberg article on June 5, 2012.

Illustrative Discounted Cash Flow Projections

Based on Arbor Management Case Projections

(\$MM)

	Arbor Financial Performance (1)								'12E-'16E CAGR	'12E-'16E CAGR (3)
	CY2011A	Actual Plan	Pro Forma	Q4'12E	CY2013E	CY2014E	CY2015E	Terminal		
		CY2012E	CY2012E (2)					CY2016E		
Revenue	\$400	\$488	\$501	\$132	\$592	\$688	\$789	\$901	17%	16%
% Growth	33%	22%	21%	-	18%	16%	15%	14%		
Adjusted EBITDA	145	174	172	48	210	264	320	372	21%	21%
% Margin	36%	36%	34%	36%	35%	38%	40%	41%		
% Growth	43%	20%	20%	-	22%	26%	21%	16%		
Adjusted Operating Income	-	148	-	41	180	232	283	332	22%	
% Margin	-	30%	-	31%	30%	34%	36%	37%		
Less: Taxes	-	(48)	-	(14)	(61)	(75)	(93)	(108)		
Effective Tax Rate	-	32%	-	33%	34%	33%	33%	33%		
NOPAT	-	100	-	28	119	156	190	224	22%	
% Margin	-	21%	-	21%	20%	23%	24%	25%		
Less: Capex / Capitalization of Content	-	(49)	-	(12)	(46)	(53)	(53)	(56)		
% of Revenue	-	10%	-	9%	8%	8%	7%	6%		
Plus: Depreciation	-	15	-	4	17	20	23	26		
% of Capex / Capitalization of Content	-	30%	-	30%	37%	38%	44%	47%		
Plus: Amortization of Content	-	11	-	3	12	13	13	14		
% of Capex / Capitalization of Content	-	23%	-	24%	26%	24%	25%	25%		
Plus: (Investment) in Working Capital	-	21	-	(17)	25	29	34	36		
% of Revenue	-	4%	-	(13%)	4%	4%	4%	4%		
Unlevered Free Cash Flow	-	98	-	5	127	165	207	244	26%	
% Growth	-	-	-	-	-	29%	26%	18%		

(1) Arbor Management Case projections based on Arbor Management (2013-16 projections as of May 2012, 2012 forecast as of October 2012).

(2) Adjusted to include Arbor Management estimates for Archives.com prior to August 17, 2012. CY'12E annual growth rates based on CY'11A results that are adjusted to include Archives.com.

(3) CAGR based on Arbor Management estimates for 2012 pro forma for Archives.com.

Illustrative Discounted Cash Flow Analysis

Based on Arbor Management Case Projections

Summary of Valuation Assumptions

- Unlevered free cash flow projections and terminal value discounted to September 30, 2012 (mid-period convention)
- Excludes impact of stock based compensation, amortization and other one-time non-recurring items
- Weighted average cost of capital range of 9.0% to 14.0% (detailed calculation included in Appendix)
- Terminal value calculated using NTM Adjusted EBITDA multiple range of 6.0x – 8.0x CY16E Adjusted EBITDA of \$372MM
- Assumes current Arbor shareholders incur ~10% dilution through issuance of equity awards over the projected period

(\$MM, except per share amounts)

Discount Rate:	Illustrative Present Value as of September 30, 2012 (1)								
	9.0%			11.5%			14.0%		
	6.0x	7.0x	8.0x	6.0x	7.0x	8.0x	6.0x	7.0x	8.0x
Terminal NTM Adjusted EBITDA Multiple:	2.5x	2.9x	3.3x	2.5x	2.9x	3.3x	2.5x	2.9x	3.3x
Terminal NTM Revenue Multiple:									
Implied Perpetuity Growth Rate	(2.4%)	(0.8%)	0.5%	(0.0%)	1.6%	2.9%	2.3%	4.0%	5.3%
PV of Unlevered FCF (Q4'12E - CY2015E)	\$430	\$430	\$430	\$413	\$413	\$413	\$396	\$396	\$396
PV of Terminal Value (CY2016E & Beyond)	1,688	1,969	2,250	1,568	1,829	2,091	1,459	1,702	1,945
% of Enterprise Value in Terminal Value	80%	82%	84%	79%	82%	84%	79%	81%	83%
Implied Enterprise Value	\$2,118	\$2,399	\$2,681	\$1,981	\$2,242	\$2,503	\$1,855	\$2,099	\$2,342
Less: Net Debt/(Cash) (2)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Implied Equity Value	2,128	2,409	2,690	1,990	2,252	2,513	1,865	2,108	2,351
Implied Price Per Share - 10% Dilution (2)	\$39.24	\$44.28	\$49.32	\$36.76	\$41.46	\$46.14	\$34.50	\$38.89	\$43.25
Premium/(Discount) to Unaffected (3)	73%	96%	118%	62%	83%	104%	52%	72%	91%

Note: Assumes mid-period discounting convention.

(1) Arbor Management Case projections based on Arbor Management (2013-16 projections as of May 2012, 2012 forecast as of October 2012).

(2) Balance sheet items based on Arbor Management for the period ended September 30, 2012. Common shares outstanding, options and RSUs based on Arbor Management as of October 2012.

Assumes treasury stock method treatment of options.

(3) Based on Arbor price of \$22.63 as of June 5, 2012 (prior to Bloomberg article).

Illustrative DCF Analysis: Dilution Factor Sensitivity

Illustrative Dilution Factor Sensitivity - Based on Arbor Management Case Projections

Summary of Sensitivity Assumptions

- Arbor's weighted average shares outstanding count is projected to grow from Q3'CY2012A through CY2016E representing ~10% dilution
- Due to this dilution, holders of common stock today will hold less than all of the Company in the future
- Illustrative dilution analysis attempts to show the impact of various dilution levels on Arbor's DCF value to today's shareholders (dilution of 0% - 15%)

Discount Rate:	Illustrative Arbor Present Value Per Share (1)								
	9.0%			11.5%			14.0%		
Terminal NTM Adjusted EBITDA Mult:	6.0x	7.0x	8.0x	6.0x	7.0x	8.0x	6.0x	7.0x	8.0x
Terminal NTM Revenue Mult:	2.5x	2.9x	3.3x	2.5x	2.9x	3.3x	2.5x	2.9x	3.3x
<i>Illustrative Dilution Factor to Current Shareholders</i>									
0%	\$43.40	\$48.99	\$54.58	\$40.67	\$45.86	\$51.06	\$38.17	\$43.01	\$47.84
Premium/ (Discount) to Unaffected (2):	92%	116%	141%	80%	103%	126%	69%	90%	111%
5%	\$41.28	\$46.60	\$51.91	\$38.69	\$43.62	\$48.56	\$36.31	\$40.92	\$45.51
	82%	106%	129%	71%	93%	115%	60%	81%	101%
10%	\$39.24	\$44.28	\$49.32	\$36.76	\$41.46	\$46.14	\$34.50	\$38.89	\$43.25
	73%	96%	118%	62%	83%	104%	52%	72%	91%
15%	\$37.04	\$41.81	\$46.56	\$34.71	\$39.15	\$43.56	\$32.58	\$36.71	\$40.83
	64%	85%	106%	53%	73%	93%	44%	62%	80%

Note: Present value as of September 30, 2012. Assumes mid-period discounting convention.

(1) Arbor Management Case projections based on Arbor Management (2013-16 projections as of May 2012, 2012 forecast as of October 2012).

(2) Based on Arbor price of \$22.63 as of June 5, 2012 (prior to Bloomberg article).

Illustrative DCF Analysis: Management Sensitivities

Management Revenue and Adjusted EBITDA Margin Sensitivity

Management Sensitivities (1)			Sensitivity A 2016E Rev: \$679MM (CY12-16E CAGR: 7.9%) 2016E Adj. EBITDA: \$230MM (Margin: 33.9%) Sensitivity B 2016E Rev: \$717MM (CY12-16E CAGR: 9.4%) 2016E Adj. EBITDA: \$259MM (Margin: 36.1%)			Management Case		
(\$MM, except per share amounts)								
Illustrative CY16E Revenue:	\$679	\$717	\$780	\$840	\$901			
Implied CY12-16E CAGR (2):	7.9%	9.4%	11.7%	13.8%	15.8%			
Implied Discount to Mgmt. Case:	(24.6%)	(20.4%)	(13.4%)	(6.8%)	—			
Terminal Year (CY16E) Adj. EBITDA Margin			Implied Price Per Share: Low End (3) / Mid Point (4) / High End (5)					
Mgmt. Sensitivities (1)	33.9%	\$22.76 / \$27.11 / \$32.03	\$23.83 / \$28.40 / \$33.59	\$25.57 / \$30.54 / \$36.18	\$27.23 / \$32.58 / \$38.64	\$29.03 / \$34.76 / \$41.25		
	35.0%	23.40 / 27.88 / 32.96	24.49 / 29.22 / 34.58	26.30 / 31.43 / 37.25	28.00 / 33.52 / 39.78	29.86 / 35.78 / 42.48		
	36.1%	24.03 / 28.66 / 33.90	25.16 / 30.03 / 35.56	27.01 / 32.31 / 38.32	28.78 / 34.47 / 40.92	30.69 / 36.79 / 43.69		
	37.0%	24.53 / 29.26 / 34.63	25.68 / 30.67 / 36.33	27.58 / 33.00 / 39.15	29.38 / 35.21 / 41.81	31.33 / 37.58 / 44.64		
	38.0%	25.09 / 29.95 / 35.46	26.27 / 31.39 / 37.21	28.22 / 33.78 / 40.09	30.07 / 36.05 / 42.82	32.07 / 38.49 / 45.73		
	39.0%	25.65 / 30.64 / 36.29	26.86 / 32.12 / 38.08	28.86 / 34.57 / 41.03	30.75 / 36.89 / 43.83	32.80 / 39.39 / 46.81		
	40.0%	26.21 / 31.32 / 37.12	27.45 / 32.84 / 38.96	29.50 / 35.35 / 41.98	31.44 / 37.74 / 44.84	33.54 / 40.28 / 47.90		
Mgmt. Case	41.3%	26.95 / 32.22 / 38.20	28.23 / 33.79 / 40.10	30.34 / 36.38 / 43.21	32.34 / 38.84 / 46.17	34.50 / 41.46 / 49.32		

Note: Arbor Management Case projections based on Arbor Management (2013-16 projections as of May 2012, 2012 forecast as of October 2012). Present values as of September 30, 2012 assume an illustrative dilution factor of 10%.

(1) The Management Sensitivities were prepared by Arbor Management and illustrate different financial results based on the Company achieving less favorable operating metrics. See page 15 for additional details.

(2) CAGR based on Arbor Management estimates for 2012 pro forma for Archives.com.

(3) Low end based on weighted average cost of capital of 14.0% and terminal value based on an NTM Adjusted EBITDA multiple of 6.0x.

(4) Mid point based on weighted average cost of capital of 11.5% and terminal value based on an NTM Adjusted EBITDA multiple of 7.0x.

(5) High end based on weighted average cost of capital of 9.0% and terminal value based on an NTM Adjusted EBITDA multiple of 8.0x.

Illustrative Selected Companies Analysis

(\$MM, except per share amounts)

	Arbor Selected Companies Valuation			
	Reference Range			
	Adjusted Street Case (1)		Management Case (2)	
	Low	High	Low	High
<u>CY12E Revenue</u>	<u>\$496</u>		<u>\$501</u>	
Trading Multiple	2.5x	3.5x	2.5x	3.5x
Implied Arbor Price	\$25.89	\$35.82	\$26.11	\$36.13
Premium to Unaffected (3)	14%	58%	15%	60%
<u>CY12E Adjusted EBITDA</u>	<u>\$169</u>		<u>\$172</u>	
Trading Multiple	7.0x	10.0x	7.0x	10.0x
Implied Arbor Price	\$24.76	\$34.91	\$25.13	\$35.44
Premium to Unaffected (3)	9%	54%	11%	57%
<u>CY13E Revenue</u>	<u>\$567</u>		<u>\$592</u>	
Trading Multiple	2.0x	3.0x	2.0x	3.0x
Implied Arbor Price	\$23.73	\$35.07	\$24.75	\$36.58
Premium to Unaffected (3)	5%	55%	9%	62%
<u>CY13E Adjusted EBITDA</u>	<u>\$196</u>		<u>\$210</u>	
Trading Multiple	6.0x	9.0x	6.0x	9.0x
Implied Arbor Price	\$24.59	\$36.35	\$26.21	\$38.78
Premium to Unaffected (3)	9%	61%	16%	71%

Note: Balance sheet items based on Arbor Management for the period ended September 30, 2012. Common shares outstanding, options and RSUs based on Arbor Management as of October 2012. Assumes treasury stock method treatment of options.

(1) Adjusted Arbor Street Case projections based on consensus analyst estimates as of October 17, 2012. Includes Arbor Management estimates for Archives.com.

(2) Arbor Management Case projections based on Arbor Management (2013 projections as of May 2012, 2012 forecast as of October 2012).

Includes Arbor Management estimates for Archives.com.

(3) Based on Arbor price of \$22.63 as of June 5, 2012 (prior to Bloomberg article).

(4) Based on Arbor current stock price of \$29.49 as of October 17, 2012.

Arbor Multiples

	Unaffected (3)	Current (4)
Adjusted Street Case (1)		
<u>Revenue Multiples</u>		
CY12E	2.2x	2.9x
CY13E	1.9	2.5
<u>Adjusted EBITDA Multiples</u>		
CY12E	6.4x	8.4x
CY13E	5.5	7.2
Management Case (2)		
<u>Revenue Multiples</u>		
CY12E	2.2x	2.8x
CY13E	1.8	2.4
<u>Adjusted EBITDA Multiples</u>		
CY12E	6.3x	8.3x
CY13E	5.1	6.8