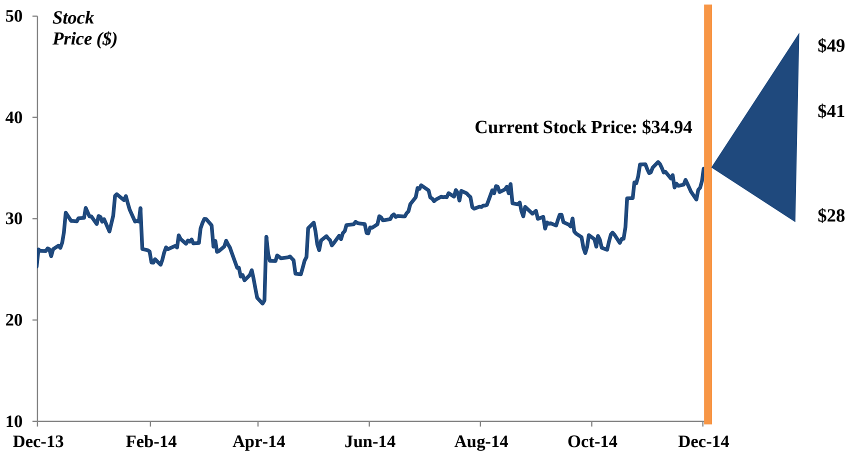
CFA Institute Research Challenge

Hosted by

The Boston Security Analysts Society, Inc.

THE SHARPEST TOOLKIT IN THE SHED

Constant Contact, Inc.
Ticker: CTCT (NASDAQ)
Industry: Information Technology –SME Digital Marketing



CTCT is undervalued because the market underestimates its user base growth, average revenue per user (ARPU), and average user retention rates. This view is based on our: (i) proprietary surveys of actual and potential users as well as affiliate partners, (ii) bootstrap statistical model of financials showing considerable revenue upside, (iii) market analysis for Small and Medium-sized Enterprises (SMEs) indicating significant untapped potential.

CTCT's user base will grow as a result of expanding user acquisition channels. Since 2009, the user base has grown by 73% - a 12% CAGR. During this same period, Client Acquisition Costs (CAC) fell 17% as the growing user base drove economies of scale. New product offerings combined with expanding channels in social media, mobile, word of mouth, and partner programs, will drive user base growth from 7% in 2014 to 11% in 2015.

CTCT's ability to bundle and upsell will raise Average Revenue per User (ARPU). We expect ARPU to grow by a 4% CAGR to $53 in 2018. According to our surveys, CTCT's Toolkit will increase the adoption rates of its higher-price packages as 60% of users are open to or have upgraded already to pricier packages to gain additional functionality. To this we should add the role that CTCT partners also play. In effect, partners gain from having their users upgrade, so the gains to partners are also the gains to CTCT.

In combination with the above, increased retention rates will raise the Customer Lifetime Value (CLTV). CLTV has grown by 35% (a 6% CAGR) to $950 in the last five years. We project it to grow to $1,800 by 2017 – a 17% CAGR due to improved ARPU ($530), retention rate of users ($300), lower CAC ($50), and improved margins ($40).

CTCT will expand its product offerings via strategic acquisitions. While the arguments listed above have focused on top line revenue growth and its drivers, we see significant upside to CTCT's strong balance sheet. With a solid cash position, management can add complementary products for integration with Toolkit. While past acquisitions have required time to be fully integrated, they have paid off handsomely in the medium to long term. We expect this to continue.

Lastly, product integration will drive shareholder value. New tools and functionality only affect stock prices in so far as they present an integrated solution. In effect, for CTCT, the whole is much more important than the sum of the parts.

Recommendation	**BUY**
Stock Price as of 12/5/2014	**$34.94**
Target Price	**$41.00**
Premium	**17%**

TRADING	
Current Price	$34.94
52 Week Price Range	$21.63 - $35.61
Base Case Target	$41
Bull Case Target	$49
Bear Case Target	$28

PERFORMANCE METRICS

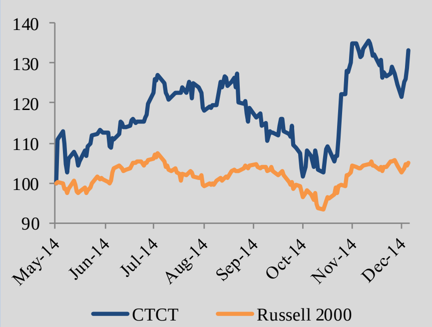
	Revenue Growth	User Growth	CLTV	ARPU
2013A	13%	7%	$ 950	$ 41.3
2014F	16%	7%	1,184	44.7
2015E	16%	11%	1,397	47.3
2016E	16%	10%	1,610	49.8
2017E	9%	4%	1,789	51.2

KEY RATIOS & PROJECTIONS

	EBITDA Margin	EBIT Margin	FCF Margin	Diluted EPS
2013A	16%	3%	8%	0.23
2014F	19%	4%	11%	0.34
2015E	20%	9%	13%	0.77
2016E	24%	13%	15%	1.29
2017E	24%	13%	14%	1.42

MARKET PROFILE	
Volume (mm)	0.25
3m Avg Vol (mm)	0.27
Beta	1.29
Dividend Yield	0%
Shares Outstanding (mm)	31.68
Mkt. Cap ($mm)	1,053
Institutional Holdings	105.0%
Insider Holdings	2.3%

RETURN COMPARISON vs. INDEX



Source: Bloomberg, Capital IQ, Yahoo Finance, Company Filings, Team Estimates

INVESTMENT SUMMARY

***Toolkit* offers CTCT a first-mover advantage over the competition.** In going from a multi-product structure to an integrated platform, CTCT differentiates itself from its peers while increasing gross user additions and ARPU. Toolkit's twin-axle price structure raises ARPU in three ways. Firstly, as the package chosen (Basic, Essential, or Ultimate) defines the base price, the migration of current users into an integrated product leads them to higher-priced packages. Secondly, the channel used to add new users strongly determines the package they adopt. We estimate that the partner base, a strong component of CTCT's presence in the minds of users, will drive new users to higher-priced packages as that is how the partners themselves grow their own revenues. Thirdly, ARPU depends on the size of the users' contact list, something that product integration increases by tapping into multiple contact acquisition channels.

***Toolkit* also capitalizes on current SME trends toward social media and mobile marketing.** Our survey of actual and potential users indicates that 50% of respondents are either using or considering using social media marketing, while 27% are considering mobile marketing. Toolkit's position as a one-stop shop for SME marketing will further be strengthened by its integration into SinglePlatform, which provides centralized content management across sites and mobile apps. Finally, agreements recently signed with vCita LiveSite and FireText add mobile capability and data analytics respectively.

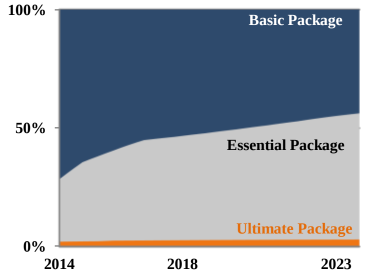
On data analytics, CTCT's Software as a Service (SaaS) platform allows it to capture in real-time how users interact with its products, an intelligence not usually available to non-SaaS providers. As a result, it can shift strategy in reaction to user behavior, target demographics, price sensitivities, and business cycles. At a tactical level, CTCT offers more targeted tools. Similarly, users also optimize their marketing effort by using CTCT analytical tools on their own customers.

Partners will continue to deliver new users at higher-price points. While CTCT obtains new users mostly via word of mouth (40%) and direct contact/local marketing (30%), 20% of new users are referred by its 10,000 partners. Specifically, we found that 54% of partners drive user growth through value-added services (e.g. training), 25% by client-based offerings (e.g. direct customer promotions), and 21% via partner website links. Via our surveys, we learned that 60% of partners expect referral rates to increase in the next two years, raising their share of new user additions to 25% in the medium term and 30% in the long term, resulting in a 25% CAGR. In effect, the partner channel is CTCT's way for a national brand to reach out to SMEs in a meaningful and profitable way. Finally, users acquired via partners exhibit higher retention rates due to the latter's active role in the user community. We estimate that user retention rates are 1.2% higher than those of the next best channel. These rates, in turn, increase CLTV by 2.3%.

With close to 20 million targetable SMEs, CTCT has a significant untapped market to serve. Currently, CTCT is the market leader in number of unique paying customers, yet it has a market share of 3.2%. We expect CTCT's market share as well as the overall market to grow in view of recent industry surveys. These surveys have 60% of SME CEOs predicting 2015 to present excellent prospects and 80% adding new products. More to the point, research from BIA/Kelsey states that SME expenditures on digital marketing will increase by 25% per year in the near term as SMEs expand their online presence.

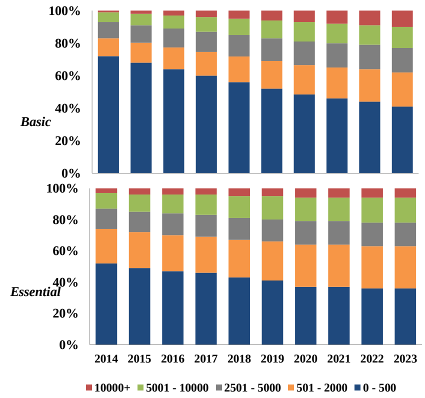
In the end, it's all about the Customer Lifetime Value. CLTV takes into account revenues generated from recurring user fees (ARPU), higher user retention rates, user acquisition costs (CAC), all items that combine to create an overarching metric. CLTV is the final say. Since 2009, CLTV increased from $700 to $950 – a 6.3% CAGR. Of this $250 gain, $175 (70%) was due to longer contract durations and $75 (30%) due to a higher ARPU. As stated previously, we expect CLTV to grow close to $1,800 by 2017.

Exhibit 1: Forecast Package Mix



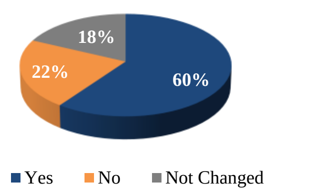
Source: Team Estimates

Exhibit 2: Projected Contact List Migration



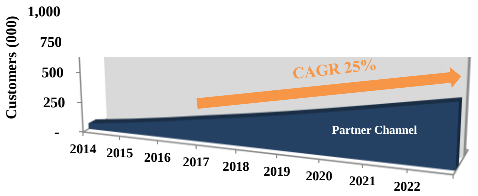
Source: Team Estimates

Exhibit 3: Do you see the number of users you refer to CTCT increasing in the next 1-2 years?



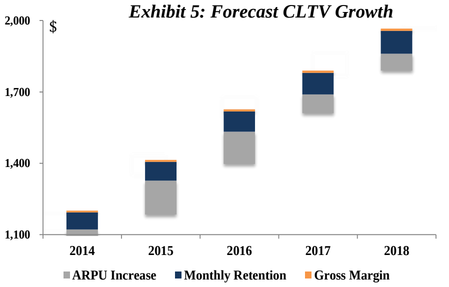
Source: Team Survey

Exhibit 4: Forecast Partner-related User Growth



Source: Survey, Team Estimates

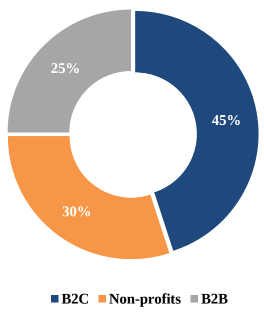
Exhibit 5: Forecast CLTV Growth



Source: Team Estimates

BUSINESS DESCRIPTION

Exhibit 6: 2013 User Base Composition



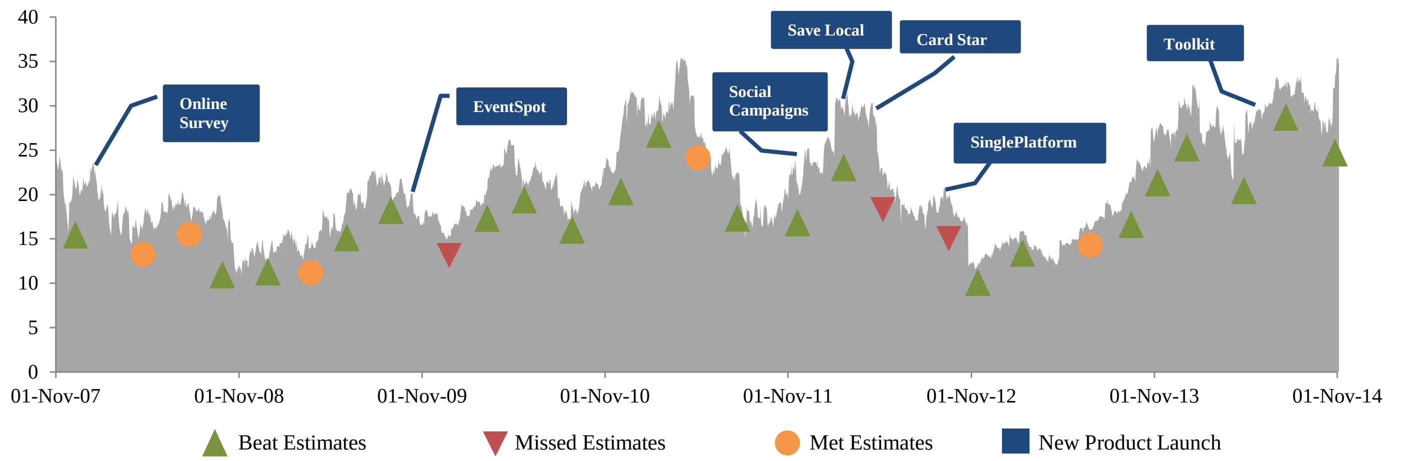
Source: Company Filings

Founded in 1995 in Waltham, Massachusetts, Constant Contact, Inc. provides marketing solutions to 625,000 users in 180 countries. Despite its worldwide presence, 90% of revenues are earned in the U.S. With two thirds of its user base being small firms (<10 employees), CTCT's user base consists of:

B2C clients – retailers, restaurants, realtors, travel/tourism agencies, yoga studios, and day spas
Non-profits – religious organizations, charities, and trade/alumni associations
B2B clients – law firms, accountancies, marketing/PR firms, recruiters, industrial product suppliers, and independent consultants

With CTCT not being a low cost provider, it must win users via value-added products and a vibrant partner base. Further, these value-added products must increasingly offer integrated solutions – that is, they must bring together different communications channels such as social media and mobile apps to the overall marketing effort in order to succeed.

Exhibit 7: Product Suite Evolution and Stock Price



Source: Bloomberg Pricing & Estimates

Marketing and sales of the product suite rely on direct sales as well as a vibrant partner base. While CTCT employs 22 directors and 159 sales staff to market its products directly, it can count on 50x that number with its partner base. These partners build CTCT's user base via referrals through their websites and outbound promotions while also providing user training and campaign coaching for their own book. One partner already mentioned is vCita LiveSite, which provides e-mail campaigns with event scheduling capabilities and online calendar synchronization that minimize no-shows through e-mail confirmations and automated reminders. Another partner mentioned, FireText, integrates CTCT's e-mails with text messaging to mobile-happy customers. This integration with mobiles allows users to analyze customer mobile transactions and website visits to inform future marketing campaigns. With 60% of all e-mails now being read using mobiles, this integration will be an integral part of revenue growth.

Exhibit 8: Tools by Package

Product	Basic	Essential	Ultimate
Email Marketing	★	★	★
Facebook Promotion		★	★
SaveLocal		★	★
Events		★	★
Survey		★	★
Domation Collections		★	★
Personal Coach			★

Source: Company Filings

Value-added products are introduced but e-mail marketing leads the charge. As Exhibit 7 indicates, CTCT has added various products to its suite during the last 7 years. These products crystallized into a coherent solution with the introduction of Toolkit earlier this year. Toolkit lets users manage marketing campaigns using one integrated platform that combines e-mail marketing, event planning and registration, promotions, newsletters, announcements, feedback, and client surveys. With mobile capability, it allows for communication via e-mail, social media, mobile apps, landing pages, and in-person. Users can track and analyze customer interactions to optimize campaign effectiveness. With a twin-axle price structure based on different functionalities and user list size, Toolkit drives product bundling, thus increasing ARPU.

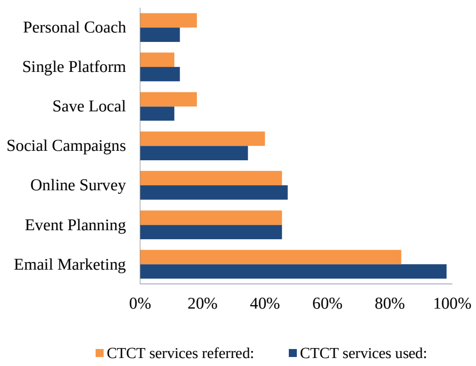
Exhibit 9: Product Description

Product	E-mail Marketing	SinglePlatform	CardStar	Social Campagins	EventSpot	SaveLocal	Survey	Personal Coach
Launch Date	2002	2012	2012	2011	2009	2012	2007	2014
Percentage of Revenue (2013)	84%	5%	0%	Toolkit (11%)				
	Unique Products (89%)							
Description	Allows customers to create, send and track e-mails to target groups created by software plug-ins, mobile platforms, point-of-sale devices, and social media sites; tracking covers open, click and response rates	Provides content management from a central platform across various sites and mobile apps, reaching over 200 million consumers monthly	Smartphone application that consolidates loyalty and membership cards in one mobile app rather than as multiple physical cards, allowing retailers adjust offerings based on behavioral analytics	Allows users to monitor social media channels in order to engage clients and grow user email lists	Helps event promoters track registration and payments using customized templates and integrated maps	Allows users to create, manage and control local promotions and coupons	Helps users gather client intelligence and tailor campaigns to improve marketing efforts and business performance	A single point of contact who understands the business needs of individual users, providing marketing best practices, list management and campaign selection in order to maximize user performance
Strategic Play	Primary Product	ARPU + User Additions	User Additions	Customer Additions + ARPU + Retention Rate				

Note: Toolkit includes e-mail marketing

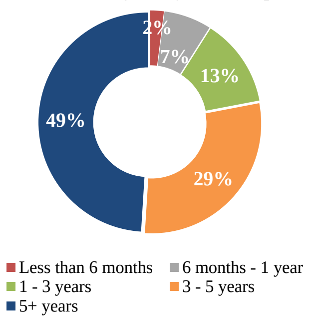
Source: Company Filings

Exhibit 10: Which CTCT products do you use/refer?



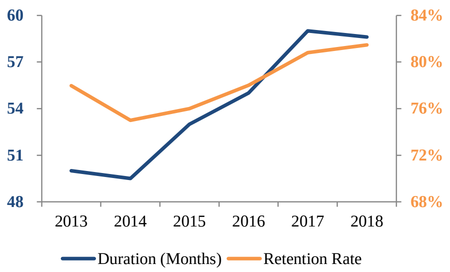
Source: Team Survey

Exhibit 11: How long have you been a partner?



Source: Team Survey

Exhibit 12: Retention Rate



Source: Team Estimates

Even with the constant addition of new products, CTCT's bread and butter is still e-mail-based marketing, which accounts for 84% of revenue. CTCT's e-mail marketing solution allows users to create, send and perhaps most importantly, track e-mails to customer lists generated by software plug-ins, mobile platforms, point-of-sale devices, and social media sites. The tracking feature of the software records open, click and response rates. While we expect this segment to bring in the bulk of CTCT's revenues, we are also bullish on the growth rate of complementary product offerings.

Increasing industry migration toward mobile integration. With a growing reliance of SMEs on smart-phones, mobile integration of marketing efforts will be essential to the successful execution of CTCT's strategy. With the introduction of products such as a SinglePlatform and CardStar, CTCT is positioned to leverage the industry shift in its favor. Having noted its interest in future acquisitions, CTCT's considerable cash balances will allow the company to strategically focus product expansion in order to best capture the needs of its users. As seen in CTCT's recent partnerships with vCita LiveSite and FireText, the company is not only aware of shifting demographics but also has positioned itself to grow alongside the needs of its users.

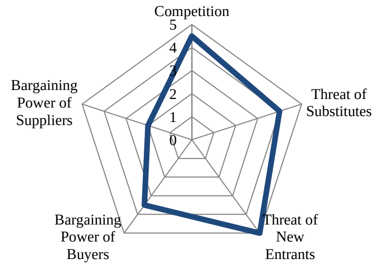
Partner involvement leads to referrals; upselling and bundling lead to higher ARPU. Our partner survey strove to determine whether partners help increase ARPU as well as the user base, and if so, by how much. Firstly, we measured partner involvement using a 0-10 scale, with 0 being not involved, 5 for somewhat involved and 10 for very involved. We found that 95% of respondents ranked themselves above 5 ($\bar{x}$=9.5) and 63% very involved in providing value-added services to referred customers ($\bar{x}$=9.1).

When asked which CTCT products they used most, partners said they were mostly e-mail centered with growing activity in CTCT's Social Campaigns, SaveLocal and personal coaching. More importantly, respondents noted that they upsell their own customers to more value-added services such as the Essential and Ultimate packages. By driving customers to their own higher-priced, more value-added services, partners also drive it to CTCT, thus, raising ARPU. Bottom line, based on partner involvement metrics, actual referral rates, and upselling/bundling distributions by package, we estimate that partners will increase ARPU by $17 (38%) in FY15.

Partner loyalty leads to higher user retention rates. We assessed partner loyalty and found that 48% of respondents have been with CTCT for over 5 years with 80% of these affiliated only with CTCT - hence, 40% of respondents indicate that they have an exclusive relationship with CTCT. This exclusivity adds affinity between the partner base and CTCT. With 80% of respondents viewing themselves as solutions providers, this affinity, when tied to the loyalty metrics, argues that an affiliate partner program makes sense in a disaggregated industry such as e-mail marketing.

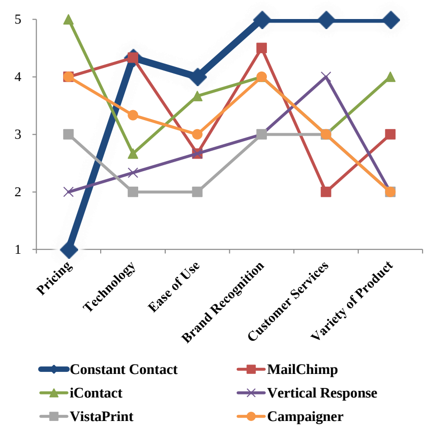
"Over the past 9 years, I've gotten at least $1 million in new business via my e-marketing (with CTCT)."
— Testimony of a CTCT partner

Exhibit 13: Porter's Five Forces
(1 - low to 5 - high)



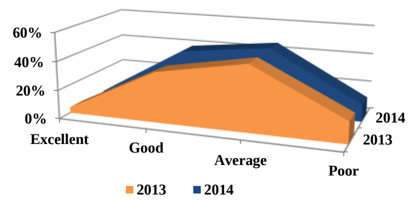
Source: Team Estimates

Exhibit 14: Strategy Canvas *(1-worst to 5-best)*



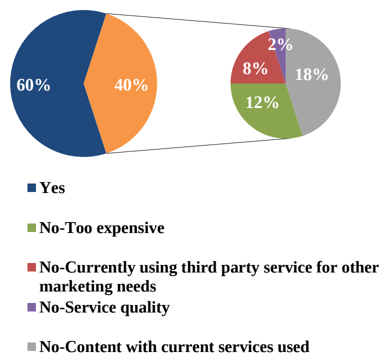
Source: Team Estimates

Exhibit 15: Perception of E-mail Marketing Products



Source: E-mail Marketing Industry Consensus 2014

Exhibit 16: Have you added more products from when you initially started with CTCT?



Source: Team Survey

Finally, our respondents note that they extend their own retention rates via intense new customer hand-holding, training of existing customers, and personalized service offerings, which in turn help CTCT's retention rates. Based on our analysis and follow-up interviews with partners, we estimate that partners increase user retention by 3.2%.

Increased ARPU and user retention lead to higher CLTV and lower CAC. Higher ARPU and user retention increase CLTV while simultaneously reducing CAC via SaaS-related economies of scale. Of the projected $850 increase in CLTV in the next three years, we estimate that CTCT's partner base represents $ 400 of that figure (47%).

INDUSTRY OVERVIEW & COMPETITIVE POSITION

Social media rules the future in a competitive industry. According to the U.S. Small Business Administration, there are 29 million small businesses and 22 million one-person businesses with both segments growing by half a million per month. An AT&T survey adds that these businesses are increasingly using social media and online marketing to reach out to potential customers, who average 15 hours per week using social media. While these SMEs are increasingly seeking customizable, social media-focused marketing services, they still hold significant bargaining power in the competitive online marketing industry.

Brand recognition and customer service differentiate providers. Exhibit 14 shows how CTCT differentiates itself. Clearly the higher-priced option, its stands out in brand recognition, customer service and overall product selection. We believe brand recognition is key in as disaggregated an industry as SME marketing. If one is going to be the higher-priced option, one better have a product and service to match, and CTCT does. Finally, product variety is valuable in that it allows for easier upselling and bundling.

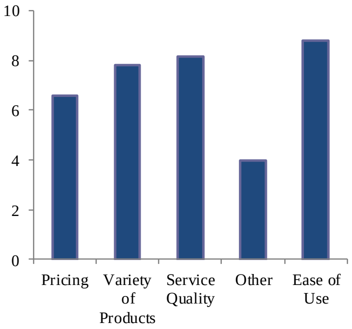
Integrated e-mail marketing is finally penetrating deep into SMEs. According to Social Media Examiner, e-mail marketing remains the top marketing channel with $12 billion spent in 2013 (see exhibit 15.) This number will rise as firms channel more of their total marketing budgets to e-mail - from 18% in 2013 to 23% in 2014. More to CTCT's interest, 47% of SMEs are using an e-mail marketing provider, up from 43% in 2013. We expect this penetration to rise to 62% in the next five years.

To make the most of this growth in penetration, CTCT must continue developing integrated solutions to attract new users. With 80% of respondents using more than one CTCT product and 75% using at least two products, we note that the important trend lies with the 60% of respondents that have added new services since signing on with CTCT. The industry's move towards integrated solutions is belied by our survey results: users are moving to integrated solutions, driving ARPU up in a virtuous cycle.

...but the industry's products have disappointed. Despite strong growth, e-mail marketing services are still perceived as mediocre. In a recent survey, 15% of clients rated their e-mail marketing provider as poor with another 40% rating their service as average. In our survey, respondents gave CTCT a 7.0 out of 10.0, indicating a higher than average satisfaction score. That said, we expect CTCT to improve on this metric or else its higher-price provider position will be untenable in the long term.

So customers will only pay for proven performance. Our survey indicates that users are willing to pay more for integrated solutions but only if they provide value-added gains such as user-friendly interfaces, automation, real-time support, and cross-channel services. Not surprisingly, CTCT's packages have evolved to target three kinds of clients each at different price points. With package prices unchanged since 2012, we expect prices to rise in response to increased functionality, data analytics, and tracking efficacy.

Exhibit 17: *What is your most important criteria when choosing an email marketing provider?*



Source: Team Survey

"Peace of mind for knowing emails will be delivered to recipients' inbox, not junk mailbox."
— Testimony of a CTCT partner

"Spamhaus Block List honored Constant Contact with a Spamhaus Whitehat Network Silver Award for the company's work in compliance and for limiting email spam with its customers."
--CTCT award listing on Glassdoor

"We love seeing results like these! E-mail marketing can be tricky, but Constant Contact is SO helpful & serves us well."
--CTCT user review on Twitter

"I've always found Constant Contact's customer service outstanding. They are real people who really care about small biz owners."
--CTCT user review on Facebook

With low barriers to entry and the introduction of new technologies, CTCT will face increased competition from other e-mail marketers, direct mail advertisers using online channels, and established firms developing products in-house or via alliances. Some firms in this third category have significant resources and some offer their products at little or no charge to create revenue in other product lines. To keep pace, CTCT will have to differentiate itself by providing measurable outcomes to its users.

Industry regulation should not be an issue, at least in the U.S. At 98%, CTCT has the highest delivery success rate in the industry. This is in part due to CTCT's white-listing by ISPs and its prohibition of users from buying lists of e-mail addresses. With 0.2% of all electronic messaging in the U.S. considered spam, we do not expect any regulation in this area in the U.S. That said, other countries have considerable spam regulations (e.g. Canada) and significant spam messaging (e.g. China), but we do not expect CTCT to expand meaningfully overseas in the near term. Further, as the U.S. SME market has yet to be significantly penetrated, we expect CTCT to focus on the domestic market first.

Finally, CTCT is a member of the E-mail Sender Provider Coalition (ESPC) and the Messaging Anti-Abuse Working Group (MAAWG). In the practice, CTCT and its partners actively educate users on spam so as not to trigger a customer backlash.

MANAGEMENT

On average, CTCT's management team has 10 years of experience in the industry. In addition to experience, the compensation packages of the team are consonant with industry standards, especially insofar as stock options are concerned as all shareholders want management's incentives to be aligned with theirs. Restricted stock and option awards form almost 40% of top management compensation. Below, we review the key members of the management team.

Gail F. Goodman | CEO/President

Ms. Goodman joined CTCT as CEO/President in 1999, four years after its inception as Roving Software, a name changed to CTCT in 2006. Since then, Ms. Goodman has tracked the industry's best practices on permission-based e-mail and spam stopping. She is closely associated with the Industry E-mail Service Provider Coalition. In an industry where managers hold a position for 3½ years on average, Ms. Goodman's 15 years' setting strategy and driving new product integration is a positive feature.

Joel Hughes | SVP - Corporate Strategy and Emerging Businesses

Mr. Hughes has founded and run various software firms including SnowShore Networks and ViaDSP. Prior experience with companies like Umber Systems and LiveWire help CTCT leverage his work with personalized mobile communication strategies, a critical asset for CTCT's future expansion.

Harpreet Grewal | EVP/CFO/Treasurer

Since joining CTCT in 2010, Mr. Grewal has been responsible for the firm's financial oversight as well as for strategy and planning. His prior experience was with VistaPrint, a CTCT competitor.

Corporate Governance. CTCT has no policy for separation of Chairman of the Board and CEO. Directors do not have fixed tenure but only regular evaluations with the Corporate Governance Committee – in line with company policy of "increasing insight into the Company and its operations and an institutional memory that benefits the entire membership of the Board as well as management." The committee also evaluates the success of the management. Along with a competitive compensation, directors are also given stock options.

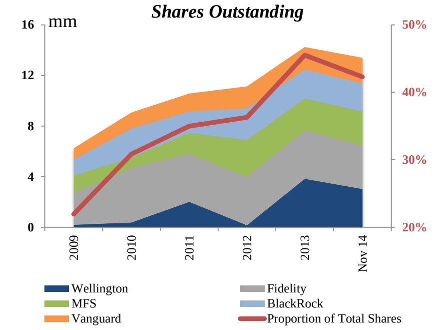
Exhibit 18: *Top 5 Institutional Holding as a % of Shares Outstanding by Growth Strategy*

Source: Capital IQ

OWNERSHIP & INVESTORS

Institutional investors hold approximately 105% of CTCT's shares. Overall investors are shorting 8.2% of shares – lower than the SaaS industry average of 10-12%.

Exhibit 19: Top 5 Institutional Holders & Proportion of Shares Outstanding

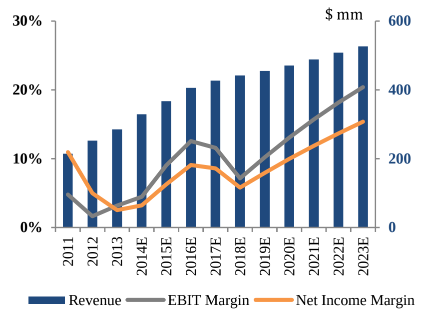


Traditional investment managers hold the majority (86%) of shares, with Wellington Management holding 11% and MFS and Fidelity holding around 9%. Hedge Funds hold around 9% of the shares.

Puts held by investors total 0.07% of shares outstanding, with Susquehana holding the bulk at 0.05%. Over the past years, growth and value investors have increased their holdings. The market sentiments are also in line with our analysis that CTCT is underpriced and is a growth company. The movement in shareholding of the current top 5 shareholders is also shown.

FINANCIAL ANALYSIS

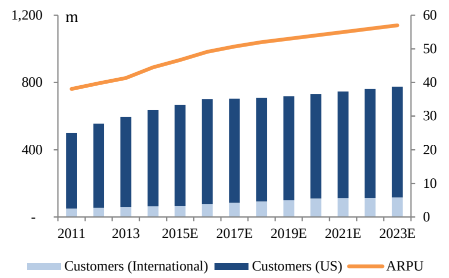
Exhibit 20: Projected Revenues and Margins



Source: Team Estimates

Toolkit leads to sustainable revenue growth. Over the next three years, we expect revenues to increase by a CAGR of 11.6% (see Exhibit 20). This growth is driven by the launch of the Toolkit packages and continued, sustainable user additions steered in part by the partner channel. With users pooling in the higher-priced product tiers and retention rates increasing by 10%, ARPU will rise by a CAGR of 4.1% to $52-53 by FY18. Also, we expect the user base to expand to 830,000 by FY18 - a CAGR of 6.9%. Looking at revenue distribution by geography, we project a CAGR of 0.6% in international revenues to FY18. While we admit that this might be too low, we think it is prudent as we expect CTCT to focus on the SME market in the U.S., which has significant upside potential.

Exhibit 21: Projected Customer Base and ARPU

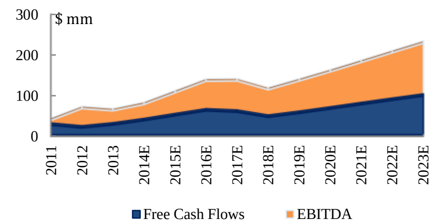


Source: Team Estimates

Margins will improve. We expect EBIT margins and Net Income margins to improve due to lower CAC arising from the expansion of the more profitable partner channel and overall economies of scale. Still, given the nature of this industry, we expect limited reductions in R&D and Costs of Goods Sold (COGS). Thus, we project EBIT and EBITDA to grow at 37% and 21% CAGRs respectively to FY18.

And strong cash flows will continue. CTCT's free cash flows increased at a 50.7% CAGR between FY09 and FY13. We expect them to continue to rise, pushing the current ratio well above 5.0x on FY19. This will allow CTCT to finance acquisitions, capital expenditures, and working capital needs with internal funds. As with technology companies that must constantly reinvest to keep pace, CTCT has no debt and does not pay dividends. We expect this strategy to continue through FY18.

Exhibit 22: Projected Free Cash Flows and EBITDA

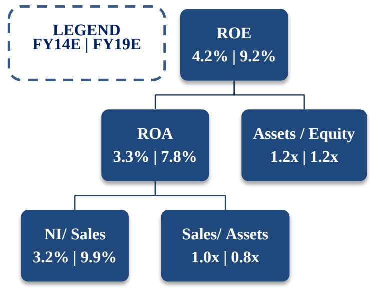


Source: Team Estimates

Drivers of profitability. CTCT's ROE, although negative in the first two years after its IPO, went positive in FY11 (15.8%). The key drivers in this improvement were improved EBIT margins and tax benefits. In FY13, EBIT margins fell as R&D and Sales & Marketing expenses rose in response to the development of Toolkit and the integration of the newly-acquired SinglePlatform. We believe that once the partner channel reaches its full potential, margins will improve as additional economies of scale make their mark.

We project ROE to rise from 4.2% in FY14 to 9.9% in FY19 mainly due to improved EBIT margins – which rise from 3.3% (FY13) to 13.2% (FY19). Similarly, net income margins rise from 3.2% (FY14) to 9.9% (FY19). These higher margins lead to improved ROA, which rises from 3.3% to 7.8% between FY14 and FY19, putting CTCT in line with the software and services industry average of 7.2% (see Exhibit 23.) We expect the Assets/ Equity multiplier to remain at 1.2x, well below the industry's 2.1x, thus affording CTCT flexibility in making acquisitions.

Exhibit 23: DuPont Analysis

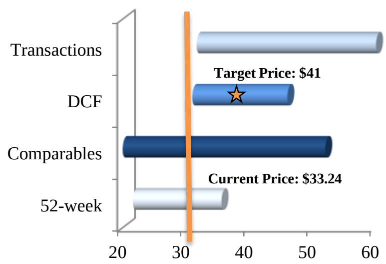


Source: Team Estimates

Although we forecast CTCT's effective tax rate to increase, we anticipate no limitations in its using tax loss carry-forwards ($33.5 Million for federal and $0.8 Million for state in FY13) as we do not expect significant changes in ownership. Also, while CTCT also benefits from the federal and state R&D credits, we assume a rising tax rate as CTCT's revenues rise ever higher.

VALUATION

Exhibit 24: Stock Price Football Field



Source: Team Estimates

We used a weighted average of discounted cash flows (DCF), comparables, and transactions to arrive at a target price of $41 – a 23% upside over the current stock price of $33.24. We assign a higher weight to DCF because of CTCT's unique business model as well as our DCF assumptions better reflect the strategic transition of the company after Toolkit.

DCF (60% weight). We used a 10-year DCF model because this time span captures CTCT's medium and long term growth prospects as a SaaS-based provider. The Base Case (50% probability) assumes the new user adoption rate of the firm's Essential Package to be 45% while the Bear (20% probability) and Bull (30% probability) cases assume 35% and 55% adoption rates respectively. In addition, we used different user growth, retention rates, and R&D and Sales/Marketing expenses in the Bull and Bear scenarios as per below:

Core Revenue Scenario Assumptions	Base	Bull	Bear
Quarterly Gross User Additions	50,000	55,000	45,000
Essential Adoption Rate	45%	55%	35%
Basic Attrition Rate	6.0%	6.0%	7.0%
Essential Attrition Rate	3.0%	4.0%	3.0%
Ultimate Attrition Rate	1.0%	0.5%	2.0%

Exhibit 25: Scenario Summary

	Comparables	DCF	Transactions	Average	Probability
Bull Case	$ 52	46	63	49	30%
Base Case	40	40	47	41	50%
Bear Case	20	31	32	28	20%
Weight	30%	60%	10%		
			Target Price		$41

Source: Team Estimates

As Exhibit 27 outlines, our beta of 1.3 reflects CTCT's 5-year covariance to the market. Since CTCT has no debt and as we are confident it will not change its capital structure in the near term, we used the Capital Asset Pricing Model to estimate its cost of capital. We used a 5.8% market premium using market data for the past 10 years for the S&P 500 and the 3-month T-bill to get a cost of capital of 10.3%. We also used the average 20-year US Treasury bond yields of 2.8% as our risk-free rate.

Exhibit 26: Stock Price Sensitivities to TV Growth Rates and Discount Rates

TV Growth rate	Cost of Capital 8.3%	9.3%	10.3%	11.3%	12.3%
2.0%	$ 50	43	38	33	30
2.5%	53	45	39	34	31
3.0%	56	47	41	36	32
3.5%	61	50	42	37	33
4.0%	66	53	44	38	34

Source: Team Estimates

Comparables (30% weight). CTCT has few clear comparables. To resolve this, we created a weighted segment of the customer relationship management (CRM) industry, an appropriate one given that CTCT's push into integrated solutions makes it similar to CRM firms. Since CTCT is still focused on e-mail marketing, we accounted for this by weighing the comparables in favor of firms with a significant e-mail marketing presence. Further, we chose comparables with SaaS, cloud, and online platforms and favored U.S.-based firms to reflect CTCT's financials. In the end, we weighed our comparables as follows:

- 60% CRM/Digital marketing with e-mail marketing services
- 30% CRM/Digital marketing without e-mail marketing services
- 10% CRM/SaaS in general

These weights reflect CTCT's FYE14 user revenue distribution by package: 60% for the Basic Package, 38% for Essential, and 2% for Ultimate. The metrics used are EV/Revenue (70% weight), EV/EBITDA (10%), EV/FCF (10%), and P/E (10%). We weigh EV/Revenue more heavily as this metric captures such key performance indicators as Monthly Recurring Revenue, User Retention, and ARPU.

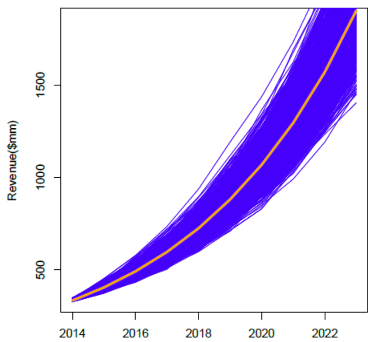
Exhibit 27: Discount Rate Calculation

Cost of Capital	
20-year US Treasury Bond	**2.8%**
S&P 500 (2004-2013)	7.3%
3-month T-bill (2014-2013)	1.5%
Equity Risk Premium	**5.8%**
CTCT Beta	**1.3**
Cost of Capital	**10.3%**

Source: Team Estimates

Transactions (10% weight). We chose a low weight for transactions because we do not believe that CTCT is a candidate for acquisition. In the past, smaller companies in CTCT's space have been acquired but CTCT is now large enough represent a completely different acquisition target. This means that any potential acquirers must be large and integrated online firms. Some of these firms, such as GoDaddy or Endurance, have already either acquired or invested in their own e-mail marketing products. If we add this to CTCT's ability to defend itself from unwanted suitors by issuing preferred shares without a shareholder vote, we remain confident that acquisition is a remote probability.

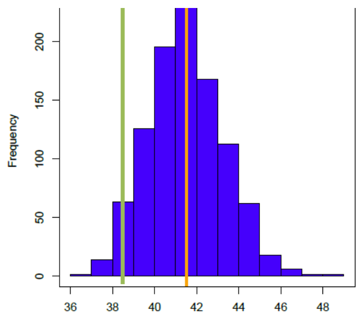
Exhibit 28: Bootstrap Revenue Forecasts



Source: Team Estimates

Bootstrap Statistical Price Simulation. We created a statistical revenue simulator to predict future revenues and their probability-based distributions. We used regressions that relate a future quarter's revenue relative to a reference quarter - 3Q09- and a predictor function that calculates number of quarters away from the reference quarter.

Exhibit 29: Bootstrap Price per Share

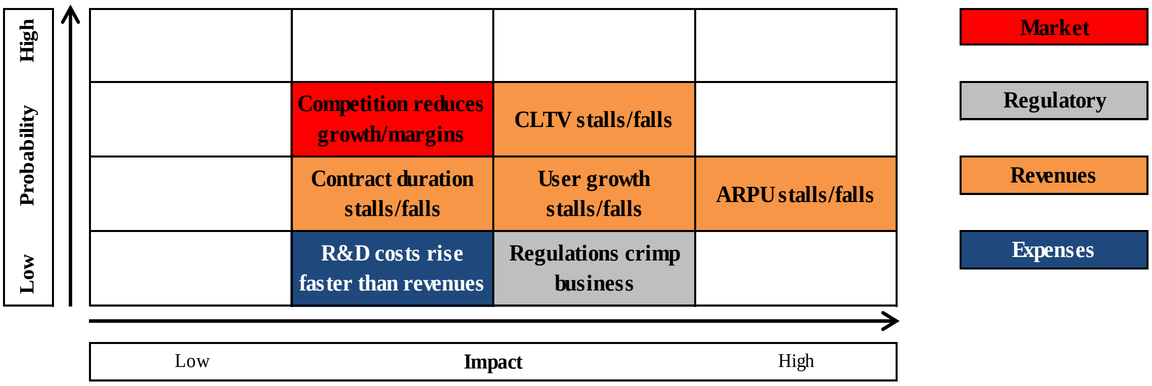


Source: Team Estimates

As with all predictions, there will be errors, but these can be quantified and assigned probabilities as these revenues are normally distributed, with calculated standard deviations that give us confidence intervals. In our model, we bound our confidence intervals at ± 5%. Exhibit 28 shows forecast revenues for next 10 years. To analyze the dispersion over this long period, we ran 1,000 iterations. The lower 5% bound in our distribution is $38.60 (shown by the green line), which is 16% above the current share price. The mean price of $41 is shown by the orange line. In effect, our statistical model predicts that CTCT share prices will rise by 16%.

INVESTMENT RISKS

Our risk matrix is shown below. It makes clear that the key risks that we see applying to CTCT are revenue-related.



Source: Team Estimates

Revenue Risk

CLTV stalls/falls (Probability – Medium High; Impact – Medium High)

Bear View

CTCT's stock price relies on the combination of user base growth, ARPU growth, and duration extension, any slips in any one or more of these factors will affect this metric and reduce shareholder value.

Our view

The CLTV metric does include these three factors, each of which we assume will improve over time thus increasing the stock price. Our bootstrap statistical model, in combination with our survey of current and potential users, indicates that these factors will grow over time at our forecast rate. Our model uses advanced statistical forecasting techniques to analyze the historical deviations shown by these three factors in order to determine a 95% confidence limit interval. We used a conservative segment of this interval to run our revenue model leading us to believe that if anything our forecast may be too conservative.

ARPU stalls/falls (Probability – Medium; Impact – High)

Bear View

CTCT's bundled products or its unproven Toolkit will not drive revenue growth and drain significant resources. The Toolkit may not be profitable for some years, if at all, and even if profitable, operating margins may not be highly improved

Our View

If CTCT is not successful in bundling its existing products and integrating its Toolkit successfully, revenue will be harmed. We believe this risk is mitigated by:

- the user base is seeking more integrated solutions as made evident by industry surveys; this plays to CTCT's strength in that it has an integrated product suite
- as social media becomes the new marketing normal, e-mail marketing must adapt to enter this channel; CTCT's social media products cater to this change
- the Toolkit's data analytics allows for the easier measurement of whether or not marketing budgets are being used effectively; this provides feedback to the users on what works and what doesn't work so they can target their marketing resources more effectively

User growth stalls/falls (Probability – medium; Impact – Medium High)

Bear View

CTCT's user base will erode due to increased competition, free services from some providers, and a switch to in-house marketing. Profits will fall and so will the stock price.

Our View

While there is some probability that CTCT's user base may erode due to competition, we think it is very small as the following factors work against it:

- CTCT's customers are less price-sensitive and seek the value-added services provided by its product suite
- CTCT's partners work the front lines to maintain customer service and retention; in effect, the success of CTCT's products drives partner profitability and CTCT has 10,000 partners in place with more joining in
- Approximately 40% of CTCT's new customers are referred to it by existing customers; we believe that word-of-mouth customers drive longer term, more stable relationships in this industry

Contract duration stalls/falls (Probability – Medium Low; Impact – Medium Low)

Bear View

Eventually, competitor pressure and CTCT's high prices will lead users to switch to other providers or even take their online marketing in-house.

Our View

We readily accept that CTCT is a high-priced provider in its industry, but that is what makes it a desirable investment. Users that contract with CTCT know up front that it delivers a better product with better customer service than the competition. When users make that selection, they accept the CTCT value proposition explicitly and tend to remain with it as they value its add-on services, such as customer tracking and data analytics. Also, SMEs that select free services have no loyalty to any provider as the costs of switching are minimal. So, free providers such as MailChimp will never have the user duration that CTCT achieves. In addition, CTCT's partners ensure that users get value added for their higher prices as the partners' success is tied to CTCT's success.

Expense Risk

R&D costs rise faster than revenues (Probability – Low; Impact – Medium Low)

Bear View

The industry must invest constantly in R&D in order to compete with larger, deep-pocketed firms. CTCT's margins depend on revenue growth outstripping expense growth, and this may not be achievable consistently in the every changing industry of online marketing. In addition, new technologies are constantly appearing and these can disrupt CTCT's product slate.

Our View

The online marketing industry is a dynamic one and R&D investments are necessary to survive and thrive. CTCT's product line has improved from fairly mediocre levels as the company understood this point: technology first, finance second. Our R&D expense assumptions assume constant increases in dollars spent. That said, we expect these dollar increases to be more than offset by revenue increases. Our main thesis is that CTCT's value comes from top line revenue growth. So, if anything, the true risk to our investment thesis is from the top line revenue not meeting our expectations.

Market Risk

Competition reduces growth/margins (Probability – Medium High; Impact – Medium Low)

Bear View

With low barriers to entry and the introduction of new technologies, competition will persist and intensify in the future. Some competitors have significant resources and offer/can offer competitive products at little or no cost to the users. Some of these competitors may have more extensive customer databases, broader customer relationships, longer operating histories, and greater name recognition than CTCT.

Our View

CTCT is a dynamic firm that is working to mitigate these very real threats:

- playing the price-performance card, CTCT operates in the higher end of its industry and thus has fewer customers that are so price-sensitive that they will forsake product functionality and efficacy for freeware
- CTCT does not aim to control the entire industry; it leaves the larger sized enterprises for those competitors with significant resources; instead, it serves the SME market, a market that is not so attractive to larger competitors in the CRM space
- CTCT's 10,000-strong and growing partner base provide value-added services to SMEs, services that are not really provided by freeware services
- our survey shows that CTCT's clients are willing to pay for product functionality and data analytics

Regulatory Risk

Regulations crimp business (Probability – Low; Impact – Medium High)

Bear View

CTCT relies e-mail marketing for 84% of its revenues. Anti-spam regulatory efforts will harm this revenue if not potentially cripple it.

Our View

CTCT has worked hard with the world's largest telecom firms, ISPs and mobile system providers to whitelist itself. This means that it has had its credentials vetted by these firms so that they are not lumped in with undesirable spammers. CTCT also works with its partners to ensure that e-mail marketing campaigns will not trigger consumer complaints by e-mail readers.

APPENDIX 1: SURVEY DISCUSSION

Exhibit 1A: What kind of partner are you?

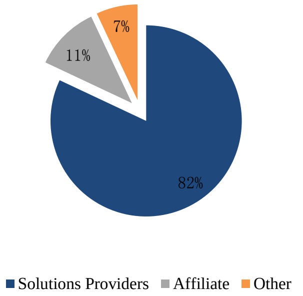


Exhibit 1B: How do you promote CTCT products?

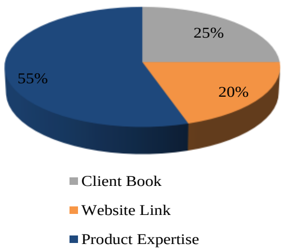


Exhibit 1C: How involved are you in providing value-added services to referred users?

(0-not involved, 5-somewhat involved, 10- very involved)

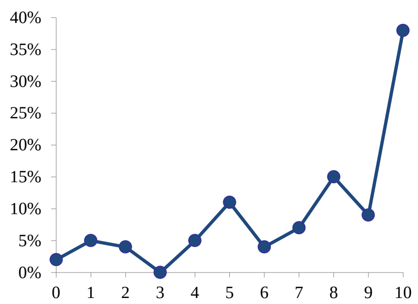
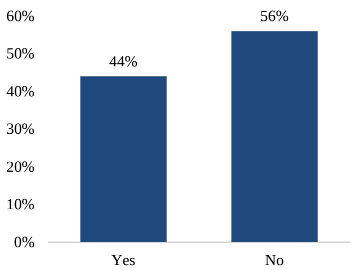


Exhibit 1D: Have user referrals increased in the past 1 - 2 years?



To discern CTCT's growth prospects, we surveyed its partners using a list provided publicly by CTCT. We sent out 500 surveys and obtained 223 responses, a 45% response rate that despite its apparently small size represents a reasonable sample size according to established statistical norms.

Of the respondent partners, 82% are solutions providers, 11% are affiliates, and 7% other service providers. As the solutions providers also offer value-added marketing, training, and consulting services tailored to SMEs, they are key to ARPU increases as they help upsell and bundle other CTCT product offerings. 25% of the respondent partners said they promote CTCT's products to their own clients, 55% promote it due to their product expertise and 20% of them provide a link to CTCT's website.

E-mail marketing is the most prevalent service provided followed by event planning, online survey and social campaigns. Less than 20% of respondents said they used Save Local, Single Platform or Personal Coach. We can roughly conclude that the partners tend to refer the services they use.

In our survey, we aimed to determine the involvement of partners in providing value-added services to users. These services, in turn, would lead to increased ARPU and a growing user base. We measured involvement levels on a 0-10 scale - with 0 being not involved at all, 5 being somewhat involved, and 10 being very involved. The results reveal 38% of respondents to be highly involved ($\bar{x}$=9.5) with 84% somewhat involved ($\bar{x}$=5.2). Our working hypothesis prior to sending the survey was that involvement would be much lower, so these results are reason for optimism.

The above hypothesis was further tested to check on the numerical impact of partners on new user additions. Our analysis indicates that partners, on average, add 50% of new users to the Essential Package base.

Not everything points north in our survey, we found that 56% of respondents did not see the amount of user referrals increased in the past two years. Given that 80% of these respondents have been CTCT partners for more than 3 years, we suspect that the rate-limiting factor here is the size of the partners themselves (most have fewer than 10 employees). Thus, the reach and scope of the operations of many partners is limited by their size. This indicates to us that a significant portion of new users come from referrals from new partners. In effect, attracting new partners as well as users is crucial to CTCT. This should not be surprising as we view partners as a form of value-added service resellers for CTCT, driving upselling and bundling as well as new users to the fold. Looking forward, though, 60% of respondents see the number of new users increasing in the next 1-2 years.

Another observable feature amongst partners is their longevity. Some 48% of respondent partners report being associated with CTCT for longer than 5 years. When one mixes this result with the fact that most partners have an exclusive relationship with CTCT and not with other providers (see exhibit 8), we conclude that CTCT is providing its partners with enough product and product with enough quality to ensure continued loyalty amongst those whole livelihood depends on continued revenues and growth.

To summarise the survey results, we share some comments that we received from the respondent partners, which are representative of the whole sample:

"Constant Contact is a win-win for me and my clients. I am able to grow my revenues while helping my clients grow theirs."

Exhibit 2E: How long have you been a partner?

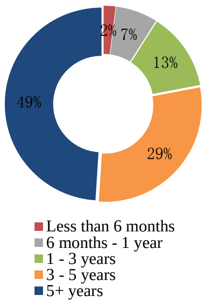


Exhibit 1F: What is the size of your company?

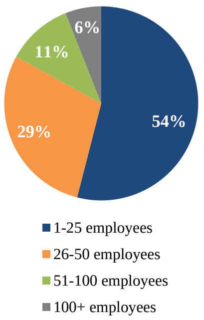


Exhibit 1G: Do you or have you ever done some form of email marketing?

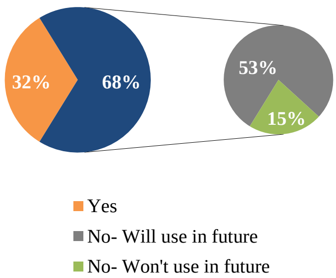
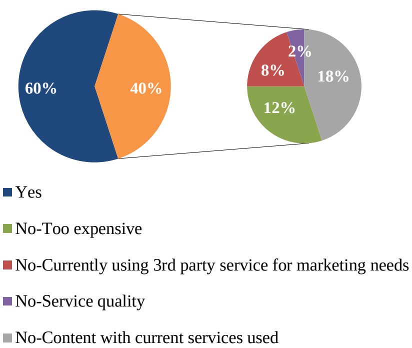


Exhibit 1H: Have you added more services from when you initially started with CTCT?



"Constant Contact has an excellent customer service call center including the weekends. They provide lots of training and education for Solution Providers."

"Professionally, it has helped me turned my business around after the Recession wrecked it. Seeking to teach others what I learned."

To have a better idea of e-mail marketing industry and users' expectations now and in the future, our team of investment analysts conducted a survey of 151 companies representing 32 states in the U.S. 54% of organizations which completed our survey had less than 25 employees, 29% had 26-50 employees and 11% had 51-100 employees. As CTCT targets at only small- and medium-size organizations, we feel that our sample size is an adequate representation of organizations which might use or consider using CTCT's products.

We found that the majority (68%) of those surveyed organizations don't or haven't done some form of e-mail marketing, while 53% will consider using e-mail marketing in the future. These results indicate the potential for new customer acquisition in the e-mail marketing industry. With regards to other forms of digital marketing, 50% of respondents stated that they use or will consider using social media marketing, 36% search engine marketing and 27% mobile marketing. This finding reflects the current demand of digital marketing and especially in social media marketing. As CTCT integrates Toolkit, SinglePlatform and other strategic partnerships into e-mail marketing, the company's all in one suite will continue to satisfy the diversified demands.

The second part of our survey only target at those organizations, which do or have done some form of e-mail marketing. Among the 48 organizations, 76% of them use e-mail marketing for information notification in the form of newsletters and 52% do sales promotions. As a SaaS provider, CTCT leverages data analytic in order to optimize user performance.

Due to the size of customer base, 45% of surveyed organizations only have a customer base of less than 500 contacts. In total, 87% of organizations have a mailing list less than 10,000 recipients. While CTCT operates in the small business industry, our survey suggest that their twin-axle pricing structure will provide higher ARPU as a material portion of their users have mailing lists of up to 10,000 recipients.

40% of surveyed CTCT's current users rated their satisfaction of 5, 40% as 8 and 20% as 9. It's easy to conclude that the current users are satisfied with CTCT's products and services. When rating the reasons the organizations chose CTCT, ease of use got an average points of 9.5, followed by service quality, variety of product selection and competitive pricing. This is quite consistent with Question 6 as users are more concerned about the quality of service and products rather than price.

With regards to upselling, we found that around 60% of the current users added more services sincere their start with CTCT. 18% didn't upgrade their packages as the existing products could meet all their marketing needs. 12% concerned about the price and 8% used third party products. Our findings indicate that with the expansion of services and increased marketing needs, current users who haven't upgraded would likely see additional value in adopting a broader service package.

APPENDIX 2: INCOME STATEMENT (GAAP)

Income Statement (GAAP)

Constant Contact, Inc.

Income Statement	**Historical**			**Estimated**					**Projected**				
(in U.S. millions)	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
Customer Base*	500,000	555,000	595,000	635,000	704,000	771,000	800,000	828,000	855,000	884,000	914,000	941,000	965,000
ARPU**	38.1	39.8	41.3	44.7	47.3	49.8	51.2	52.4	53.3	54.2	55.1	56.1	57.1
CLTV**	750.0	680.0	930.0	1,184.5	1,397.1	1,610.1	1,789.2	1,965.9	2,051.2	2,138.7	2,227.8	2,320.0	2,402.3
Total Revenue	**214.4**	**252.2**	**285.4**	**332.0**	**385.8**	**446.3**	**485.2**	**514.4**	**540.7**	**568.2**	**597.3**	**626.6**	**654.7**
Cost of Goods Sold	61.5	73.5	81.6	94.0	108.0	123.6	132.9	139.4	144.9	150.6	156.5	162.3	167.6
Gross Profit	**152.9**	**178.6**	**203.8**	**238.0**	**277.8**	**322.7**	**352.3**	**375.0**	**395.8**	**417.6**	**440.8**	**464.3**	**487.1**
Research & Development	29.5	38.8	45.6	51.4	52.0	55.6	72.8	74.6	75.7	76.7	77.7	78.3	78.6
Sales and marketing	89.2	104.5	111.4	127.9	140.9	154.1	157.8	185.2	183.8	182.9	182.8	183.0	183.3
General & Administrative	24.0	31.1	38.5	44.0	50.2	56.9	60.7	63.0	64.9	66.8	68.7	70.5	72.0
Acquisitions cost & related charges	0.3	(11.4)	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	**142.9**	**163.1**	**195.5**	**223.3**	**243.0**	**266.6**	**291.3**	**322.8**	**324.4**	**326.4**	**329.1**	**331.8**	**333.9**
Operating Income	**10.0**	**15.5**	**8.3**	**14.8**	**34.7**	**56.0**	**61.0**	**52.2**	**71.4**	**91.2**	**111.7**	**132.5**	**153.2**
Interest Income	0.3	0.2	0.1	1.4	1.9	5.0	6.5	7.9	9.5	11.3	13.5	16.0	18.9
Pre-Tax Income	**10.3**	**15.7**	**8.5**	**16.2**	**36.6**	**61.1**	**67.5**	**60.2**	**80.9**	**102.5**	**125.2**	**148.6**	**172.1**
Income Tax Provision	(13.2)	3.2	1.3	5.5	12.5	20.8	23.0	20.5	27.5	34.9	42.6	50.5	58.5
Net Income	**23.5**	**12.6**	**7.2**	**10.7**	**24.2**	**40.3**	**44.6**	**39.7**	**53.4**	**67.7**	**82.6**	**98.1**	**113.6**
Diluted Shares Outstanding	30.7	31.0	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4	31.4
Earnings Per Share ($)	**0.77**	**0.41**	**0.23**	**0.34**	**0.77**	**1.29**	**1.42**	**1.27**	**1.70**	**2.16**	**2.64**	**3.13**	**3.62**

* - total number of customers ending period
** - in U.S. $

Note: Valuation Date as of 11/21/2014

APPENDIX 3: INCOME STATEMENT (COMMON SIZE)

Income Statement (Common Size)

Constant Contact, Inc.

Income Statement	**Historical**			**Estimated**					**Projected**				
(in U.S. millions)	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
Customer base growth	14.9%	11.0%	7.2%	6.7%	10.9%	9.5%	3.8%	3.5%	3.3%	3.4%	3.4%	3.0%	2.6%
ARPU growth	N/A	4.5%	3.9%	8.0%	6.0%	5.2%	2.8%	2.4%	1.7%	1.7%	1.7%	1.7%	1.7%
Revenue growth	23.1%	17.6%	13.2%	16.4%	16.2%	15.7%	8.7%	6.0%	5.1%	5.1%	5.1%	4.9%	4.5%
Total Revenue	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**	**100.0**
Cost of Goods Sold	28.7	29.2	28.6	28.3	28.0	27.7	27.4	27.1	26.8	26.5	26.2	25.9	25.6
Gross Profit	**71.3**	**70.8**	**71.4**	**71.7**	**72.0**	**72.3**	**72.6**	**72.9**	**73.2**	**73.5**	**73.8**	**74.1**	**74.4**
Research & Development	13.7	15.4	16.0	15.5	13.5	12.5	15.0	14.5	14.0	13.5	13.0	12.5	12.0
Sales and marketing	41.6	41.5	39.0	38.5	36.5	34.5	32.5	36.0	34.0	32.2	30.6	29.2	28.0
General & Administrative	11.2	12.3	13.5	13.3	13.0	12.8	12.5	12.3	12.0	11.8	11.5	11.3	11.0
Acquisitions cost & related charges	0.1	(4.5)	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	**66.7**	**64.7**	**68.5**	**67.2**	**63.0**	**59.7**	**60.0**	**62.8**	**60.0**	**57.5**	**55.1**	**53.0**	**51.0**
Operating Income	**4.7**	**6.2**	**2.9**	**4.5**	**9.0**	**12.6**	**12.6**	**10.1**	**13.2**	**16.0**	**18.7**	**21.1**	**23.4**
Interest Income	0.2	0.1	0.0	0.4	0.5	1.1	1.3	1.5	1.8	2.0	2.3	2.6	2.9
Pre-Tax Income	**4.8**	**6.2**	**3.0**	**4.9**	**9.5**	**13.7**	**13.9**	**11.7**	**15.0**	**18.0**	**21.0**	**23.7**	**26.3**
Income Tax Provision	(6.2)	1.3	0.4	1.7	3.2	4.7	4.7	4.0	5.1	6.1	7.1	8.1	8.9
Net Income	**10.9**	**5.0**	**2.5**	**3.2**	**6.3**	**9.0**	**9.2**	**7.7**	**9.9**	**11.9**	**13.8**	**15.6**	**17.3**

Note: Valuation Date as of 11/21/2014

APPENDIX 4: BALANCE SHEET (GAAP)

Balance Sheet (GAAP)

Constant Contact, Inc.

Balance Sheet	**Historical**			**Estimated**					**Projected**				
(in U.S. millions)	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
ASSETS													
Cash & Cash-Equivalents	49.6	67.8	82.5	112.6	158.3	222.2	291.8	357.9	438.8	535.4	648.4	778.3	925.2
Marketable Securities	90.5	25.7	40.7	47.4	55.0	63.7	69.2	73.4	77.2	81.1	85.2	89.4	93.4
Accounts Receivable	0.1	0.1	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.4	0.4	0.4	0.4
Prepaid Expenses	8.9	6.5	9.2	10.5	11.4	12.5	13.7	15.2	15.2	15.3	15.4	15.6	15.7
Total Current Assets	**149.1**	**100.1**	**132.6**	**170.7**	**225.0**	**298.6**	**375.0**	**446.8**	**531.5**	**632.1**	**749.5**	**883.7**	**1,034.7**
Restricted Cash	0.8	0.8	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3	1.3
Property & Equipment	34.3	39.7	39.2	39.5	39.7	40.0	40.3	40.7	41.0	41.4	41.8	42.2	42.6
Goodwill	18.9	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5	95.5
Acquired Intangible Assets	3.0	6.8	4.4	2.2	0.6	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Taxes	13.0	10.7	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6	9.6
Other Assets	2.4	3.1	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3	2.3
Total Assets	**221.4**	**256.5**	**284.9**	**321.1**	**374.1**	**447.5**	**524.0**	**596.2**	**681.3**	**782.2**	**900.0**	**1,034.6**	**1,186.0**
LIABILITIES & STOCKHOLDER'S EQUITY													
Current Liabilities													
Accounts Payable	8.9	8.2	6.8	7.8	9.0	10.3	11.0	11.6	12.0	12.5	13.0	13.5	13.9
Accrued Expenses	10.5	10.8	10.9	12.5	13.6	14.9	16.2	18.0	18.1	18.2	18.4	18.5	18.6
Deferred Revenue	29.0	32.7	35.3	41.0	47.7	55.1	59.9	63.6	66.8	70.2	73.8	77.4	80.9
Total Current Liabilities	**48.4**	**51.7**	**52.9**	**61.3**	**70.2**	**80.3**	**87.2**	**93.1**	**96.9**	**100.9**	**105.2**	**109.4**	**113.4**
Other Long-Term Liabilities	2.1	2.0	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1
Total Liabilities	**50.5**	**53.7**	**55.0**	**63.3**	**72.3**	**82.3**	**89.3**	**95.2**	**99.0**	**103.0**	**107.2**	**111.5**	**115.5**
Stockholder's Equity													
Common Stock	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Additional Paid-In Capital	190.0	209.7	229.5	246.6	266.5	289.5	314.6	341.1	369.1	398.4	429.2	461.6	495.4
Retained Earnings	(19.5)	(7.1)	0.1	10.8	35.0	75.3	119.8	159.5	212.9	280.6	363.2	461.3	574.9
Total Equity	**170.9**	**202.9**	**229.9**	**257.7**	**301.8**	**365.1**	**434.7**	**501.0**	**582.3**	**679.3**	**792.8**	**923.2**	**1,070.5**
Total Liabilities & Equity	**221.4**	**256.5**	**284.9**	**321.1**	**374.1**	**447.5**	**524.0**	**596.2**	**681.3**	**782.2**	**900.0**	**1,034.6**	**1,186.0**

Note: Valuation Date as of 11/21/2014

APPENDIX 5: CASH FLOW STATEMENT (GAAP)

Cash Flow Statement (GAAP)

Constant Contact, Inc.

Cash Flow Statement	**Historical**			**Estimated**					**Projected**				
(in U.S. millions)	**FY 2011**	**FY 2012**	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**	**FY 2023**
Operating Activities													
Net Income	**23.5**	**12.6**	**7.2**	**10.7**	**24.2**	**40.3**	**44.6**	**39.7**	**53.4**	**67.7**	**82.6**	**98.1**	**113.6**
Depreciation & Amortization of P&E	14.1	17.3	19.8	23.0	26.7	30.9	33.6	35.7	37.5	39.4	41.4	43.5	45.4
Amortization of Intangibles	0.3	1.7	2.4	2.2	1.6	0.5	0.1	-	-	-	-	-	-
Depreciation & Amortization, Total	**14.4**	**19.0**	**22.2**	**25.2**	**28.3**	**31.4**	**33.7**	**35.7**	**37.5**	**39.4**	**41.4**	**43.5**	**45.4**
Amortization of Premium on Investments	0.7	0.5	0.2	-	-	-	-	-	-	-	-	-	-
Stock-Based Compensation	11.7	14.3	14.7	17.1	19.9	23.0	25.0	26.6	27.9	29.3	30.8	32.3	33.8
Provisions for Bad Debts	0.0	0.0	0.0	-	-	-	-	-	-	-	-	-	-
Gain on Sales of Marketables Securities	(0.0)	-	-	-	-	-	-	-	-	-	-	-	-
Loss on Sale of Equipment	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Deferred Taxes	(13.4)	2.7	0.9	-	-	-	-	-	-	-	-	-	-
Contingent Consideration Adjustment	-	(12.2)	-	-	-	-	-	-	-	-	-	-	-
Tax Benefits from Stock-Based Comp	(0.2)	(0.1)	(0.1)	-	-	-	-	-	-	-	-	-	-
Taxes paid related to restricted stock	(0.3)	(0.6)	(1.6)	-	-	-	-	-	-	-	-	-	-
Changes in Operating Assets & Liabilities													
Accounts Receivable	(0.0)	0.0	(0.1)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Prepaid Expenses & Other Current Assets	(2.5)	2.2	(2.5)	(1.3)	(0.9)	(1.1)	(1.2)	(1.5)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Other Assets	(1.1)	(0.7)	0.8	-	-	-	-	-	-	-	-	-	-
Accounts Payable	1.5	0.8	(1.4)	1.0	1.2	1.3	0.8	0.5	0.5	0.5	0.5	0.5	0.4
Accrued Expenses	3.8	(1.4)	0.1	1.5	1.1	1.3	1.4	1.8	0.1	0.1	0.2	0.1	0.1
Deferred Revenue	3.9	3.1	2.6	5.8	6.6	7.5	4.8	3.6	3.2	3.4	3.6	3.6	3.5
Other Liabilities	(0.2)	(0.0)	0.1	-	-	-	-	-	-	-	-	-	-
Total changes in Working Capital	**5.3**	**4.0**	**(0.5)**	**7.0**	**8.0**	**8.9**	**5.8**	**4.4**	**3.7**	**3.9**	**4.1**	**4.1**	**3.9**
Cash Flow from Operations	**41.7**	**40.3**	**43.1**	**64.0**	**86.0**	**98.8**	**104.7**	**93.7**	**108.9**	**124.7**	**142.1**	**160.5**	**179.5**
Investing Activities													
Proceeds from Marketable Securities,net	0.3	64.2	(15.2)	(6.7)	(7.7)	(8.6)	(5.6)	(4.2)	(3.7)	(3.9)	(4.2)	(4.2)	(4.0)
Acquisition of Businesses	(15.6)	(68.3)	-	-	-	-	-	-	-	-	-	-	-
Proceeds from Sale of Equipment	0.1	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of Intangibles	(0.7)	-	-	-	-	-	-	-	-	-	-	-	-
Net Increase in Restricted Cash	-	-	(0.6)	-	-	-	-	-	-	-	-	-	-
Acquisitions of Property & Equipment	(18.1)	(21.9)	(18.9)	(23.2)	(27.0)	(31.2)	(34.0)	(36.0)	(37.8)	(39.8)	(41.8)	(43.9)	(45.8)
Cash Flow from Investing	**(34.0)**	**(26.0)**	**(34.6)**	**(29.9)**	**(34.7)**	**(39.9)**	**(39.5)**	**(40.2)**	**(41.6)**	**(43.7)**	**(46.0)**	**(48.0)**	**(49.8)**
Financing Activities													
Proceeds from Common Stock,exercise	7.9	4.4	10.4	-	-	-	-	-	-	-	-	-	-
Proceeds from Common Stock,employee	0.9	1.1	1.1	-	-	-	-	-	-	-	-	-	-
Dividends Issued	-	-	-	-	-	-	-	-	-	-	-	-	-
Common Stock Repurchased	-	-	(5.4)	-	-	-	-	-	-	-	-	-	-
Tax Benefits from Stock-Based Comp	0.2	0.1	0.1	-	-	-	-	-	-	-	-	-	-
Cash Flow from Financing	**9.0**	**5.5**	**6.3**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Effects of exchange rates on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net change in Cash	**16.7**	**19.8**	**14.7**	**30.2**	**45.7**	**63.8**	**69.6**	**66.2**	**80.9**	**96.6**	**113.0**	**129.9**	**146.9**

Note: Valuation Date as of 11/21/2014

APPENDIX 6: DCF SCENARIOS

DCF Scenarios

Base Case	Estimated					Projected				
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
ARPU	**44.67**	**47.34**	**49.80**	**51.19**	**52.41**	**53.31**	**54.22**	**55.15**	**56.11**	**57.05**
Customer Base	**635,000**	**704,156**	**771,227**	**800,555**	**828,062**	**855,092**	**883,586**	**913,563**	**940,711**	**965,372**
Revenue	**332.0**	**385.8**	**446.3**	**485.2**	**514.4**	**540.7**	**568.2**	**597.3**	**626.6**	**654.7**
EBIT	**14.8**	**34.7**	**56.0**	**61.0**	**52.2**	**71.4**	**91.2**	**111.7**	**132.5**	**153.2**
Less: Taxes	(5.5)	(12.5)	(20.8)	(23.0)	(20.5)	(27.5)	(34.9)	(42.6)	(50.5)	(58.5)
Add: Non-cash Expenses	42.4	48.2	54.5	58.8	62.2	65.4	68.7	72.3	75.8	79.2
Less: Increase in Working Capital	7.0	8.0	8.9	5.8	4.4	3.7	3.9	4.1	4.1	3.9
Less: Capital Expenditures	(23.2)	(27.0)	(31.2)	(34.0)	(36.0)	(37.8)	(39.8)	(41.8)	(43.9)	(45.8)
Unlevered Free Cash Flows	**35.4**	**51.5**	**67.4**	**68.7**	**62.4**	**75.1**	**89.1**	**103.7**	**118.1**	**132.0**

TV Growth rate	Cost of Capital				
	8.3%	9.3%	10.3%	11.3%	12.3%
1.5%	$ 49	42	37	33	30
2.0%	52	44	39	34	31
2.5%	55	46	**40**	35	32
3.0%	59	49	42	36	32
3.5%	64	52	44	38	33

DCF Assumptions	
Beta	1.3
Tax Rate	34%
Cost of Capital	10.3%
TV Growth Rate	3.0%
TV	1,873.3

Bull Case	Estimated					Projected				
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
ARPU	**44.81**	**48.09**	**50.75**	**52.19**	**53.42**	**54.34**	**55.31**	**56.31**	**57.35**	**58.39**
Customer Base	**635,000**	**714,111**	**788,153**	**820,936**	**850,603**	**878,766**	**907,713**	**937,586**	**963,717**	**986,651**
Revenue	**334.7**	**395.7**	**463.7**	**506.7**	**538.3**	**566.4**	**595.5**	**626.2**	**656.7**	**685.5**
EBIT	**25.0**	**47.5**	**72.1**	**78.9**	**70.8**	**91.8**	**113.4**	**135.9**	**158.6**	**181.0**
Less: Taxes	(9.0)	(16.8)	(26.4)	(29.3)	(27.1)	(34.9)	(43.0)	(51.5)	(60.2)	(68.9)
Add: Non-cash Expenses	42.7	49.4	56.6	61.4	65.1	68.5	72.0	75.7	79.4	82.9
Less: Increase in Working Capital	7.3	9.0	10.0	6.4	4.8	4.0	4.1	4.3	4.3	4.0
Less: Capital Expenditures	(23.4)	(27.7)	(32.5)	(35.5)	(37.7)	(39.6)	(41.7)	(43.8)	(46.0)	(48.0)
Unlevered Free Cash Flows	**42.5**	**61.4**	**79.9**	**81.9**	**75.9**	**89.7**	**104.9**	**120.6**	**136.1**	**151.0**

TV Growth rate	Cost of Capital				
	8.3%	9.3%	10.3%	11.3%	12.3%
1.5%	$ 56	48	42	38	34
2.0%	60	51	44	39	35
2.5%	63	53	**46**	40	36
3.0%	68	56	48	42	37
3.5%	73	59	50	43	38

DCF Assumptions	
Beta	1.3
Tax Rate	34%
Cost of Capital	10.3%
TV Growth Rate	3.0%
TV	2,142.8

Bear Case	Estimated					Projected				
	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023
ARPU	**44.53**	**46.69**	**49.14**	**50.65**	**52.02**	**53.02**	**54.01**	**54.99**	**56.00**	**57.00**
Customer Base	**635,000**	**666,055**	**700,555**	**703,815**	**709,478**	**717,957**	**730,317**	**746,046**	**760,987**	**775,140**
Revenue	**329.3**	**366.8**	**405.6**	**427.0**	**441.5**	**454.7**	**470.3**	**488.5**	**507.7**	**526.6**
EBIT	**14.7**	**33.0**	**50.9**	**49.4**	**31.6**	**46.4**	**61.4**	**76.7**	**92.1**	**107.4**
Less: Taxes	(5.5)	(11.9)	(19.0)	(18.9)	(13.2)	(18.6)	(24.2)	(29.9)	(35.8)	(41.7)
Add: Non-cash Expenses	42.0	45.9	49.5	51.8	53.4	55.0	56.9	59.1	61.4	63.7
Less: Increase in Working Capital	6.6	5.5	5.7	3.2	2.3	1.8	2.1	2.5	2.7	2.6
Less: Capital Expenditures	(23.1)	(25.7)	(28.4)	(29.9)	(30.9)	(31.8)	(32.9)	(34.2)	(35.5)	(36.9)
Unlevered Free Cash Flows	**34.8**	**46.9**	**58.8**	**55.6**	**43.2**	**52.7**	**63.3**	**74.2**	**84.9**	**95.2**

TV Growth rate	Cost of Capital				
	8.3%	9.3%	10.3%	11.3%	12.3%
1.5%	$ 38	33	29	26	24
2.0%	40	34	30	27	24
2.5%	42	36	**31**	27	25
3.0%	45	37	32	28	25
3.5%	48	40	34	29	26

DCF Assumptions	
Beta	1.3
Tax Rate	34%
Cost of Capital	10.3%
TV Growth Rate	3.0%
TV	1,351.2

Note: Valuation Date as of 11/21/2014

APPENDIX 7: COMPARABLE COMPANIES

Comparable Companies

Name	Ticker	Mkt Cap (M)	EV/ Rev	EV/EBITDA	EV/FCF	P/E
Constant Contact, Inc.	**CTCT**	**1,091**	**2.9 x**	**25.3 x**	**1.2 x**	**98.4 x**
CRM/Digital Marketing with Email Marketing						
J2 Global Inc.	JCOM	2,609	4.5 x	10.8 x	0.4 x	28.0 x
Deluxe Corp	DLX	2,991	2.1 x	9.1 x	0.2 x	15.5 x
Cimpress NV	CMPR	2,190	2.0 x	14.0 x	0.5 x	32.3 x
Salesforce.com Inc	CRM	35,528	7.3 x	NM	0.1 x	NM
Digital River Inc	DRIV	767	1.4 x	14.5 x	0.9 x	NM
Demandware Inc	DWRE	1,952	11.9 x	NM	NM	NM
Dealertrack Technologies Inc	TRAK	2,249	3.8 x	29.3 x	0.6 x	NM
Average			**4.7 x**	**15.6 x**	**0.4 x**	**25.3 x**
Median			**3.8 x**	**14.0 x**	**0.4 x**	**28.0 x**
CRM/Digital Marketing without Email Marketing						
Cvent Inc	CVT	1,146	7.2 x	NM	NM	NM
Yelp Inc	YELP	4,324	11.7 x	NM	4.3 x	NM
Omnicom Group Inc	OMC	19,270	1.5 x	10.0 x	0.1 x	19.1 x
Zillow Inc	Z	4,608	14.5 x	NM	3.9 x	NM
Interpublic Group Of Companies Inc	IPG	8,628	1.3 x	10.8 x	0.0 x	21.3 x
Retailmenot Inc	SALE	825	2.5 x	9.3 x	0.3 x	26.3 x
Groupon Inc	GRPN	5,007	1.4 x	45.7 x	0.0 x	NM
Mdc Partners Inc	MDCA	1,000	1.3 x	34.2 x	0.2 x	NM
National Cinemedia Inc	NCMI	831	4.3 x	9.4 x	0.1 x	NM
Marchex Inc	MCHX	141	0.3 x	6.0 x	0.2 x	40.4 x
Adobe Systems Incorporated	ADBE	35,924	8.2 x	47.1 x	0.1 x	167.7 x
Dex Media Inc	DEX	143	1.3 x	3.7 x	0.0 x	NM
Average			**4.6 x**	**19.6 x**	**0.8 x**	**55.0 x**
Median			**2.0 x**	**10.0 x**	**0.1 x**	**26.3 x**
CRM/SaaS in general						
Netsuite Inc	N	8,001	15.3 x	NM	0.7 x	NM
athenahealth, Inc.	ATHN	4,624	6.7 x	NM	2.4 x	NM
Ultimate Software Group Inc	ULTI	4,415	8.9 x	NM	2.8 x	138.2 x
Sps Commerce Inc	SPSC	978	7.0 x	NM	8.6 x	NM
Concur Technologies Inc	CNQR	7,274	10.1 x	NM	0.9 x	NM
Verint Systems Inc	VRNT	3,280	3.7 x	25.8 x	0.5 x	103.5 x
Jive Software Inc	JIVE	426	2.0 x	NM	7.6 x	NM
Logmein Inc	LOGM	1,242	5.0 x	NM	1.0 x	NM
Zendesk Inc.	ZEN	1,855	15.8 x	NM	24.9 x	NM
Average			**8.3 x**	**25.8 x**	**5.5 x**	**120.9 x**
Median			**7.0 x**	**25.8 x**	**2.4 x**	**120.9 x**

Comparables Summary

	EV/ Rev	EV/EBITDA	EV/FCF	P/E	Weight
CRM/Digital Marketing with Email Marketing	4.7 x	15.6 x	0.4 x	25.3 x	**60%**
CRM/Digital Marketing without Email Marketin	4.6 x	19.6 x	0.8 x	55.0 x	**30%**
CRM/SaaS in general	8.3 x	25.8 x	5.5 x	120.9 x	**10%**
CTCT	**2.9 x**	**25.3 x**	**1.2 x**	**98.4 x**	
Implied Per Share Price	52	24	5	5	
Multiple Weights	**70%**	**10%**	**10%**	**10%**	
				Target Price	**40**

Note: Valuation Date as of 11/21/2014

APPENDIX 8: HISTORICAL TRANSACTIONS

Historical Transactions

Acquirer Name	Target Name	Date	EV	EV/ Rev	Target Mkt Cap (M)	Per Share Price	Final price	Premium
Salesforce.com Inc	ExactTarget	7/10/2013	2,539	8.0 x	1,531	22.10	33.75	52.7%
Siris Capital Group, LLC	Digital River Inc	10/23/2014	646	1.7 x	545	17.03	26.00	52.7%
ICF International Inc.	Olson Inc	11/5/2014	295	NM	636	32.65	NA	NA
Vocus Inc.	iContact LLC	2/24/2012	219	1.9 x	458	22.87	NA	NA
Alliance Data Systems Corporatior	Conversant, Inc.	11/17/2014	2,373	NM	1,709	26.67	35.00	31.2%
Oracle	Eloqua Limited	2/8/2013	865	9.6 x	618	17.92	23.50	31.1%
SDL plc	Alterian plc	1/27/2012	102	1.8 x	62	1.01	1.75	73.3%
Deluxe Corp.	Vertical Response	6/30/2013	27	1.1 x	NA	NA	NA	NA
j2 Global Communications	Protus IP Solutions, Inc.	12/3/2010	190	2.6 x	NA	NA	NA	NA
Adobe	Neolane SA	7/22/2013	617	10.6 x	NA	NA	NA	NA
		Average		**4.7 x**	**794**			**48.2%**
		Median		**2.3 x**	**618**			**52.7%**

Historical Transactions Summary

	Multiple	Implied Price	Weight
EV/ Revenue	4.7 x	44	50%
Premium	48.2%	49	50%
		Target Price	**47**

APPENDIX 9: BOOTSTRAP STATISTICAL MODEL

We used a bootstrap simulation to forecast revenues from FY14 to FY23. In a bootstrap model, forecast revenues are based on actual revenue growth rates between 1Q09 and 3Q14. To refine our calculations, we also used the total growth rate from our reference quarter (3Q09 to 3Q14). Variations in growth rates are the residuals of Q-o-Q revenue regressions. As with revenues, we ran similar regressions on COGS, R&D, and Sales and Marketing to determine variation residuals. We can say with 95% confidence that the price for CTCT will increase at least to $38.6 (up by 10%).

Other assumptions used for our simulation are:

1) Revenue fluctuations for the future will be similar to those between 1Q09 to 3Q14 as consistent with bootstrapping method.
2) All assumptions of the DCF are kept the same to calculate target price, except for quarterly growth rates and their statistical fluctuations.
3) The Weighted Average of Cost of Capital (WACC) is 10.3% and Terminal Value is growth rate is 3%.

Growth rate fluctuations are calculated using the function:

$$\log \frac{Ry,q}{Ry-1,q} = \theta + \varepsilon_{(y,q)}$$

y = 2009 to 2013 and q = 1,2,3,4

$$\theta = Revenue\ forecasts, \varepsilon = Fluctuation\ multipliers$$

The fluctuation multipliers are the expected value of the residuals ε. Thus revenue is equal to the actual growth rate for that year times a multiplier, which is a variation from the mean. We ran 1,000 iterations to get a distribution to show dispersion from the mean. The results of these iterations are outlined below:
A summary of 1,000 iterations is shown below, also shown are the implied stock price and present value of CTCT.

Aggregated Forecasted Revenue (US$mm)

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Median	332	404	491	596	720	875	1,063	1,290	1,553	1,895
Mean	335	406	493	598	726	882	1,070	1,300	1,574	1,911
95th Percentile	*349*	*434*	*541*	*665*	*820*	*1,007*	*1,242*	*1,519*	*1,862*	*2,271*
5th Prcentile	*328*	*383*	*456*	*542*	*648*	*774*	*933*	*1,117*	*1,333*	*1,607*

	Present Value (US$mm)	Price Per Share ($)
Median	1,394	41.2
Mean	1,402	41.4
95th Percentile	*1,509*	*44.5*
5th Percentile	*1,306*	*38.6*

APPENDIX 10: BOARD OF DIRECTORS

Name	Title	Role	Years on Board	Background
Gail Goodman	Chairman, CEO, President	Internal	1999- Present	• Tracks and develops best practices in e-mail marketing focusing on spam • Experience in product management, marketing, business development • Works with E-mail Service Provider Coalition charting the direction of spam solutions • Served as a Director of HubSpot, Inc. (a competitor) from 2008 to 2011 • B.A. - University of Pennsylvania • M.B.A. - Dartmouth
Robert Badavas	Director Chair – Audit Committee	External	2007- Present	• Serves on Boards of CEO PlumChoice Online PC Services Inc., Hercules Technology Growth Capital, and Dragonvest Partners • Served as CFO and then CEO of TAC Worldwide • Partner at Atlas Ventures • 20+ years of CFO level experience • Recipient of Ellis Island National Medal of Honor • Certified Public Accountant • B.S. - Bentley University
John Campbell	Director Chair - Corporate Governance Committee Member - Compensation Committee	External	1999 - Present	• CEO/President of Canopy International Inc. • Co-founded Marcam Corporation in 1980 • Director - DFA Capital Management and earlier of Roving Group Inc.
Daniel Nye	Director Chair - Compensation Committee	External	2009- Present	• CEO/President of Rocket Lawyer Inc. • Served as CEO of LinkedIn until 2008 • Served at various executive level positions at Intuit Small Business Products • BA - Hamilton College • MBA - Harvard
Thomas Anderson	Director Member - Nominating & Corporate Governance Committee Member - Audit Committee	External	2007- Present	• Partner and Co-founder of MassBay Capital LLC • Experience in consumer marketing and business development • Serves on board of BlueTarp Financial, Inc. and EducationDynamics LLC • Served as Partner at McKinsey & Co. • B.A. - Dartmouth College • M.S. - Sloan School of Management (MIT)
Jay Herratti	Director Member - Nominating & Corporate Governance Committee Member - Compensation Committee	External	2012 - Present	• Executive Director of TEDx • Principal at Jay Herratti Ventures – a venture capital firm • Served as SVP - Strategy at HSN,Inc. and other managerial positions at BCG and GE Capital • B.S. - University of Maryland • MBA - INSEAD, France
William Kaiser	Director Member - Audit Committee Member - Nominating & Corporate Governance Committee	External	2006 - Present	• Partner at Greylock Partners • Director of Typesafe, Inc., Red Hat Inc., NTRU Cryptosystems, TypeFull Capture Solutions, Aras Corporation, and WildTangent, Inc. • B.S. – MIT • M.B.A. - Harvard

Source: Company Filings, Capital IQ, Company Website

APPENDIX 11: MANAGEMENT COMPENSATION

Name	Profile	Compensation Components	2011	2012	2013
Goodman, Gail F.	Chairman of the Board, Chief Executive Officer and President	Salary	$ 400,000.00	$ 450,000.00	$ 450,000.00
		Non Equity Comp	$ 152,071.00	$ 300,797.00	$ 427,474.00
		All Other Comp	$ 10,880.00	$ 11,030.00	$ 12,144.00
		Restricted Stock Awards	-	$ 196,087.00	$ 1,830,311.00
		Option Awards	$ 2,802,500.00	$ 280,744.00	-
		Total	**$ 3,365,451.00**	**$ 1,238,658.00**	**$ 2,719,929.00**
Grewal, Harpreet S.	Chief Financial Officer, Principal Accounting Officer, Executive Vice President and Treasurer	Salary	$ 300,000.00	$ 325,000.00	$ 325,000.00
		Bonus	$ 20,000.00	-	-
		Non Equity Comp	$ 114,736.00	$ 150,235.00	$ 221,330.00
		All Other Comp	$ 10,880.00	$ 10,886.00	$ 11,514.00
		Restricted Stock Awards	$ 539,075.00	$ 173,011.00	$ 915,130.00
		Option Awards	$ 392,350.00	$ 247,715.00	-
		Total	**$ 1,377,041.00**	**$ 906,847.00**	**$ 1,472,974.00**
Surdan, Kenneth J.	Senior Vice President of Product	Salary	-	$ 160,000.00	$ 300,000.00
		Bonus	-	$ 25,000.00	-
		Non Equity Comp	-	$ 50,624.00	$ 126,471.00
		All Other Comp	-	$ 6,380.00	$ 11,730.00
		Restricted Stock Awards	-	$ 219,875.00	$ 869,371.00
		Option Awards	-	$ 818,715.00	-
		Total	**-**	**$ 1,280,594.00**	**$ 1,307,572.00**
Litster, Christopher M.	Senior Vice President of Sales & Marketing	Salary	$ 200,000.00	$ 223,808.00	$ 268,750.00
		Non Equity Comp	$ 32,982.00	$ 67,281.00	$ 142,195.00
		All Other Comp	$ 10,343.00	$ 10,796.00	$ 11,303.00
		Restricted Stock Awards	$ 161,720.00	$ 103,806.00	$ 892,362.00
		Option Awards	$ 510,055.00	$ 148,629.00	$ 60,007.00
		Total	**$ 915,100.00**	**$ 554,320.00**	**$ 1,374,617.00**
Hughes, Joel A.	Senior Vice President of Strategy and Emerging Businesses	Salary	-	$ 260,000.00	$ 267,500.00
		Non Equity Comp	-	$ 72,014.00	$ 117,925.00
		All Other Comp	-	$ 10,886.00	$ 11,432.00
		Restricted Stock Awards	-	$ 451,768.00	$ 773,369.00
		Option Awards	-	$ 617,297.00	$ 36,004.00
		Total	**-**	**$ 1,411,965.00**	**$ 1,206,230.00**
Badavas, Robert P.	Director and Chairman of Audit Committee	Director Fee	$ 35,000.00	$ 35,000.00	$ 35,000.00
		Director Option Awards	$ 103,600.00	$ 93,448.00	$ 63,034.00
		Total	**$ 138,600.00**	**$ 128,448.00**	**$ 98,034.00**
Campbell, John	Director, Chairman of Nominating & Corporate Governance Committee and Member of Compensation Committee	Director Fee	$ 31,875.00	$ 33,750.00	$ 33,750.00
		Director Option Awards	$ 103,600.00	$ 93,448.00	$ 63,034.00
		Total	**$ 135,475.00**	**$ 127,198.00**	**$ 96,784.00**
Kaiser, William S.	Director, Member of Audit Committee and Member of Nominating & Corporate Governance Committee	Director Fee	$ 27,500.00	$ 27,500.00	$ 27,500.00
		Director Option Awards	$ 103,600.00	$ 93,448.00	$ 63,034.00
		Total	**$ 131,100.00**	**$ 120,948.00**	**$ 90,534.00**
Anderson, Thomas	Director, Member of Nominating & Corporate Governance Committee and Member of Audit Committee	Director Fee	$ 30,625.00	$ 27,500.00	$ 27,500.00
		Director Option Awards	$ 103,600.00	$ 93,448.00	$ 63,034.00
		Total	**$ 134,225.00**	**$ 120,948.00**	**$ 90,534.00**
Nye, Daniel T. H.	Director and Chairman of Compensation Committee	Director Fee	$ 24,375.00	$ 23,750.00	$ 23,750.00
		Director Option Awards	$ 103,600.00	$ 93,448.00	$ 63,034.00
		Total	**$ 127,975.00**	**$ 117,198.00**	**$ 86,784.00**
Herratti, Jay	Director, Member of Nominating & Corporate Governance Committee and Member of Compensation Committee	Director Fee	-	$ 11,250.00	$ 22,500.00
		Director Option Awards	-	$ 198,100.00	$ 63,034.00
		Total	**-**	**$ 209,350.00**	**$ 85,534.00**

Notes

1. Compensation of Priior Management team is not shown
2. Total Annual Non Cash Compensation is not separately shown. It is the amount of options awards and restricted stock awards

Source: Company Filings, Capital IQ

APPENDIX 12: PORTER'S FIVE FORCES

Threats of New Entrants	• Low barriers to entry in the SME e-mail marketing space • CTCT's product line is sui generis and would be costly to recreate • Entrants must comply with anti-spam laws and ISP regulation • Product coaching is costly to provide • Loss leader strategy allows for free e-mail marketing services – e.g. MailChimp
Competition	• Large number of competitors • High industry growth rate • Unique suite of products • Low buyer switching costs • Diverse competitor size & products • Small exit barriers • Increasing industry consolidation
Bargaining Power of Suppliers	• Strong employee negotiating power as CTCT must maintain a strong data analytics team to leverage its SaaS platform • Must invest significantly in R&D and Sales & Marketing to drive performance metrics thus giving suppliers significant bargaining power
Bargaining Power of Buyers	• Strong customer buying power due to free e-mail marketing alternatives and competitively-priced comparable product lines • Low bargaining power of customers as a result of incremental costs for increased e-mail list size • High customer bargaining due to prepayments options
Threat of Substitutes	• Comparable product offerings at competitive price points • Low cost of switching service providers • Low competition from large CRM suites catering to big businesses

APPENDIX 13: SWOT ANALYSIS

STRENGTHS	WEAKNESSES
• Unique product suite • Unsaturated market • Bundling & upselling potential • SaaS platform & data analytics • Historical cash flows • No debt	• High price points compared to competitors • High cost of customer acquisition • Seasonal exposure • Large Sales & Marketing and R&D costs
OPPORTUNITIES	**THREATS**
• Strategic product line growth • Upselling & bundling • Partner Program • Single Platform & Toolkit • Potential acquisition target	• Free e-mail marketing competition • Penetrable customer base • Competitive pricing from peers • High attrition/churn rates • Credit Card Failure

APPENDIX 14: COMPETITIVE ANALYSIS

With strong historical growth in e-mail marketing needs, an industry with low barriers to entry has fostered increased competition. As the CRM market place offers a variety of e-mail marketing suites, the most significant differentiator among fee-based competitors is customer service quality. CTCT differentiates itself from peers through an integrated campaign platform boasting industry leading customer service and coaching. While free e-mail service providers have creased increased industry competition, most limit user e-mail list size and lack the campaign infrastructure as well as integration offered by CTCT.

With an industry shift away from e-mail marketing towards integrated campaign platforms, CTCT's user value comes from leveraged data analytics, a dynamic single cross-channel suite and premiere service support, allowing customers to focus on their product. In an increasingly competitive market, CTCT's future growth potential remains in strategic product line development. The recent launch of SinglePlatform and Toolkit will continue to drive momentum in the short term, while new strategic alliances with vCita LiveSite and FIreText represent medium term market share and revenue growth catalysts. In an industry driven by technology, CTCT remains a leader through its ability to dynamically grow its business model around the evolving needs of users. With substantial cash on hand, CTCT is well positioned to remain on the forefront of the industry through R&D investment and product acquisition.

Large CRM providers have the resources to enter the small business market with a loss-leader strategy, which may pose a threat to CTCT by tapping market share. While bigger CRM suites do have the resources need to enter the market, lower ARPU coupled with high sales and marketing costs likely make the opportunity unattractive. In comparison with direct peers, CTCT's business model makes it the leader in the SME SaaS sales, service and marketing niche.

With the SME demand for e-mail marketing services on the rise, economic deterioration may cause small business to be more cost sensitive. Competitive pricing pressure poses a threat to CTCT's more expensive features; however, low cost substitutes typically offer inferior products. With a 'pay-for-performance' business model, CTCT may see adverse financial performance if SME's become increasingly cost sensitive.

Color Intensity Represents Competitiveness
Best
Worst
Not directly Comparable

In an attempt to measure CTCT's competitiveness amongst its direct peers, we compiled service offerings from e-mail marketing providers and ranked them accordingly.

Feature	Constant Contact	iContact	Vertical Response	Aweber	MailChimp	Emma	Vista Print
Free Plan	No	<100 Subscribers	up to 1000 contacts and 4000 emails per month	No (First Month is $1)	<2000 Subscribers and 12,000 emails/month	No	No
Lowest Price (Monthly)	$15/month (500 subscribers)	$10/month (250 subscribers)	$8.80	$19 (500 Subscribers)	$10 (500 Subscribers)	$30	$4.99 (100 subscribers)
Up to 2,500 Subscribers	$35	$29	$26.40	$29	$30	$45	$9.99 (1000 subscribers)*
Up to 5,000 Subscribers	$55	$47	$44	$49	$50	$70	N/A*
Up to 10,000 Subscribers	$85	$74	$66.40	$69	$75	$85	$19.99 (10,000 subscribers)
Up to 25,000 Subscribers	$195	$149	$128	$149	$155	$165	N/A*
Free Trial	60 day	30 days	Free Account*	30 days	Free Account*	30 days	1 Month
Customer Support	M-Th: 7am-11pm EST F: 7am-9pm EST Weekends: 10am-8pm EST	M-F: 4am-10pm EST	M-F: 6am-5pm PST Weekends: email only.	M-F: 8am-8pm EST Weekends: 9am-5pm EST	No phone support, email inquiries only	Monday - Friday; 7AM - 7PM	Monday - Friday 7:00 AM-Midnight, Saturday 8:00 AM-6:00 PM, Saturday 8:00 AM-6:00 PM, Sunday 8:00 AM-6:00 PM
Template Selection	400+	600+	700+	700+	Hundreds*	200	Hundreds*
Image Hosting	5 images for free, $5/month for 1GB (MyLibrary Plus)	5mb free, add 10mb for 10% of subscription rate	classic - 25mb free / newer - no	Unlimited	Unlimited (file types up to 10MB)	Unlimited	Y*
Contact Manager/Import	Y	Y	BigContacts ($15/month+)	Y	Y (60+)	Y	Y
Newsletter Archiving	$5/month for 250 newsletters	Y	Y	Y	Y	Y (18 months)	Y
Social Media Marketing	$20/month	Y	Y	Y	Y (Limited w/ free account)	Y	Y
RSS feed Integration	N	N	Y	Y	Y	N	Y
Autoresponder	Y	Y	N	Y	N (only with paid)	Y	Y
Surveys	$15/month survey only or $10/ month when you purchase email marketing	Y	Starts @ $13.50/month	N	Y	Y	N
List Segmentation	Y	Y	Y	Y	Y	Y	Y
Allows Attachments	N	N	N	Y (1MB)	Y	N	Y
Google Analytics Integration	N	(add on for 10% of subscription rate)	Y	Y	Y	Y	N
Spam Score (Checking)	Y	Y	N	Y	N (only with paid)	N	Y
Reporting/Stats	Y	Y	Y	Y	Y	Y	Y
Private (Dedicated) IP Address	N	Y	N	Y	Y	N	N
Split (A/B) Testing	N	(add on for 10% of subscription rate)	Y	Y	Y	Y	N
Trigger-Bassed Messaging	Y	Y	N	Y	Y	N	N
Opt-In Required	Y	Y	Y	Y	Y	N	Y
Double Opt-In Required	Optional	Optional	Optional	Optional	Optional	Optional	Optional

Source: Company Filings, Capital IQ, Team Estimates

APPENDIX 15: UPSELLING & BUNDLING

Failure to upsell products beyond e-mail marketing may adversely affect financial performance. Since 2007, CTCT has developed its product platform through the acquisition of Online Survey, EventSpot, Social Campaigns, SaveLocal, CardStar and SinglePlatform. As e-mail marketing comprises 84% of total revenues, the ability to upsell products to both new and existing users is essential in driving future revenue growth. Failure to upsell products supplementary to e-mail marketing may result in adverse financial performance. CTCT's inability to integrate its new product suite may detract from the growth of their core revenue generator, e-mail marketing. Because e-mail marketing lies at the core of CTCT's revenue model, any reduction in e-mail marketing demand resulting in lost accounts will prevent upselling of 'add-on' products.

CTCT employs substantial capital on sales and marketing to upsell and increase product usage, thus, an inability to upsell may contribute to smaller margins. Failure to upsell may allow growth in sales and marketing expenses in absolute dollars as well as a percentage of revenue. Poor product suite integration may divert management's efforts from existing operations, require the commitment of additional financing to underperforming product lines, therefore, affecting the company's financial performance and future expansion strategy.

Inability to generate bundle sales may limit future growth potential. With the recent introduction of CTCT's all-inclusive e-mail marketing suite, Toolkit, the ability to sell higher priced product bundles is a significant determinate of future revenue growth. Because Toolkit offerings include Basic, Essential, and Ultimate bundles at different price points, the distribution of sales among each package will impact the potential for revenue growth. As CTCT continues to test price points for various bundles, suboptimal pricing may result in fewer customer acquisitions and/or reduced trial conversion rates.

According to our survey, partners primarily generate growth in CTCT's client base through product referrals beyond e-mail marketing. Contributing 20% of new customer acquisitions, CTCT's affiliate partner program impacts ARPU, retention rates, and thus, CLTV. Low contribution to new customer acquisitions and/or a larger percentage of lost priced product referrals may adversely reflect the company's financial metrics.

APPENDIX 16: ACQUISITIONS

Since inception, CTCT has completed multiple acquisitions and continues to evaluate opportunities as they present themselves. Historically, the company has a solid track record with acquisitions and product integrations as evident in its most recent purchase of SinglePlatform in 2012. By outperforming specified revenue targets, the company was not obligated to pay SinglePlatform's shareholders a contingent payment of up to $7.5 million in June of 2014. Having said this, future acquisitions present a variety of risks that could potentially have an adverse effect on its financial health.

Date	Acquisitions & Integrations
Dec-09-2013	CTCT Releases Enhanced CardStar App with New Location-Based Services and Local Offers
Oct-08-2013	CTCT Unveils Product Suite Enhancements
Aug-22-2012	CTCT Introduces EventSpot
Jun-19-2012	CTCT Announces General Availability of SaveLocal, its New Online Marketing Tool
Jun-13-2012	CTCT acquired SinglePlatform, Corp. for $95 million
Apr-17-2012	CTCT Releases CardStar 4.0 for iPhone
Mar-19-2012	CTCT announces New Scan-To-Join Feature
Feb-28-2012	CTCT Launches SaveLocal
Jan-28-2012	CTCT acquired the email marketing business of RatePoint, Inc
Jan-19-2012	CTCT acquired CardStar, Inc. for $5.8 million
Jan-02-2012	CTCT acquired MobManager
May-10-2011	CTCT Announces Simple Share
Feb-16-2011	CTCT acquired substantially all of the assets of Bantam Networks, LLC for $15 million
Jun-15-2010	CTCT Adds Five New Features to Its Event Marketing Tool
Jun-08-2010	CTCT Introduces Constant Contact Marketplace
May-24-2010	CTCT acquired NutshellMail Inc. for $5.8 million
Jun-10-2009	CTCT Announces Product Enhancements to Email Marketing and Online Surveys
Jun-22-2005	CTCT Expands PayPal Offering for Instant Purchasing from Email Promotions
May-18-2004	CTCT announces the release of its new web-based email marketing service
Mar-05-2002	Roving Releases Constant Contact

Source: Company Filings, Capital IQ, Team Estimates

Future acquisitions present uncertainties that may adversely affect financial performance

- Unsuitable acquisition candidate, technology, or deal terms
- Difficulties integrating operations and personnel with technology
- Inability to motivate and retain valuable personnel
- Disruptions in our ongoing operations
- Diversions of management's attention from business operations
- Increases in our expenses that adversely impact CTCT’s:
  - *Business*
  - *Operating results*
  - *Financial condition*
- Potential write- offs of acquired assets
- Increased amortization expense
- Potentially dilutive equity issuances
- Occurrence of debt

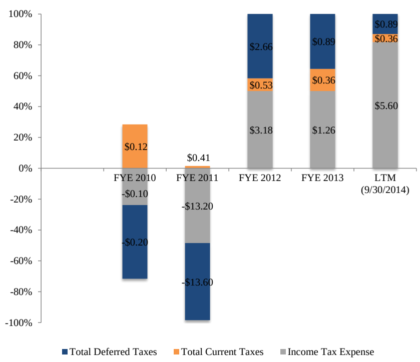
Future Acquisitions:
Operating in a technology driven industry, CTCT must continue to grow their product suite in alignment with dynamic customer needs. With considerable cash on hand ($101.9M), CTCT is well positioned to fund product acquisitions and R&D expenses. Through future acquisitions, CTCT has the potential to increase ARPU, retention and CLTV while simultaneously gaining exposure to untapped market segments. On July 24, 2014, CEO Gail Goodman stated CTCT’s interest in seeking acquisitions to focus strategy through future acquisitions.

In assessing CTCT’s current market position and future growth strategy, the company may gain a favorable advantage by acquiring products complementary to its existing product line. In March of 2014, CTCT expressed interest in acquiring Vocus, a PR integration for e-mail marketing campaigns. Although the company ultimately stated that were not interested in further pursuing the acquisition, the prospect of Vocus may be indicative of the type of products the company is looking to integrate into it suite. With a shift toward mobile integration within the SME e-mail marketing, CTCT may also look to acquire products that will provide mobile leverage with tools such as SinglePlatform and Toolkit. During November of 2014, CEO Gail Goodman highlighted 3 core criteria for potential acquisitions. CTCT is prospecting adjacent products to integrate with Toolkit, products that present potential for international expansion, and opportunities that may allow the company to roll up smaller competitors in the market place.

As CTCT continues to strategically grow its product line, the company has partnered and/or integrated with other digital marketing services providers to increase functionality while potentially gaining access to untapped client channels. Moving forward, we expect to see more partnerships in addition to acquisitions as the company continues to strategically grow its product suite. Historically, CTCT’s acquisition criterion is composed primarily of North American communications and non-cyclical consumer products with a deal value between $14.9 million to $65.1 million and seeks majority control in transactions. Currently, AGC Partners serves as CTCT’s acquisition advisor, with industry expertise in digital media, infrastructure/cloud, internet and mobile communications, security, software and tech-enabled services. With notable transactions that include names such as Oracle, Twitter, SAS and Samsung among others, CTCT cash on hand coupled with AGC’s transactional reputation will allow for dynamic corporate growth.

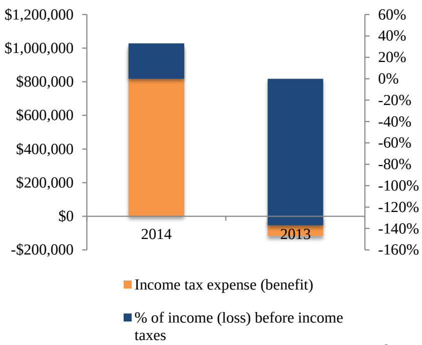
APPENDIX 17: DEFERRED TAXES

Exhibit 16A: Historical Tax Composition ($ mm)



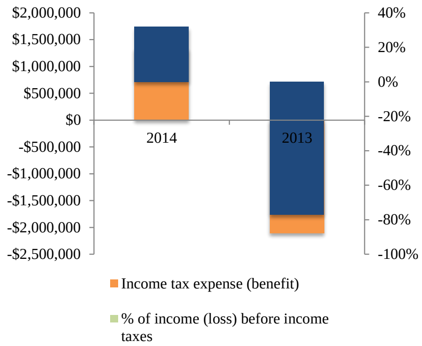
Source: Capital IQ

Exhibit 16B: Income Tax Expense
(Three months ended June 30, 12014)



Source: Capital IQ

Exhibit 17C: Income Tax Expense
(Six months ended June 30, 12014)



Source: Capital IQ

CTCT's ability to utilize net operating loss carry-forwards may impact future profitability. As of December 31st, 2013, CTCT had a net operating loss carry forward composed of $33.5 million in U.S. federal tax benefits and $849,000 in state tax benefits, which expire at various dates up to 2033 and 2018 for federal and state income tax purposes, respectfully. While CTCT anticipates no potential limitation in using the loss carry-forwards to offset taxable income, certain IRS mandates may adversely affect the extent to which the tax credit can be utilized if the company undergoes significant changes in stock ownership. Although the company currently foresees no loss carry-forward limitations, and future changes in ownership may present a limitation on the income tax shield, and thus, a potential negative impact on financial results.

Although CTCT perceives no limitation in utilizing tax allowances, the company accounts for income tax uncertainty for financial statements via a two-step process that first examines the likelihood that the tax benefit will not be recognized in external evaluation, and secondly the amount to be realized if deemed "more-likely-than-not" to be validated by external parties. For financial statement purposes, the tax benefit is recorded as the largest amount that has a greater than 50% likelihood of external recognition.

CTCT recorded an income tax expense of $13.2 million, $3.2 million, and $1.3 million in 2011, 2012, and 2013, respectively. The company's effective tax rate has differed from the statutory tax rate as a result of expenses related to incentive stock options (non-deductible), offset by federal and state R&D credits that reduced tax expenses. The $1.3 million tax benefit recognized in 1Q13 was also a result of the American Taxpayer Relief Act to recognize the federal tax credit from R&D expenses incurred in between January 2012 and December 2013.

Although CTCT expects tax rates to increase going forward, the company intends to utilize their net operating loss carry-forwards and tax credits to the fullest extent to reduce its corporate tax liabilities. Similarly, CTCT's estimated effective tax rate for 2014 differs from the statutory tax rate as a result of expenses related to incentive stock options (non-deductible), offset by federal and state R&D credits that reduced tax expense. As federal R&D credits have not been enacted for 2014 as of 3Q14, they have not been included in the company's tax rate estimations. CTCT has no unrecognized tax benefits or tax penalties as of June 30, 2014 and December 31, 2013.

APPENDIX 18: BUYBACKS, REGISTRATIONS, PLACEMENTS

Buybacks & Shelf Registrations	
Oct-23-2014	Tranche Update on CTCT - Equity Buyback Plan of 246,700 shares announced on July 24, 2014
Jul-24-2014	CTCT announces an Equity Buyback for $30 million worth of its shares
Jul-24-2014	CTCT authorizes a Buyback plan.
Jun-17-2014	CTCT filed a Shelf Registration in the amount of $62.92 million
Jan-31-2014	Tranche Update on CTCT Equity Buyback Plan of 35,900 shares announced on April 25, 2013
Dec-31-2013	CTCT's Equity Buyback announced on April 25, 2013 expired with 285,900 shares, representing 0.93% for $5.36 million
Oct-25-2013	Tranche Update on CTCT's Equity Buyback Plan of 150,000 shares announced on April 25, 2013
Jun-30-2013	Tranche Update on CTCT's Equity Buyback Plan of 150,000 shares announced on April 25, 2013
Jun-28-2013	CTCT filed a Shelf Registration in the amount of $5.61 million
Apr-25-2013	CTCT announces an Equity Buyback for $20 million worth of its shares
Jun-13-2012	CTCT filed a Shelf Registration in the amount of $5.03 million
May-31-2011	CTCT filed a Shelf Registration in the amount of $225.94 million
Apr-29-2011	CTCT filed a Shelf Registration in the amount of $21.73 million
Jun-25-2010	CTCT filed a Shelf Registration in the amount of $3.66 million
Apr-30-2010	CTCT filed a Shelf Registration in the amount of $17.93 million
Apr-08-2009	CTCT filed a Shelf Registration in the amount of $10.40 million
Feb-08-2008	CTCT filed a Shelf Registration in the amount of $12.86 million.
Nov-02-2007	CTCT filed a Shelf Registration in the amount of $107.20 million.
Oct-02-2007	CIBC World Markets Corp added as a Co-Lead Underwriter for CTCT's $107.20 million IPO
Oct-02-2007	Thomas Weisel Partners Group added as a Co-Lead Underwriter for CTCTs $107.20 million IPO
Oct-02-2007	CTCT completed an IPO in the amount of $107.20 million
Jul-06-2007	CTCT filed an IPO in the amount of $86.25 million

Private Placements	
Jul-20-2006	CTCT announced that it has received $15 million in funding from Bantam Group Inc., Investment Arm, Commonwealth Capital Ventures, Greylock Partners, Hudson Ventures, Longworth Venture Partners, Morgan Stanley Venture Partners, One & Co.
Dec-03-2002	Roving Software announced that it has received $5 million in funding from Hudson Ventures, Crossmark Capital, Commonwealth Capital Ventures, and Longworth Venture Partners
Sep-17-2001	Roving Software announced that it has received $5 million in funding from VeriSign, Inc. Crossmark Capital, Commonwealth Capital Ventures, and Longworth Venture Partners
Apr-24-2000	Roving Software announced that it has received $10 million in funding from Crossmark Capital, Commonwealth Capital Ventures, and Longworth Venture Partners
Aug-10-1999	Roving Software announced that it has received $2.4 million in funding from Longworth Venture Partners and Saturn Capital

Source: Capital IQ

APPENDIX 19: LEGAL PROCEEDINGS

Overview: CTCT has been involved in a few legal battles over the years. No current legal proceedings would put into question the continuity of the business. Of the four cases declared in the 2013 10-k, three are still ongoing and deal with patent infringements.

RPost Holdings, Inc. on September 24, 2012 filed a claim that CTCT and five of their affiliate partners have unlawfully infringed up to 5 patents held by RPost. Due to the contracts CTCT signs with its affiliates they are obligated to indemnify any losses due patent infringement. The case is still in its early stages and as such CTCT is unable to estimate any probable losses resulting for the lawsuit.

Umbanet on November 14, 2012 claimed in lawsuit patent infringement on 2 patents by CTCT. There have been a series of back claims made by both companies. As it still early in the proceedings CTCT has been unable to estimate any probable losses resulting for the lawsuit.

CreateAds LLC filed a claim on March 8, 2013 in Delaware dealing with a patent infringement. CreateAds is demanding an unspecified amount. Currently, this case was stayed pending a decision by the Supreme Court involving a similar case. The decision is expected to come sometime before the end of the 4th quarter 2014. As it still early in the proceedings CTCT has been unable to estimate any probable losses resulting for the lawsuit.

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The author(s), or a member of their household, of this report does not hold a financial interest in the securities of this company.
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