



HOULIHAN LOKEY
PUBLICATIONS
Houlihan Lokey Financial Advisors

Media & Entertainment

Weekly Newsletter

February 27, 2009

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1 Week S&P Change: -3.4%

INDEX ^{(1) (2)}	% of 52-Week High	% of 52-Week Low	Median EBITDA Margin	Median EV/		P/E Current	1 Week Sector Change
				LTM EBITDA	NFY EBITDA		
Diversified Media	36.2%	106.3%	24.3%	4.6 x	4.6 x	5.7 x	-2.8%
Film & TV	51.4%	107.3%	34.7%	7.1 x	5.7 x	7.4 x	0.2%
TV Broadcasting	6.8%	132.6%	31.5%	6.2 x	6.1 x	1.4 x	-13.9%
Radio Broadcasting	10.3%	171.0%	23.0%	7.1 x	7.9 x	NMF	0.1%
Satellite Radio	3.3%	260.0%	NMF	NMF	NMF	NMF	0.0%
Outdoor	15.0%	110.7%	25.6%	5.7 x	6.0 x	7.9 x	-1.2%
Newspaper Publishing	7.8%	114.4%	17.3%	4.4 x	4.3 x	NMF	-3.5%
Magazine Publishing	19.4%	131.0%	14.9%	3.3 x	5.3 x	4.6 x	-2.5%
Interactive Entertainment	44.0%	117.8%	19.8%	4.2 x	3.3 x	12.9 x	3.7%
Digital Media	38.9%	124.3%	20.5%	10.2 x	10.1 x	23.6 x	-0.6%

Sources: Public Company filings and Wall Street Forward Estimates. Pricing as of Thursday, February 26, 2009.

(1) See page 11 for Index components.

(2) No Index provided for Music & Cable Networks due to limited public comparables.



GENERAL NEWS

ESPN Plans Local Sports Sites

The Wall Street Journal reported that ESPN plans to launch ESPNChicago.com, a Web site devoted to the Chicago sports scene. The site, scheduled to launch in April, will feature a daily Chicago version of "Sportscenter" and contributions from ESPN columnists and radio personalities with ties to the city. The company said that it hopes ESPNChicago.com will be the first of a series of new sites that will deepen its online penetration in local markets. MillerCoors announced that it has signed on as the site's charter advertiser.

OPERATING/MARKET PERFORMANCE

Liberty Media Corporation Announces Fourth Quarter and Full Year 2008 Financial Results

Liberty Media Corporation reported financial results for its fourth quarter and full year 2008 for Liberty Interactive Group, Liberty Entertainment Group and Liberty Capital Group. For Liberty Interactive Group, the company reported revenue for the fourth quarter of 2008 of \$2.1 billion, compared to \$2.3 billion in 2007. The company also reported operating income of \$278 million for the fourth quarter of 2008, compared to operating income of \$396 million for the fourth quarter of 2007. For fiscal 2008, the company reported revenue of \$7.3 billion, compared to \$7.4 billion in 2007. The company reported operating income of \$956 million for fiscal 2008, compared to operating income of \$1.1 billion in 2007. For Liberty Entertainment Group, the company reported revenue for the fourth quarter of 2008 of \$285 million, compared to \$265 million in 2007. The company also reported an operating loss of \$1.2 billion for the fourth quarter of 2008, compared to operating income of \$30 million for the fourth quarter of 2007. For fiscal 2008, the company reported revenue of \$1.11 billion, compared to \$1.06 billion in 2007. The company reported an operating loss of \$975 million for fiscal 2008, compared to operating income of \$210 million in 2007. For Liberty Capital Group, the company reported revenue for the fourth quarter of 2008 of \$98 million, compared to \$59 million in 2007. The company also reported an operating loss of \$260 million for the fourth quarter of 2008, compared to an operating loss of \$277 million for the fourth quarter of 2007. For

fiscal 2008, the company reported revenue of \$321 million, compared to \$254 million in 2007. The company reported an operating loss of \$395 million for fiscal 2008, compared to an operating loss of \$342 million in 2007.

EXECUTIVES IN THE NEWS

Peter Chernin to Leave News Corp.

The Wall Street Journal reported that News Corp. President and Chief Operating Officer Peter Chernin plans to leave the company when his contract expires this summer. News Corp. did not name a successor for Mr. Chernin. Businesses he is in charge of will report directly to Chief Executive Rupert Murdoch. The company indicated that it plans to streamline its management structure and Mr. Chernin's exit is expected to give more responsibility to well-regarded entertainment executives. The source reported that the company has been planning for Mr. Chernin's departure, but the move still comes at a difficult time for News Corp.

Elisabeth Murdoch Turns Down Seat On News Corp. Board

Fortune.com reported that Elisabeth Murdoch, News Corp. Chief Executive Officer Rupert Murdoch's daughter, has decided not to accept a spot on the company's board. The source said that Ms. Murdoch had a conflict of interest between her father's company and Shine, the U.K. production company she has built up over nearly seven years. The source reported that if she had wanted to rejoin the News board, Ms. Murdoch would have had to sever her ties with Shine, which presumably would have involved selling it.

AOL's International Head Maneesh Dhir Leaving

Paidcontent.org reported that Time Warner-owned AOL's Executive Vice President for AOL International, Maneesh Dhir is leaving the company after two years at the position. Mr. Dhir will remain at his position for the next couple of months to help with the transition. According to the report, the entire international division of AOL will be integrated and report to Bill Wilson, the head of the newly-formed MediaGlow business unit. Prior to this position, Mr. Dhir was the country head of AOL's India efforts.

GENERAL NEWS**New Yorker Films Closes Down**

The *New York Times* reported that indie film distributor New Yorker Films announced that it was going out of business after 44 years. One of the most influential distributors of foreign and independent films, New Yorker is known for discovering early breakthrough works of now-celebrated filmmakers and has amassed a library of more than 400 titles. Founder Dan Talbot said that the company was going out of business because its library was being sold as collateral on a loan taken out by its former owner, Madstone Films. The source reported that this announcement comes at a troubled time for independent film companies, as last year several of the big studios shuttered or downsized their specialty divisions.

Vudu Selling Hi-Def On-Demand Titles

Reuters.com reported that video-content delivery company, Vudu has begun offering high definition movies for download-to-own, making it the first Video-On-Demand service to do so. Vudu's rental library includes 1,400 HD movies, but the company is only selling 50 titles as download-to-own. Vudu said that it plans to release its HD titles for purchase day and date with DVD release.

OPERATING/MARKET PERFORMANCE**DreamWorks Animation SKG, Inc. Announces Fourth Quarter and Full Year 2008 Financial Results**

DreamWorks Animation SKG, Inc. reported financial results for its fourth quarter and full year ended December 31, 2008. The company reported revenue for the fourth quarter of 2008 of \$199.8 million, compared to \$290.2 million in 2007. The company also reported net income of \$51.6 million for the fourth quarter of 2008, compared to net income of \$94.1 million for the fourth quarter of 2007. For fiscal 2008, the company reported revenue of \$650.1 million, compared to \$767.2 million in 2007. The company reported net income of \$142.5 million for fiscal 2008, compared to net income of \$218.4 million in 2007. The results are mainly driven by box office receipts from the company's films *Kung Fu Panda* and *Madagascar: Escape 2 Africa*, which were the two highest grossing films of the year. *Kung Fu Panda* grossed over \$630 million in worldwide box office and contributed \$101.8 million of revenue for the fourth quarter of 2008. *Madagascar: Escape*

2 Africa grossed approximately \$180 million in domestic box office and over \$400 million internationally to date, contributing \$24 million in revenue for the quarter.

Marvel Entertainment, Inc. Announces Fourth Quarter and Full Year 2008 Financial Results

Marvel Entertainment, Inc. reported financial results for its fourth quarter and full year ended December 31, 2008. The company reported revenue for the fourth quarter of 2008 of \$63 million, compared to \$27.6 million in 2007. The company also reported net income of \$63.0 million for the fourth quarter of 2008, compared to net income of \$27.6 million for the fourth quarter of 2007. The improvement reflects recognition of \$135.5 million in film production segment revenues principally associated with the DVD performance of Marvel's *Iron Man* feature film, according to the company. For fiscal 2008, the company reported revenue of \$205.5 million, compared to \$139.8 million in 2007. The company reported net income of \$205.5 million for fiscal 2008, compared to net income of \$139.8 million in 2007. The revenue and net income growth principally reflects the contribution from Marvel Studios which released its first two feature films, *Iron Man* and *The Incredible Hulk*, in the summer of 2008, according to the company.

EXECUTIVES IN THE NEWS**Brown Retires From AMC Post**

Variety.com reported that AMC Entertainment Inc. chairman and CEO Peter C. Brown is retiring. According to the papers filed with the Securities and Exchange Commission, Mr. Brown will receive a cash severance payment of \$7 million along with \$823,480.90 for his shares of common stock. Former Starbucks Coffee top executive Gerardo I. Lopez has been named CEO, while AMC board director Aaron Stone will serve as chairman.

Carl Icahn Tightening His Grip On Lions Gate Entertainment

The *Los Angeles Times* reported that activist shareholder Carl Icahn is tightening his grip on Lions Gate Entertainment, revealing for the first time that he may seek board seats to increase his influence over the company's movie and TV studio. The source also states that there is speculation that Mr. Icahn, who just increased his stake in the company to 14.3%, will look to put son Brett on the board.



GENERAL NEWS

Warner, MyVideo Launch Content Partnership

Billboard.biz reported that Warner Music Central Europe has partnered with European video platform MyVideo to offer Warner Music content in Germany, Austria and Switzerland. The site, MyVideo.de, gives users access to videos by domestic and international artists as well as interviews, performance clips and behind the scenes footage. Warner Music Central Europe said that it will also utilize the platform as a digital marketing tool, with plans for video premieres, exclusives, the creation of artist pages and embedded links to online shops.

EMI Signs Distribution Deal With Secret City

Billboard.biz reported that EMI Music Canada has reached a distribution deal with indie label Secret City Records. Secret City Records is the label for artists such as Patrick Watson and Miracle Fortress.

LEGAL/REGULATORY

Senate Takes On Ticketmaster-Live Nation Merger

The *Los Angeles Times* reported that Ticketmaster Entertainment Inc. and Live Nation Worldwide Inc. faced the U.S. Senate regarding the proposed merger of the two companies. The Senate's antitrust subcommittee questioned chief executives Michael Rapino of Live Nation and Irving Azoff of Ticketmaster and solicited input from concert promoters on how the industry would be affected. Mr. Rapino and Mr. Azoff presented their case as two companies trying to weather the recession as best they could, creating a new model for the music industry in the process. Mr. Azoff said, "We cannot just cling to the old ways. This merger will allow the live music industry to avoid repeating the mistakes of the record industry." Both executives also noted that their companies, by combining, could eliminate \$40 million in inefficiencies. According to the source, the Senate does not have the power to stop the companies' merger and that only the Justice Department has that authority.

Eminem's Digital Royalty Case Goes To Court

Fmqb.com reported that Eminem's publishing company, F.B.T. Productions, has gone to court over a lawsuit

against Universal Music Group (UMG) involving how much the artist gets paid when UMG sells his music to third-party distributors, such as iTunes, Sprint and Nextel. F.B.T. is accusing the Aftermath label (a subsidiary of UMG) of withholding about \$1.3 million in royalties from Eminem, as lawyers for the artist argue that making his songs available for digital download is an extension of his original contracts. However, Aftermath disputes that the company withheld royalties or that it is misinterpreting contract language. The source reported that the case is very significant in that if the jury sides with F.B.T. Productions, the trial could serve as a landmark case that finds hundreds of millions of dollars in digital royalties being shifted from record companies to the artists themselves.

More Record Companies Take Aim at SeeqPod

Venturebeat.com reported that EMI and Capitol Records have filed suit against music search engine SeeqPod for copyright infringement, and that they have targeted individual employees and investors, in addition to the company itself, for monetary damages. This suit follows in the footsteps of Warner Music Group, which took action against the site in California in January 2008. The record companies argue that the site pools many pirated and illegally-downloaded sources of music. The companies are seeking billions of dollars in damages, more than any of these people could reasonably pay. In doing so, the plaintiffs stated that they hope to send a strong message to technology executives profiting from music sharing services that they consider to be illegal. Despite the pressure, SeeqPod says it will stand firm, and continue with business as usual for the time being.

EXECUTIVES IN THE NEWS

Daniel DiCicco Named President, Sony Asia

Billboard.biz reported that Daniel DiCicco has been named president of Sony Music Entertainment Asia, effective April 1. Mr. DiCicco will be based in Hong Kong and will report to Richard Sanders, President of International for Sony Music Entertainment. Most recently, Mr. DiCicco served as president and representative director of Sony BMG Japan.



GENERAL NEWS

Shed Media To House U.S. Units

Variety.com reported that U.K. film and TV company Shed Media is creating a U.S. umbrella company for its various production and distribution units. Based in Burbank, Shed Media U.S. will now house the U.S. operations of independent television production company, Ricochet Television, and Wall to Wall, producer of the Oscar winning documentary *Man On Wire*, as well as banners Twenty Twenty, Shed Productions and Outright Distribution. Nick Emmerso, executive vice president of Richochet, said that the goal of the roll-up is to make Stateside buyers more familiar with the Shed moniker rather than doing business under so many different imprints.

Russia Blocks Disney TV Purchase

Forbes reported that Russia's anti-monopoly service has blocked The Walt Disney Company's attempt to establish a joint venture with Media One TV, one of Russia's leading media firms. Disney was planning on entering the Russian television market with a free-to-air Disney channel. The company was due to take a 49% stake in the joint venture, in return for an unspecified amount of funding and programming, while leading content acquisition and marketing to the channel's target audience.

Economy Pinches TV Pilots

Variety.com reported that the sharp downturn in the nation's economy is directly influencing the way that shows are being produced for the 2009-2010 television season, particularly on the comedy side. The cost cutting has resulted in more in-house productions at the networks, a rise in lower-cost presentation reels rather than full-blown pilots and a willingness to cut pilots loose quickly if a star or director cannot be found, reported the source. The overall number of projects, which stands now at around 70, is down from 82 in 2007.

OPERATING/MARKET PERFORMANCE

Cablevision Systems Corporation Announces Fourth Quarter and Full Year 2008 Financial Results

Cablevision Systems Corporation reported financial results for its fourth quarter and full year ended December 31, 2008. The company reported revenue for the fourth quarter

of 2008 of \$2.1 billion, compared to \$1.8 billion in 2007. This reflects the company's growth in Telecommunications Services, Rainbow Media, the entertainment company that owns various cable channels, and the addition of the Long Island daily newspaper, *Newsday*, and cable television network, Sundance Channel, in the 2008 results. The company also reported a net loss of \$321.4 million for the fourth quarter of 2008, compared to net income of \$6.6 million for the fourth quarter of 2007. This loss includes impairment charges of \$404.4 million at *Newsday* and \$41.0 at VOOOM HD, the company's high definition networks that were shut down in 2005, according to the company. For fiscal 2008, the company reported revenue of \$7.2 billion, compared to \$6.5 billion in fiscal 2007. The company reported a net loss of \$227.6 million for fiscal 2008, compared to net income of \$218.5 million in fiscal 2007.

Discovery Communications Inc. Announces Fourth Quarter and Full Year 2008 Financial Results

Discovery Communications Inc. reported financial results for its fourth quarter and full year ended December 31, 2008. The company reported revenue for the fourth quarter of 2008 of \$904 million, compared to \$903 million in 2007. The company also reported net income from continuing operations of \$105 million for the fourth quarter of 2008, compared to a net loss of \$8 million for the fourth quarter of 2007, which included a content impairment charge of \$139 million, primarily at U.S. Networks. For fiscal 2008, the company reported revenue of \$3.4 billion, compared to \$3.1 billion in fiscal 2007. The company reported net income from continuing operations of \$274 million for fiscal 2008, compared to net income from continuing operations of \$151 million in fiscal 2007.

EXECUTIVES IN THE NEWS

Essie Chambers Joins BET Networks

BET Networks reported that the company has hired Essie Chambers as its senior vice president of original programming. Ms. Chambers will oversee development of new reality and scripted series, in addition to the company's current shows. Ms Chambers was most recently vice president of Nickelodeon original movies.



GENERAL NEWS

Liberty Does Not Plan to Merge Sirius, DirecTV

The *Los Angeles Times* reported that, following the purchase of a 40% stake in Sirius XM Radio Inc., Liberty Media Corp. does not plan to combine the satellite operations of DirecTV Group Inc. with Sirius XM. Chief Executive Greg Maffei did, however, say that bundling subscriptions to DirecTV and Sirius XM may be an “opportunity down the road.”

CBS Radio Tops Online Radio In January

Fmqb.com reported that, according to Ando Media, CBS Radio came out on top of its ratings of 20 Internet radio stations and network rankings for the month of January. Ando Media uses its Webcast Metrics to “track exact data and convert it to standard broadcast audience metrics that can be easily understood by the broadcast and advertising industry.” In terms of weekday listening from 6 a.m. to 8 p.m. EST, CBS Radio came out on top with an Average Quarter Hour of 171,196 and a cume of 2,991,989. The source also reported that the rankings essentially remained the same when the daypart is opened up to all seven days and 6 a.m. to midnight EST.

Musicians Seek Royalties From Broadcast Radio

The *Los Angeles Times* reported that a group of musicians, including Sheryl Crow, Herbie Hancock, Patti LaBelle and Dionne Warwick, is pushing legislation that would require radio stations to pay musicians royalties similar to those paid to songwriters. The group appeared at a news conference on Capitol Hill on behalf of the musicFIRST Coalition. According to the source, satellite radio, Internet radio and cable TV music channels already pay fees to performers and musicians, along with songwriter royalties, whereas AM and FM radio stations only pay royalties to songwriters. The National Association of Broadcasters, which opposes the measure, said paying royalties would put thousands of radio jobs at risk and contends that radio stations drive listeners to buy music and concert tickets.

HD Radio Continues to Rise

Fmqb.com reported that a new J.D. Power and Associates study finds HD Radio continuing to rise in the auto world.

The source added that HD Radio penetration was at five percent in 2008, but among that five percent of cars, 55% came factory-installed, an increase from 22% in 2007.

Michael Savage Fighting The Fairness Doctrine

Fmqb.com reported that Talk Radio Networks’ Michael Savage and the Thomas More Law Center, a Michigan based national public interest law firm, have joined forces to fight the oft-discussed potential return of the “Fairness Doctrine.” The Fairness Doctrine, which was abolished in 1987, was a policy of the United States Federal Communications Commission that required the holders of broadcast licenses to present controversial issues of public importance and to do so in a manner that was honest, equitable and balanced. Mr. Savage recently claimed on air that as a conservative, he is a minority in the media, and said the Fairness Doctrine would take him, Sean Hannity, Rush Limbaugh and other conservative voices off the radio. Conservative broadcasters have been raising the idea of the Fairness Doctrine in recent months, despite President Obama stating that he and his administration have no plans to reinstate the policy.

OPERATING/MARKET PERFORMANCE

Radio One, Inc. Announces Fourth Quarter and Full Year 2008 Financial Results

Radio One, Inc. reported financial results for its fourth quarter and full year ended December 31, 2008. The company reported revenue for the fourth quarter of 2008 of \$74.3 million, compared to \$74.8 million in 2007. The company also reported a net loss of \$7.6 million for the fourth quarter of 2008, compared to a net loss of \$388.1 million for the fourth quarter of 2007. For fiscal 2008, the company reported revenue of \$316.4 million, compared to \$319.6 million in fiscal 2007. The company reported a net loss of \$304.3 million for fiscal 2008, compared to a net loss of \$391.5 million in fiscal 2007.



GENERAL NEWS

L.A. Times Consolidates Entertainment/Culture Coverage

Variety.com reported that the *Los Angeles Times* will consolidate its entertainment/culture coverage under business editor Sallie Hofmeister. Ms. Hofmeister will become assistant managing editor of a new Arts & Entertainment department, uniting reporters from the Calendar and Business sections, as well as the paper's website, under her leadership. According to the source, the reorganization is designed to eradicate tensions that have long existed between Calendar and Business, which both devote staff to covering Hollywood but have frequently experienced a lack of coordination. The Tribune-owned newspaper is in the midst of another round of job cuts expected to reduce its staff to below 600 editorial employees, though the source reported that there would not be any specific staff reductions in connection with the reorganization.

Financial Times Aims New Subscription-Only Digital Publication At China Investors

Paidcontent.org reported that *The Financial Times* is set to launch a new website and e-newsletter called China Confidential next week. According to the report, the new publication is in keeping with the UK business paper's focus on offering more premium digital content. The issues will contain a mix of aggregated research, fund data analysis, and commentary on China's general economic situation and consumer trends. The company stated that the first issue of the e-newsletter will be published on March 5 and will be bi-monthly.

EXECUTIVES IN THE NEWS

NY Post Ends Contract With Liz Smith

Variety.com reported that *The New York Post* will not renew gossip reporter Liz Smith's contract. The *Post* cited the poor economy as the reason for ending her 33 year relationship with the company. Ms. Smith's reporting will continue at women's website wowOwow.com and she will serve as contributing editor at Parade Magazine.

OPERATING/MARKET PERFORMANCE

The Washington Post Company Announces Fourth Quarter and Full Year 2008 Financial Results

The Washington Post Company reported financial results for its fourth quarter and full year ended December 28, 2008. The company reported revenue for the fourth quarter

of 2008 of \$1.2 billion, compared to \$1.1 billion in 2007. The company also reported net income of \$18.8 million for the fourth quarter of 2008, compared to net income of \$82.9 million for the fourth quarter of 2007. For fiscal 2008, the company reported revenue of \$4.4 billion, compared to \$4.1 billion in 2007. The increase is due primarily to revenue growth at its education and cable divisions, partially offset by revenue declines at the Company's newspaper publishing, magazine publishing and television broadcasting divisions, according to the company. The company reported net income of \$65.7 million for fiscal 2008, down from \$288.6 million in 2007. The decline in profit is due in large part to several one-time charges in 2008, including goodwill, intangible asset and other impairment charges of \$142.3 million at the company's online lead generation business, and charges of \$111.1 million related to early retirement program expense at *The Washington Post* newspaper, the corporate office and *Newsweek*, according to the company.

Martha Stewart Living Omnimedia, Inc Announces Fourth Quarter and Full Year 2008 Financial Results

Martha Stewart Living Omnimedia, Inc. reported financial results for its fourth quarter and full year ended December 31, 2008. The company reported revenue for the fourth quarter of 2008 of \$72.9 million, compared to \$118.5 million in 2007. This decline is mostly due to the fact that Kmart contractual minimums accounted for \$1.2 million in the fourth quarter of 2008, while Kmart contractual minimums and *Blueprint* magazine, which the company closed down last year, accounted for \$38.4 million in the fourth quarter of 2007, according to the company. The company also reported a net loss of \$8 million for the fourth quarter of 2008, compared to net income of \$33.3 million for the fourth quarter of 2007. Net loss in the fourth quarter of 2008 was impacted by a non-cash intangible asset impairment charge of \$9.3 million related to the Publishing segment, according to the company. For fiscal 2008, the company reported revenue of \$284.3 million, compared to \$327.9 million in 2007. The company reported a net loss of \$15.7 million for fiscal 2008, compared to net income of \$10.3 million in 2007.



GENERAL NEWS

Sony Reorganizes Divisions and Announces New Management

Sony Corporation announced a major reorganization of the company's electronics and gaming business to improve profitability and strengthen competitiveness in the midst of the continued global economic crisis. The company is also forming two new divisions, one of which will oversee PlayStation and Vaio PCs, while the other will be in charge of Bravia TVs, Cybershot digital cameras, and Handycam camcorders. Joystiq.com reported that this restructuring will expand PlayStation Network beyond the realm of games, as Sony wants to offer real network-based content that works across all Sony devices, including its game consoles, Walkman brand and e-Reader.

Europe's Xbox 360 Movie Offering Expands With NBC Universal Deal

Gamasutra.com reported that Microsoft has made a new deal with NBC Universal to bring the studio's films to Xbox Live Marketplace in Europe. The titles, available now in the UK and Ireland, will soon be available in France, Germany and Spain, and will complement the existing offerings from Warner Bros and Paramount. The company indicated that the new films will use the same pricing structure as existing titles, with standard-definition versions priced at 250 Microsoft Points and high-definition versions at 380 Microsoft Points.

THQ Closes International Office

Gamesindustry.biz reported that THQ Inc. has closed down its international office in Zurich as part of the overall plan to restructure the business and cut 600 posts. According to the source, the closure of the office will result in ten jobs being lost in the financial planning and operations areas. The international office was originally intended to work on future expansion plans for the publisher, but was not linked to any specific territory.

TRANSACTIONS

Fillpoint Acquires Crave and SVG

Gamesindustry.biz reported that Fillpoint, the online distribution company, has announced that it has acquired

video game publisher Crave Entertainment, from Handleman Company for an undisclosed amount. SVG Distribution was also purchased as part of the deal and both companies will continue to operate under their existing names in their current locations.

PopCap Games Buys Gastronom Studios

Paidcontent.org reported that casual gaming developer and publisher PopCap Games has acquired independent game development company Gastronom Studios. This deal adds an Xbox and Xbox 360-savvy team of developers to the company's staff. The report stated that Gastronom co-founders Jacob Van Winden and Don Wurster will retain exclusive rights to their original products, such as *Small Arms* and *Gels*, but PopCap will acquire the entire studio's technology, assets and employees. Financial terms of the deal were not disclosed.

EXECUTIVES IN THE NEWS

PlayFirst Adds CEO, CFO As John Welch Departs

Gamasutra.com reported that with founder and longtime Chief Executive Officer John Welch leaving casual game publisher PlayFirst, the company has announced the appointment of Mari Baker as Chief Executive Officer and Jim Wandrey as Chief Financial Officer. According to an official company statement, Ms. Baker brings more than 20 years of consumer technology experience to PlayFirst. Her previous roles include Chief Executive Officer of Navigenics, President of BabyCenter and senior vice president of Intuit. Mr. Wandrey joined PlayFirst in late 2008, and has held senior management roles at fast-growing start-ups and publicly traded technology companies such as Telephia, where he served as Chief Financial Officer.



GENERAL NEWS

Yahoo to Offer Tools to Match Users, Ads

The Wall Street Journal reported that Yahoo Inc. is unveiling several tools to help marketers better target their online ads. The company said that the services include targeting graphical advertisements to users who have searched for particular terms in Yahoo's search engine and customizing the offers in advertisements based on what Web sites a consumer has visited and/or what they have done on those sites. Yahoo stated that another service will allow marketers to buy text ads next to search results that are targeted to users during a certain time of day or based on factors such as their age and gender. Other companies already offer some similar features, but Yahoo said it hopes that its ability to deploy them across its user base of hundreds of millions of monthly visitors will give it an edge. The company said it aims to not only capture more of advertisers' dollars but to win back business Yahoo has lost to social-networking sites and other ad networks that have promised cheaper rates and fancier technology.

MySpace Tries To Move In On Twitter, Facebook With New Mood Settings

Paidcontent.org reported that News Corp.'s MySpace is attempting to gain market share on its competitors, Facebook and Twitter, by creating a feature that allows users to upgrade their status and mood history. The company hopes to give users more control over the kinds of updates their friends see, how often they see them and even the option of making their status and mood updates public. By allowing users to change how they are feeling, MySpace is adding a dimension that its competitors do not offer.

Google Adds Ads to News Searches

CNET News reported that Google has extended its AdWords program to Google News searches, delivering text ads on the right side of the search results page, just as Google has long done with regular Web search results. The advertisements are intended to be tailored to news search terms, but the two are not always on the same page. Faced

with a much tougher economy, Google is working harder to generate revenue from more of its properties. In recent months, it has begun showing advertisements in Google Earth and Google Finance as well.

Yahoo CEO Set to Install Top-Down Management

The Wall Street Journal reported that Yahoo Inc. Chief Executive Carol Bartz is preparing a company-wide reorganization that underscores the new CEO's belief in a more top-down managerial approach. The report stated that the plan aims to speed-up decision-making and give Yahoo products a more consistent appearance by consolidating certain functions that have previously been spread out across the company into single, standalone departments. The source reported that implications of the changes could take months to trickle down and that Ms. Bartz has initiated searches for a number of high-level executives, including a chief marketing officer and other senior leaders.

M3X Media Raises \$10.5 Million for Launch

Paidcontent.org reported that entertainment startup M3X Media has raised a \$10.5 million first round from the Agile Opportunity fund and individual investors. The funds will be used to develop and launch a new technology platform called GrünMe, which brings together various forms of digital entertainment including downloadable music, music videos, interactive games and social networking, while delivering them to various device, according to the report. The official launch for the platform is planned for mid-2009.

EXECUTIVES IN THE NEWS

David Ko New Global Head Of Yahoo Mobile

Paidcontent.org reported that David Ko is being promoted to global head of Yahoo Mobile, responsible for the mobile business, strategy and monetization teams for Yahoo. Previously, Mr. Ko had been Senior Vice President, Yahoo Mobile and was responsible for the unit's global operations and business activities.



HOULIHAN LOKEY
PUBLICATIONS

Houlihan Lokey Financial Advisors

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Definitions: % of 52-week high/low is the market weighted current stock price divided by either the high or the low. EBITDA is Earnings before interest, taxes, depreciation, and amortization. EV stands for Enterprise Value. EBITDA margin is the EBITDA divided by Revenue. P/E is price to earnings ratio. The 1-week sector change is the change in value of the aggregate market capitalizations from the previous Thursday close to this Thursday close. The 1-week S&P change is the change in the Standard and Poor's 500 index from the previous Thursday's close to this Thursday's close. LTM is the latest 12-month period. NFY is the projected next fiscal year multiples based on First Call estimates.

Sources for the Media and Entertainment Weekly Newsletter include: public company filings, The Associated Press, Reuters, *The Wall Street Journal*, *The Hollywood Reporter*, *Variety*, RadioandRecords.com, FactSet Mergerstat LLC, *The New York Times*, and other sources.

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