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**Finance Stock Acquisition Purchase**

*“In Hercules, we found an experienced investor and a true partner. Their financing was an integral component in our completing the transaction, and they have been a knowledgeable and supportive partner since we closed the investment together.”*

*Ben Spero - Managing Director,  
Spectrum Equity Investors*

**About**

Ancestry.com can trace its roots to The Generation Network, a publishing company started in 1983 to provide family history to paying customers. Starting in 1997, Ancestry.com Inc began digitalizing, indexing and placing online the company’s extensive and unique collection of billions of historical records. Today, Ancestry.com is the largest online provider of family history information and research tools and counts Genealogy.com, MyFamily.com and RootsWeb.com among its other online properties. The company’s network of sites serves over 600 million page views, to over 15 million unique visitors each month.

**Challenge**

Spectrum purchased a sizeable minority stake from founders and multiple shareholders in a series of secondary share purchases, and later partnered with management to acquire a majority controlling stake in the company. Recognizing the growth potential behind Ancestry.com’s business model, Hercules partnered with Spectrum to provide financing for its controlling stake purchase and to help fund growth initiatives.

**Solution**

More traditional and conservative lending institutions may struggle with Internet-based business models. With years of experience in the tech sector, however, Hercules understood the sizeable strengths in Ancestry.com’s business, including its solid management team, leadership position in its space, and fiercely loyal customer base. So when the opportunity arose to work closely with Spectrum and take Ancestry.com to the next stage of growth, Hercules chose to commit \$17.5 million in debt financing and make a direct equity investment.

**Result**

Since Hercules and Spectrum began its collaboration, Ancestry.com has experienced robust growth. Its revenue has grown 85% percent and Adjusted EBITDA has grown 81 percent (YE 2007 through June 2010), while the average monthly revenue per subscriber increased 12 percent. With over one million paying subscribers and a digital database of over four billion individual historical records, the company has maintained its position as the largest online resource for family history. In November 2009, Ancestry.com successfully completed a \$100 million initial public offering.

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