

MergerTech Intelligence Report, Vol. I Issue IV: Confidence Growing in Online Deal Sites**DAILY DEALS A GAME CHANGER IN ECOMMERCE**

Despite some skepticism over the value of merchants partnering with daily deal and online coupon sites, they have proven to be disruptive forces on ecommerce and consumer purchasing habits. eMarketer projects that over 88 million consumers will redeem an online coupon or deal this year. While larger sites like GroupOn and LivingSocial command significant share of this growing space, younger players are developing geographic and service niches which make them attractive targets for acquisition. We profile one such recent transaction in our fourth MergerTech Intelligence Report.

**Local.com (NasdaqCM:LOCM) Acquires Screamin Media Group (dba Screamin Daily Deals Inc)**

Transaction Value:
\$12.5 Million

Transaction Structure:
Cash, Stock, and Earnout

Local.com Corp (NasdaqCM: LOCM) has acquired Screamin Media Group (dba Screamin Daily Deals Inc) for \$12.5 million. The acquisition, which closed on July 11, 2011, includes a combination of cash and stock paid at closing for 100% of SMGs total equity, with an earnout of up to \$20m for SMGs shareholders contingent on the realization of specific financial performance criteria during the next 24 months. SMG will continue to exist as a wholly-owned subsidiary of Local.com and managed by its social buying business, Spreebird. SMGs three co-founders will become Spreebird's vice presidents of sales and marketing, product and operations under its existing President.

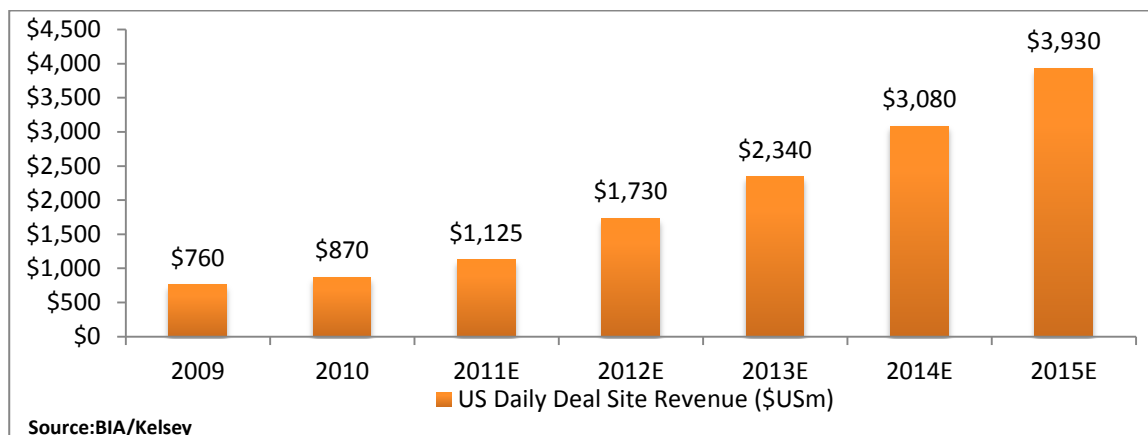
Local.com is an online media company which enables brick-and-mortar businesses to connect with customers online through various digital marketing products. The company distributes daily deals to hundreds of thousands of email subscribers in fourteen different regional markets and reaches more than 20 million consumers each month through its own and affiliated websites. Founded in 1999 and headquartered in Irvine, California, Local.com has a current market cap of \$77m. In 2010 Local.com secured a \$30 million revolving credit facility from Silicon Valley Bank, which the company announced it would use primarily for growth oriented acquisitions.

Launched in early 2010, SMG is a daily deal site and online discount community specifically focused on serving merchants in California and Utah. Delivering alerts through email, Twitter, and Facebook, SMG posted revenues of \$2.4 million in 2010 and \$4.4 million during the first two quarters of 2011. The company is based in San Juan Capistrano, California but is presently relocating to Local.com's Irvine headquarters.

The acquisition provides three direct benefits to Local.com:

- **Expansion of the firms’ online reach will significantly diversify its geographic coverage and revenue streams**
- **Integration of SMGs ‘School Rewards’ program which allows users to donate proceeds from online deals to local schools and non-profit organizations of the consumers choice will enable Local.com to develop more meaningful relationships with local communities and retailers**
- **Access to SMGs social media marketing platforms which are becoming a critical part of effective ecommerce marketing strategies**

As daily deal and online coupon sites proliferate, merchants are growing increasingly savvy on how to run promotional campaigns which are both price-efficient and effective in delivering new customer acquisition. Most businesses constantly seek new clientele and have unused capacity for additional customers which goes unmonetized, while consumers have always had a desire to leverage the advantages of online purchasing to save money, comparison shop, take advantage of special offers, and find goods and services for the lowest possible prices. Strategic and financial buyers will continue to show keen interest in nascent deal sites as competition for market share grows more intense, and M&A options remain the most efficient and swift growth oriented strategy.



About MergerTech:

MergerTech’s mission is to enable small and medium-sized technology companies to realize the value of their business. As the only investment banking firm exclusively focused on this space, we apply our deep domain expertise and global knowledge of buyers to deliver three key values: fast introduction to buyers, best terms and value, and greatest certainty of deal closure.

To learn more about the Technology M&A landscape please contact Cassandra B. Owens at 925.215.2757 or via email to cowens@mergertech.com