

NexTag Sells Stake to Private Equity

By KEVIN J. DELANEY

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Providence Equity Partners Inc. has acquired a majority stake in comparison-shopping site NexTag Inc. for about \$830 million, say people familiar with the matter, highlighting the mounting interest by private-equity firms in Internet investments.

The agreement by Providence to buy a roughly two-thirds stake in NexTag values the closely held San Mateo, Calif., company at about \$1.2 billion. NexTag operates sites in the U.S. and United Kingdom that allow consumers to find the best prices on products and services sold online by various Web retailers.

The company generates revenue from advertising and by charging retailers and other service providers to direct consumers to their sites. NexTag's Web site says more than 11 million people use its service monthly and that it recorded its 15th straight quarter of profitability in July 2005. NexTag couldn't be reached for comment. A Providence spokesman said it had no comment.

Under the deal, existing investors, including NexTag management and venture-capital firm Morgenthaler Ventures, which first invested in NexTag in 1999, will keep stakes in the company, says one of the people familiar with the matter. A Morgenthaler spokeswoman declined to comment.

The NexTag deal comes amid signs that private-equity firms are increasingly looking at opportunities to invest in Internet companies, particularly in the wake of buyout firm Hellman & Friedman's huge cut of the proceeds from the planned \$3.1 billion sale of online-advertising-services company DoubleClick Inc. to Google Inc.

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