

Merkle Acquisition Impacts Direct Marketing Industry

AdMedia Partners, a financial advisory firm in New York, represents direct marketing agency CFM Direct in acquisition by Merkle, a leading independent database marketing agency

NEW YORK, NY – April 23, 2007 – Earlier today, Merkle, a leading independent database marketing agency, announced the acquisition of CFM Direct, a direct marketing agency that specializes in the development of data-driven direct marketing programs for clients in the financial services sector. AdMedia Partners (<http://www.admediapartners.com>), a New York firm specializing in mergers and acquisitions advisory services to the advertising and marketing services, media, and related online and information services businesses, represented CFM Direct in the acquisition.

“Direct marketing in its many forms is the fastest growing segment of the advertising business based on marketers demand for accountability in their spending,” says Greg Smith, the managing director who advised CFM on the transaction. “This acquisition transforms Merkle into a fully integrated direct agency offering the full range of services – database, analytics and creative – clients need to maximize the return on what they spend.”

The official release is as follows:

Merkle Acquires Chicago-based Direct Marketing Agency CFM Direct

Maryland-based Database Marketing Agency Continues Expansion, Adds Substantial Creative Capabilities and Gains Presence in Chicago and Philadelphia

LANHAM, Md.--(BUSINESS WIRE)--Merkle (www.merkleinc.com), one of the nation’s largest database marketing agencies, announced the acquisition of CFM Direct, a direct marketing agency that specializes in the development of data-driven direct marketing programs for clients in the financial services sector. With the acquisition, privately-held Merkle adds 90 staff members in two offices in Oak Brook, Ill. and King of Prussia, Penn. Financial terms were not disclosed.

Founded in 1989, CFM Direct built its reputation by providing strategic guidance, creative services, campaign execution and production management support on thousands of direct marketing campaigns for world-class clients that include Advanta, Bank of America, Capital One, GE, HSBC, Kroger Personal Finance, RBS and TIAA-CREF, among others. In 2006, CFM generated over \$50 million in billings, \$17 million in revenue, and was ranked in the top 50 direct marketing agencies in America for 2005 by *Advertising Age* magazine.

Merkle President and CEO David Williams said, “We have been aware of CFM Direct and their outstanding work and reputation for a number of years, and we are extremely pleased to welcome them into the Merkle family. With the acquisition, Merkle is bringing onboard a highly talented and dedicated team that has continued to achieve impressive results for its roster of major financial clients. Merkle continues to see



April 2007


A leading direct marketing agency

has been acquired by


A leading database marketing agency

ADMEDIA PARTNERS, INC.
initiated this transaction and acted as financial advisor to
CFM Direct.

significant opportunity in the financial services sector, and our acquisition of CFM Direct serves to further our capabilities within this key vertical market.”

As the marketing discipline becomes increasingly complex, sophisticated marketers are recognizing the need to marry deep customer knowledge and analytics with traditional creative competencies. “Marketers should look for teams that employ a Left Brain planning philosophy along with jaw-dropping creative skills,” stated Peter Kim, Senior Analyst at Forrester Research’s Marketing and Technology research team in the February 2007 report entitled *Help Wanted 21st Century Agency*.

“For nearly 20 years, CFM Direct has actively worked to build our reputation by focusing on each client’s unique needs and consistently delivering outstanding results,” said Howard Hamilton, co-founder and CEO of CFM Direct. “We set out a few years ago to search for a partner that would expand the solutions we bring to our clients. Merkle was our clear choice, and the acquisition of CFM Direct is the next step in our evolution. It will also enable our staff to join a larger client-focused company with a great track record, strong corporate culture, and focus on building relationships with major national clients.”

Joe Hoffman, President and CEO, Royal Bank of Scotland National Bank said, "The combination of Merkle and CFM Direct represents a paradigm shift in the direct marketing space. This combined entity represents a new and refreshing approach to direct marketing, one that truly leverages database and analytic capabilities to drive strategies that change customer behavior. The connection between consumer insight and execution is not a ‘nice to have’ in today’s world...it is mandatory for success."

Patrick Hennessy, Senior Vice President, Commercial Markets Group at Merkle added, “Marketers today face a major challenge when it comes to accessing superior marketing insight and translating that knowledge into high-impact marketing communications programs. Combining CFM’s award winning creative and ‘Think Brand, Act Direct’ approach with Merkle’s database marketing expertise creates a capability that is unmatched in the marketplace.”

“One of the greatest opportunities that this union brings to the marketplace is the unprecedented ability to create and use consumer insight to drive communications that positively influence prospect and customer behavior. As our business has evolved, it has become clear that the use of advanced analytics enabled by data and technology are critical to the development of communications that resonate both emotionally and rationally with the consumer,” added Mike Shetty, President, CFM Direct.

CFM Direct will become part of Merkle’s Commercial Markets group which serves Fortune 1000 clients in the Financial services, Retail, High Tech, Auto, Pharmaceutical, Consumer Packaged Goods (CPG), Telco and Media verticals. Merkle will retain all of CFM’s employees in both Chicago and Philadelphia and will add significant headcount in those locations over the next several years. New York-based financial advisory firm AdMedia Partners acted as advisor to CFM Direct in the transaction.

About Merkle

Merkle is one of the nation’s largest and fastest-growing database marketing agencies. Through its quantitative, information-based marketing approach, Merkle helps its clients maximize their return on marketing investments. Merkle provides customer strategy, business intelligence and analytics, data sourcing, media targeting and measurement, creative and production management, and marketing technology solutions to Fortune 1000 companies and major nonprofit organizations. With over 800 employees, the privately held corporation is headquartered near Washington, D.C. in Lanham, Maryland with additional locations in Boston, Chicago, Denver, Philadelphia, San Francisco, Seattle and Hagerstown, Maryland. For more information, contact Merkle at 1-877-9-MERKLE or visit www.merkleinc.com.

About AdMedia Partners

AdMedia Partners is a leading boutique financial advisory firm that provides middle market mergers and acquisitions advisory services to the advertising and marketing, media, and related online and information services businesses. Founded in 1990 and located in New York City, the firm has completed over 150 transactions since 1999.

Selected recent interactive and internet marketing transactions completed by AdMedia Partners include:

- * Representing Spannerworks, a leading U.K. search engine marketing agency, in its acquisition by iCrossing.
- * Representing Bridge Worldwide, an interactive relationship marketing agency, in its acquisition by Wunderman, a unit of WPP Group.
- * Representing Genex, an interactive marketing services firm that specializes in online customer relationship marketing, in its acquisition by Meredith Corporation.
- * Representing New Media Strategies, a leading online word-of-mouth marketing agency, in its acquisition by Meredith Corporation.
- * Representing Impulse Marketing Group, an online lead generation affiliate marketing company serving the financial services industry, in its acquisition by an undisclosed buyer.
- * Representing Ignite Health, an independent interactive healthcare agency, in its acquisition by inVentiv Health.
- * Representing Medical Broadcasting Company, one of the largest independent interactive healthcare agencies, in its acquisition by Digitas Inc.
- * Representing Dynamic Logic, the leading independent marketing research company, in its acquisition by Millward Brown, a unit of WPP Group.

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