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ALLOY DIGITAL ACQUIRES GENERATE, FORMING FIRST OF ITS KIND, MULTI-PLATFORM, NEXT GENERATION MEDIA COMPANY

Consolidated Enterprise offers Vertically Integrated and Highly Specialized Capabilities in Content Development, Talent Management, Production and Distribution Targeted to Key 12-34 Demographic

January 5, 2012 (New York, NY) – **Alloy Digital**, a leading creator and distributor of high-quality online video content for the 12-34 year-old market and an affiliate of **Alloy, Inc.**, has acquired **Generate**, the pioneering full-service studio and talent management company, to form the first of its kind, multi-platform, next generation media company. Alloy, Inc. CEO **Matt Diamond** and Generate CEO **Jordan Levin** made the announcement today.

Generate, launched in 2006, is recognized as a first mover in its space. Over a six-year period, it has become a leading connector for advertising, technology and entertainment companies by executing ideas from concept through production entirely in-house. Its management team includes prominent executives from television, film, digital, advertising, production, and talent management. The collaborative media company, with offices in Santa Monica, CA, and New York City, has become a premier provider of customized branded content across traditional and digital platforms; a developer and producer of fiction and factual entertainment for a variety of distribution outlets; and home to a prolific talent management division that has experienced significant growth.

Alloy Digital controls the largest media and advertising network of young adult targeted websites, reaching over 43% of P12-34 internet users, and posting annual organic revenue growth surpassing 40%. Alloy Digital attracts more than 70 million consumers each month, holding its position as a top-10 video network which delivers several hundred million monthly streams and has ranked top in its category for nearly three years running, according to industry measurement leader, comScore. The company also owns the third-most subscribed to channel on YouTube. Alloy Digital delivers digital campaigns for **FORTUNE 500** advertisers and has received multiple industry accolades, including the prestigious **ADVERTISING AGE Media Vanguard**, an **OMMA Award** and a **DIGIDAY Video Award**.

“The addition of Generate to Alloy Digital firmly places us in a unique position offering expanded and vertically integrated capabilities that will create significant value for our advertisers and consumers, as well as the creative community and potential partners. With this transaction, and with the strength of our combined management teams, we are now the leading next generation media company mirroring the best of both old Hollywood and the new digital era: cost-effective development and production, talent management, distribution, ad sales, social media and promotion all under one roof,” Diamond said.



The new infrastructure creates a vertically integrated and powerful studio/network relationship. Similar to the major media companies, Generate Studios, the production division of Generate, will service its sister network while continuing to sell and produce for outside digital and traditional distributors. Likewise, Alloy Digital will continue to source and distribute content created in-house and through multiple third parties. The deal will also make the digital network and talent management components, each of which was successful on its own, even more valuable to the advertising, digital distribution and entertainment communities.

In addition to Generate, Alloy Digital recently acquired **Smosh** (www.smosh.com), hailed by **TIME MAGAZINE** as the *Saturday Night Live* of the Internet. Smosh ranks as the third-most subscribed channel on YouTube and is part of YouTube's premium channel initiative with the launch of "Smosh Animation," slated for April 2012. Said Diamond, "We look forward to continued content and technology acquisitions that will increase our viewership and our effectiveness with advertisers."

Levin commented, "We sought to team with a forward-thinking partner that would complement our fundamental strengths, leverage our marketplace position and enhance our ability to engage and reach the influential younger demographic that is driving the advertising, technology and entertainment industries into an increasingly co-dependent relationship." He added, "Combining forces with Alloy Digital is the next logical step for both companies. We have every confidence that collectively we will continue to build a powerful, platform agnostic, digital-centric engine designed to meet the creative and economic needs of consumers, brands and talent while, at the same time, driving significant growth and positive financial performance."

The acquisition will allow Generate to leverage the expertise of Alloy Digital's national sales team, which maintains deep relationships with the advertising and marketing community, together with its vast expertise in strategic planning and execution.

"The combination of Alloy Digital's unmatched reach across its uniquely targeted platform, and both Generate's talent management business and sophisticated production expertise, creates an infrastructure that represents the logical evolution of our industry and is the ideal orientation for a forward-looking media company," said Alloy Chairperson **Geraldine Laybourne**, an industry veteran and former CEO of Oxygen and Nickelodeon.

Prominent senior management of Generate will assume leadership positions within the newly consolidated company in the months ahead. Levin, who previously served as CEO of The WB Network, will join four of Generate's early partners at Alloy: Generate Studios' President **Peter Aronson**, former head of Regency Television and creative affairs for Disney Television; Head of Branded Content **Jared Hoffman**, former CAA literary agent and brand strategist; and two of the industry's leading talent managers, **Dave Rath and Kara Welker**, all of whom will continue to serve as producers on select company projects.



Alloy Digital is an affiliate of Alloy, Inc. which boasts a well-known and respected group of industry leaders, including CEO Diamond and his co-founder, **COO Jim Johnson**; Chairperson Laybourne; and board member **Strauss Zelnick**, whose ZelnickMedia led an investor group that acquired Alloy, Inc. in 2010. ZelnickMedia is a partnership of experienced media executives and investors. The firm manages and owns interests in an array of media enterprises, including video games and interactive entertainment, television advertising, wireless network enabling software, business information, tradeshow, and media-related business services. Current portfolio companies include Alloy, Take-Two Interactive Software, Airvana, Cannella Response Television, ITN Networks, Arkadium and Naylor. Alloy, Inc. owns Alloy Entertainment, a leading independent producer of books and television series, which will continue to operate independently from Alloy Digital.

In 2008, Generate secured a Series A round of financing from MK Capital and Fuse Capital. Generate's prolific studio division, overseen by Aronson, has produced entertainment and branded content across traditional and digital media platforms, including multiple TV specials and series for basic and pay cable, as well as original online series for leading digital distributors and advertisers. Generate's success on Madison Avenue and in Hollywood and Silicon Valley stems from its ability to create a fully integrated and thriving full-service operation that has allowed the company to cost-effectively manage every aspect of the process for its clients. Generate's diverse talent management division, under the guidance of Rath, Welker and Hoffman, connects its growing roster of more than 150 clients—a multi-hyphenate group of actors, comedians, writers, producers, directors, and reality/lifestyle personalities—to projects originating at both Generate and throughout the industry. Alloy's robust digital platform will help facilitate and fuel the emerging discovery and development of talent online across the full reach of its network and expanding social media influence.

ABOUT ALLOY, INC.

Alloy is a leading provider of media and entertainment for the 12-34 year old demographic. With a combination of original content creation, high quality production, and impactful distribution channels, Alloy connects with a high concentration of active young adult consumers. Under the Alloy corporate umbrella, Alloy Digital operates the top ranked media and advertising network of young adult websites and a Top 10 video network, according to comScore Media Metrix, along with the third most subscribed to channel on YouTube; Alloy Entertainment creates Nielsen top rated TV shows, popular movies, industry recognized digital series, along with and a record number of New York Times best-selling books; and Award-winning Channel One operates the leading television news network for teens. For more information about Alloy Digital, please visit www.alloydigital.com.

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