



July 30, 2008
Digital Garage, Inc.

PRESS RELEASE

Digital Garage, Technorati, Inc. Strengthen Relationship

New License for Blog Search Technology as Consumer-Generated Media Advertising Continues to Grow

Digital Garage, Inc. (JASDAQ 4819; main offices in Shibuya ward, Tokyo; President and Group CEO: Mr. Kaoru Hayashi; referred to hereafter as "DG") and Technorati, Inc. (main offices in San Francisco, California, USA; President & CEO: Mr. Richard Jalichandra) are joining together to offer blog search and related services as Technorati Japan, Inc. (main offices in Shibuya ward, Tokyo; President & CEO: Mr. Kaoru Hayashi). Formed in January 2005, Technorati Japan has until now been a fully-owned subsidiary of DG, but with the new agreement will be a joint venture between DG and Technorati, Inc.

Along with the reorganization as a joint venture, Technorati Japan has also entered into a licensing agreement with Technorati, acquiring perpetual rights to the use of Technorati's blog search technologies. Based on this license, Technorati Japan will develop its own technologies targeting the specific needs of the Japanese market, further expanding the largest domestic blog search service targeting more than 10 million blogs.

Behind the new agreement is the rapid growth of consumer-generated media (CGM) advertising, especially on blogs. The global market for blog-based advertising is projected to be US\$746 million in 2012, more than 2.5 times greater than the 2007 level.¹ The blog advertising market in Japan is also forecast to approximately double in size from 2008 to 2010.² In anticipation of these market trends, Technorati, Inc. launched Technorati Media, an ad network, in June 2008 to connect bloggers and advertisers.

By acquiring a perpetual license to use Technorati's blog search technologies, Technorati Japan will be able to provide services even more precisely tailored to the Japanese blog advertising market. In particular, it will contribute to the strengthening of the CGM advertising industry forming around the Ad Butterfly service for matching bloggers and advertisers, which is administered by the DG-associated company CGM Marketing (main offices in Shibuya ward, Tokyo; President: Mr. Kaoru Hayashi). Furthermore, Technorati Japan will be devoting more effort to providing search capabilities to other API-based markets, such as services for mobile phones and media mashup sites

¹ "The Blogosphere: A Mass Movement from Grass Roots" Research report from eMarketer magazine, June 2008 (in English)

² "Investigation of the Word-of-Mouth Blog Advertising Market: 2008" Research report from Yano Research Institute Ltd., February 2008 (in Japanese)



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+++ About Ad Network Market Trends:

The market for ad networks that consolidate blogs and other smaller sites to provide centralized distribution of content-appropriate advertising has been in the spotlight recently, especially in the U.S. The goal of ad networks is to leverage the power of the so-called 'long tail' of smaller sites that individually are viewed much less frequently than large-scale sites but exist in much greater numbers, and thereby increase advertising earnings by providing much finer targeting of advertising content. In the U.S., in addition to Technorati Media, well-known advertising networks include Glam Media, focusing on information of interest to women, and Federated Media.

+++CGM Marketing, Inc:

A joint venture between the four companies Digital Garage, Inc. (JASDAQ 4819; main offices in Shibuya ward, Tokyo; President and Group CEO: Mr. Kaoru Hayashi), Dentsu Inc. (JASDAQ 4324; main offices in Minato ward, Tokyo; Representative Director and President: Mr. Takashima Tatsuyoshi), Cyber Communications, Inc. (TSE Mothers: 4788; President and CEO: Mr. Hideyuki Nagasawa), ASATSU-DK INC. (TSE First Section: 9747; main offices in Chuo ward, Tokyo; President & Group CEO: Mr. Koichiro Naganuma)

+++ Technorati

The recognized authority in the blogosphere, Technorati collects, organizes, highlights and distributes the online global conversation, surfacing this content to millions of consumers. Founded in 2002 as the first blog search engine, Technorati has become the definitive source for the top stories, opinions, photos and videos emerging across news, entertainment, technology, lifestyle, sports, politics and business. Technorati tracks not only the authority and influence of blogs, but also the most comprehensive and current index of who and what is most popular in the blogosphere.

www.technorati.com www.technoratimedia.com

+++AD-Butterfly

A web-based matching service connecting owners of individual blog & social network sites looking for advertising sponsors with advertisers seeking placement on blog & social network sites. Launched in Beta in June 2007.

Registered blog & network sites: ~7000. Monthly impressions: ~150 million

For inquiries specific to this press release, please contact:

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