



HOULIHAN LOKEY
PUBLICATIONS
Houlihan Lokey Financial Advisors

Media & Entertainment

Weekly Newsletter

October 16, 2009

For further information on this report, contact Jeffrey Stewart at 800.971.2663.

For further information on financial advisory services offered in this sector, contact Brian Marler at 310.712.6548.

For further information on investment banking services offered in this sector, contact Chris Wilson at 310.712.6521.

www.HL.com

IN THIS ISSUE:

- Disney Folding \$20 Million Acquisition Ideal Bite Into Disney Interactive
- BSkyB to Launch Music Service
- News Corp. Shuts Down Fox Reality
- Bloomberg to Buy *BusinessWeek*
- Microsoft Plans Retail Stores
- Rush Limbaugh Dropped From Bid to Acquire Rams





1 Week S&P Change: 2.9%

INDEX ^{(1) (2)}	% of 52-Week High	% of 52-Week Low	Median EBITDA Margin	EV/		P / E Current	1 Week Sector Change
				LTM EBITDA	NFY EBITDA		
Diversified Media	98.5%	245.9%	21.7%	8.1 x	8.3 x	15.5 x	2.2%
Film & TV	81.4%	209.5%	34.2%	11.2 x	20.6 x	13.5 x	0.2%
TV Broadcasting	82.1%	1,111.1%	29.9%	8.5 x	10.8 x	9.9 x	12.6%
Radio Broadcasting	91.6%	813.0%	24.5%	9.4 x	11.2 x	8.8 x	16.2%
Satellite Radio	74.4%	1,115.4%	17.9%	12.3 x	12.3 x	NMF	3.4%
Outdoor	98.2%	407.0%	19.3%	11.0 x	11.9 x	NMF	3.1%
Newspaper Publishing	88.5%	1,083.3%	14.1%	6.5 x	10.1 x	8.3 x	2.3%
Magazine Publishing	82.6%	366.3%	9.6%	8.8 x	6.6 x	9.6 x	5.2%
Interactive Entertainment	61.4%	150.0%	27.0%	11.8 x	7.6 x	19.2 x	1.0%
Digital Media	95.2%	216.0%	28.5%	10.3 x	12.1 x	28.6 x	1.5%

Sources: Public Company filings and Wall Street Forward Estimates. Pricing as of Thursday, October 15, 2009.

(1) See page 12 for Index components.

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



GENERAL NEWS

Disney to Redesign Retail Stores, Rebrand Imagination Park

Nytimes.com reported that the Walt Disney Company, with the help of Steve Jobs and his retailing team at Apple Inc., intends to completely redesign its 340 retail stores in the United States and Europe. Disney Stores, which the media giant is considering rebranding Imagination Park, will be overhauled and incorporated into a new array of recreational activities. The company said that its goal is to make children visit the stores with higher frequency and stay longer, increasing sales as a result. Over the next five years, analysts estimate that Disney will spend about \$1 million per store to redecorate, reorganize and install interactive technology. The company plans to unveil the new look in May in Southern California, Long Island and Madrid, and is close to signing a lease for a new Times Square flagship store. According to the source, while Mr. Jobs, the Apple chief executive who joined the Disney board with the 2006 acquisition of Pixar, did not personally create the Imagination Park concept, he pushed Disney to move far past a refurbishment. In doing so, Mr. Jobs provided access to proprietary information about the development and operation of Apple's highly successful stores, and Disney executives visited Apple's research operation in Cupertino, California.

Disney Folding \$20 Million Acquisition Ideal Bite Into Disney Interactive

Paidcontent.org reported that less than 18 months after acquiring green-living tips company Ideal Bite for \$20 million, the Walt Disney Co. is folding the company into the Disney Interactive Media Group (DIMG). Disney spokeswoman Michelle Bergman said it is not being shut down, but that DIMG is "evaluating the situation" and has made no staffing decisions yet. According to the source, Ideal Bite offers seven newsletters and a site that links to ABC.com, ABCFamily.com and other ABC sites.

TRANSACTIONS

News Corp., Liberty Media Said to Be Eyeing NBCU Stake

Thewrap.com reported that Rupert Murdoch's News Corp. and John Malone's Liberty Media Corp. are interested in acquiring NBC Universal. According to the source, cable company Comcast already is in talks with General Electric, parent of NBCU, to buy a controlling stake in the entertainment conglomerate in a deal that would see NBCU 51% owned by Comcast and 49% by GE. Now, according to CNBC, GE is considering other proposals, including the two media giants. CNBC's David Faber says that many of the terms of the Comcast-GE deal have already been negotiated. Under those terms, GE will have the right to put part of its 49% stake in NBC Universal to Comcast

after the joint venture has been in existence for three and a half years, and has another put at the seven-year mark. That deal values NBCU at \$30 billion and spins it off into a new company that would be merged with Comcast's content assets and cash. According to the source, analysts see News Corp. as a less likely bidder for NBCU because of antitrust concerns. Liberty Media has also been considered a possible bidder for a minority stake, as it has a history of taking minority stakes in big media companies, stated the report.

Sumner Redstone Sells Stakes in Viacom and CBS

Ft.com reported that Sumner Redstone, controlling shareholder of Viacom Inc. and CBS Corporation, is raising \$945 million by selling all of his non-voting stakes in the two media companies to pay off the remainder of his debt. The stock sale will leave the 86-year-old investor with 75% control of both companies, despite cutting his equity stake by one third. It also helps Mr. Redstone avert a fire sale of nearly all of the movie theatres that he owns through National Amusements, the company that also holds his stakes in Viacom and CBS. According to the source, the sale ends Mr. Redstone's financial issues, which began last October when National Amusements' \$1.6 billion of unsecured debt veered towards default and he was forced him to sell \$233 million in Viacom and CBS shares. The latest actions come as he faces a \$500 million debt payment this month. The source reported that, in total, National Amusements is expected to raise \$600 million from the sale of the Viacom shares and \$345 million in CBS stock.

EXECUTIVES IN THE NEWS

CBS Studios International Opens Munich Office, Oliver Kreuter Named Managing Director

CBS Studios International, a division of CBS Corporation, announced that it is expanding its European presence, establishing a new branch office in Munich, Germany. According to the company, the addition of the Munich office brings the total number of CBS Studios International's worldwide offices to 11. International television executive Oliver Kreuter has been named Managing Director, CBS Studios International Germany GMBH, reporting to Joe Lucas, Executive Vice President, Sales, CBS Studios International. In his newly-created position, Mr. Kreuter will lead the company's programming and format licensing business in German-speaking European territories across all media platforms. Mr. Kreuter joins CBS Studios International from Bavaria Media Television where he was Head of Television for the past four and a half years.



GENERAL NEWS

Off-Lot Production in Los Angeles Increases

Variety.com reported that, according to third quarter statistics released by permitting agency FilmLA, off-lot feature production in the Los Angeles area increased 25% during the third quarter compared to last year. The source added that FilmLA cautioned that the most recent quarterly gains must be viewed in light of last year's drastically diminished feature activity in the 2008 third quarter after major studios rushed to complete films ahead of the June 30 expiration of the Screen Actors Guild master contract. The feature category has posted annual declines in 10 of the past 12 years as producers have opted for out-of-state locations with government incentives. Overall on-location filming across all categories, including film and television, declined 14.3% for the third quarter and are down 21% for the year.

New Incentive Boosts Brazilian Local Films' Market Share

Variety.com reported that a new film incentive, Sector Fund (Fundo Setorial), has launched in Brazil and is providing funding for the production and distribution of local pictures. The Sector Fund recently announced the first batch of companies and projects that will receive about \$16.3 million from the new incentive. Manoel Rangel, president of Brazil's Cinema Agency (Ancine), says a second announcement will take place by the end of this year, when another \$24.7 million will be awarded. The source added that, according to Mr. Rangel, the Sector Fund was designed to boost the local film market share at the box office and is an investment trove that seeks projects with market potential. According to the report, the fund buys shares in the pictures or in the pictures' distribution rights and will use the films' revenues to recapitalize the fund.

Filmgarde Appoints JCDecaux as On-Screen Advertising Partner in Singapore

Media.asia reported that JCDecaux has been appointed by Filmgarde to market the cinema exhibitor's on-screen advertising opportunities at its new cineplex in Singapore. According to JCDecaux, the company is now ranked as the leading cinema media owner in Singapore, marketing 75 out of 179 cinema halls island-wide, with a market share of 42%. JCDecaux currently works with three major cinema exhibitors – Cathay Cineplexes, Eng Wah and Filmgarde. It has a presence across 11 cineplexes that include cinema halls in the city center and the suburbs. Filmgarde is a subsidiary of Jack Investment and is the latest movie exhibitor to enter the local cinema arena.

EXECUTIVES IN THE NEWS

Carol Lombardini Named AMPTP President

Thewrap.com reported that Carol Lombardini has been named president of the Alliance of Motion Picture & Television Producers (AMPTP), the industry's bargaining representative in labor negotiations with the motion picture industry guilds and unions in the United States and Canada. Ms. Lombardini has been acting president for AMPTP since April, when longtime president Nick Counter retired from the position. As AMPTP president, she will be the industry's chief negotiator on more than 80 industry-wide collective bargaining agreements on behalf of more than 350 motion picture and television producers. She has worked for the AMPTP for 27 years.

Dennis Maguire Named President, Paramount Pictures Home Entertainment Worldwide

Reuters.com reported that Dennis Maguire has been appointed president of Paramount Pictures Home Entertainment Worldwide. In this role, Mr. Maguire holds operating responsibility for the division's sales, marketing and distribution of home entertainment content for the Paramount Motion Picture Group in the United States and the division's 12 offices in other territories. Mr. Maguire's responsibilities also include oversight of Paramount Home Entertainment's efforts on behalf of MTV Network Properties, CBS, PBS, Hasbro, and fulfillment services for DreamWorks Animation Home Entertainment. Maguire will report to Rob Moore, Vice Chairman, Paramount Pictures.



GENERAL NEWS

BSkyB to Launch Music Service

Wsj.com reported that British Sky Broadcasting (BSkyB) said it will launch a subscription-only online music service for the U.K. market, in an effort to challenge both Internet music companies such as Apple Inc.'s iTunes and startups such as Spotify Ltd. The service, known as Sky Songs, will combine the option to stream music with the ability to download mp3 files. According to the source, this plan deviates from the majority of recent digital music ventures, which generate revenue from advertisements and offer free, streaming music.

Music Streaming Service Grooveshark Signs Deal With EMI Music and EMI Music Publishing

Digital music service Grooveshark announced that it has entered into a distribution agreement with EMI Music and EMI Music Publishing that will give Grooveshark users access to content from EMI's roster of catalog artists and EMI Music Publishing's songwriters. In turn, Grooveshark offers a new revenue stream for EMI's artists.

KaZaA Founders Building New Music Service

Paidcontent.org reported that European entrepreneurs Niklas Zennstrom and Janus Friis, creators and financiers of KaZaA, one of the original peer-to-peer file-sharing services, are launching a new subscription music service called Rdio. The new startup, funded by Atomico Ventures, is hoping to introduce a music subscription service by early next year that offers seamless access to music from both PCs and cell phones.

TRANSACTIONS

Wikia Buys Lyric Wiki as Part of Music Expansion, Reach Deal With Gracenote

Paidcontent.org reported that Wikia, the for-profit wiki company led by Wikipedia founder Jimmy Wales, has acquired Lyric Wiki, a wiki site that features nearly one million user-uploaded song lyrics. Wikia says the purchase is part of the company's expansion into music content, as the company already hosts a number of other music-related wikis. Terms of the deal were not disclosed. The source added that Wikia also secured a licensing deal with Gracenote, a wholly owned subsidiary of Sony Corporation of America that maintains and licenses an Internet-accessible database containing information about the contents of audio compact discs and vinyl records.

Music Streamer Deezer Raises \$9.6 Million Second Round

Paidcontent.org reported that Deezer, the Paris-based music streaming and discovery service, has raised €6.5 million in funding, backed by AGF Private Equity and CM-CIC Capital Privé. This second round of fundraising brings the company's total funding to €12.2 million since

its creation in August 2007. With this funding, Deezer announced the creation of a parent company, Odyssey Music Group (OMG). Deezer stated that it will use OMG to "support production activities and some technological developments," particularly those dealing with the mobile arena.

Shazam Gets Funding, Counts 50 Million Users

Dmwmedia.com reported that Shazam Entertainment, a provider of music recognition technology, announced that it has raised an undisclosed sum of new funding from venture capital firm Kleiner Perkins Caufield and Byers' iFund. Shazam said it now has more than 50 million users of its Shazam application, which has been downloaded more than 10 million times from Apple's App Store, and is also available on BlackBerry App World, Nokia's Ovi Store and Google's Android Market. According to the source, Shazam will use the funds to expand accessibility of its service around the world, adding new mobile platforms and multiple languages.

EXECUTIVES IN THE NEWS

Claudio Ferrante Exits Italian Indie Carosello

Billboard.biz reported that Claudio Ferrante has resigned as GM of the Milan-based indie label Carosello Records, after 11 years in the job. His resignation becomes effective at the end of this month and he will be replaced by company's current head of promotion and marketing, Dario Giovannini. Mr. Ferrante leaves in order to become managing director of Log Service Europe, which is considered Italy's largest home entertainment distribution company. It supplies both film and musical products and has relationships with several major labels.



GENERAL NEWS

News Corp. Shuts Down Fox Reality

Variety.com reported that News Corp. announced the impending shutdown of the Fox Reality Channel. The company said that the move is a strategic decision to shift some resources and refocus on emerging channels. The network said it will cease operations by March 31, and News Corp. is yet to announce what will replace the network, now available in almost 50 million households. According to the source, a complete rebranding of the channel may take place, which may include a new partner outside the Fox Cable Networks group.

ZillionTV Cuts Staff

Multichannel.com reported that startup company ZillionTV, the Internet-to-TV service backed by The Walt Disney Company, 20th Century Fox Television, NBC Universal, Sony and Warner Bros., has reportedly laid off almost one-third of its 100-member work force. ZillionTV senior vice president of global marketing Liz Davidoff said the company decided to realign its resources as part of a shift in its overall business model. Last month the company announced it was delaying its commercial launch until the second half of 2010 and also said it was embarking on a direct-to-consumer service to supplement its telecommunications-oriented distribution strategy.

TRANSACTIONS

ITV to Launch £120 Million Bond Issue

Wsj.com reported that U.K. commercial broadcaster ITV PLC, which has seen its profits decline due to the downturn in advertising, said it will issue £120 million of convertible bonds, due in 2016. According to the source, the move will help extend the company's debt maturity and increase balance sheet efficiency.

Banijay Entertainment Acquires Nordisk Film TV

French television production company Banijay Entertainment announced that it has acquired Scandinavian production company Nordisk Film TV, the television production division of Nordisk Film, owned by multinational media group Egmont. The deal also includes the company's international distribution arm, Nordisk Film TV World, as well as part-owned subsidiaries Respirator Media & Development (Denmark) and Solar Television (Finland). Terms of the deal were not disclosed.

EXECUTIVES IN THE NEWS

Warner Bros. Television Group Names Dave Dickman SVP Digital Media Sales

Warner Bros. Entertainment (WBE) has named Dave Dickman as Senior Vice President, Digital Media Sales, at Warner Bros. Television Group (WBTVG). Mr. Dickman most recently served as Head of Sales for the Western/Midwest Region at Yahoo Inc. In his new position at WBTVG, Mr. Dickman will lead the Studio's domestic digital media sales efforts, and will be responsible for generating revenue from WBE's portfolio of advertiser-supported digital assets and ventures. He will also be in charge of developing and presenting integrated marketing and branded entertainment opportunities to key advertisers across all projects. Mr. Dickman will report to Brett Bouttier, Senior Vice President, Digital, WBTVG.

Kathy Kayse Hired as EVP of Advertising Sales for Oprah's OWN Channel

Broadcastingcable.com reported that Kathleen Kayse has been hired as the new executive vice president of advertising sales at Oprah Winfrey's cable channel, OWN, which is backed by Oprah Winfrey and Discovery Communications. Ms. Kayse was previously head of digital media sales at Discovery. She will report to both Joe Abruzzese, president advertising sales at Discovery Communications, and Christina Norman, president of OWN. In her new position, Ms. Kayse will be responsible for overseeing advertising sales at both the network and the Oprah.com Web site. Prior to joining Discovery, Ms. Kayse worked for Time Warner as marketing solutions head for AOL's Platform-A.

Greg Scholl Named NBC Local Media Platforms President

Broadcastingcable.com reported that Greg Scholl, formerly president and CEO of digital media company The Orchard, has been named president of local media platforms at NBC Universal's local media division. He will report to John Wallace, president of NBC Local Media. According to the source, in his new position, Mr. Scholl will work to evolve and grow NBC Local Media's business, which includes TV stations, local Web sites, and NBC Everywhere, a portfolio of digital out-of-home networks.



GENERAL NEWS

Philadelphia Gets First FM Sports Station

Fmqb.com reported that Greater Media Inc. has brought Philadelphia its first FM sports station with 97.5 FM "The Fanatic," powered by ESPN. Greater Media had already been broadcasting ESPN Radio on 950 AM, and now it is simulcasting on the 97.5 FM frequency.

Volvo Makes HD Radio Standard Across All Vehicles

Fmqb.com reported that Volvo Cars of North America announced it is the first automaker to offer HD Radio technology as a standard feature across its entire product line.

Renda Reaches Contract Extension With Marketron

Radio-online.com reported that Renda Broadcasting reached a contract extension with Marketron to continue using its software to manage Renda's advertising inventory across its entire radio group. The source reported that, in addition to Marketron's business system software, Renda outlets will utilize the new Marketron Exchange e-commerce platform.

RTNDA Becomes RTDNA

Radioink.com reported that the Radio Television News Directors Association (RTNDA) has changed its name to the Radio Television Digital News Association (RTDNA). RTDNA Chairman Stacey Woelfel announced the change, stating that the previous name implied that the company might not have services, information or importance to anyone who is not a news director. According to Ms. Woelfel, the new name implies a broader range of business activities and suggests that it is also for all electronic journalists.

EXECUTIVES IN THE NEWS

Bob Visotcky Exits KJLL (Jill FM)/Los Angeles as GM

Radio-online.com reported that Bob Visotcky has exited as General Manager of AC KJLL-FM (92.7 Jill FM)/Los Angeles. He will be replaced by Tom Hoyt, who spent several years with CBS Radio's Country KFRG-FM (95.1 K-Frog) in Riverside-San Bernadino. Mr. Visotcky previously served as VP/GM of Spanish Broadcasting System's stations in Los Angeles and as Cluster VP of AMFM (now Clear Channel).

R.W. Smith Joins KJJY/Des Moines as Program Director

Radio-online.com reported that Citadel/Des Moines has hired R.W. Smith as Program Director of Country KJJY-FM. He replaces Andy Elliot, who remains as PD/mornings at co-owned Country KHKI-FM. Mr. Smith most recently served as PD of Country KCYE-FM (Coyote Country)/Las Vegas.

LEGAL/REGULATORY

Senate Judiciary Committee Approves Performance Rights Act

Radioink.com reported that the Senate Finance Committee has voted to approve the Performance Rights Act (PRA) to impose performance royalties on broadcast radio. The bill, which would grant royalties to copyright owners and artists, was introduced by Finance Committee Chair Patrick Leahy (D-VT). The House version of the PRA has been approved by the House Judiciary Committee. However, according to the source, no votes have been scheduled in the full House or Senate, and the PRA is still a long way from becoming law. The source added that the Local Radio Freedom Act (LRFA), a resolution opposing performance royalties for broadcast radio on principle, has been gaining support. The LRFA has long had the support of the majority of the House, and more than two dozen senators have signed on. The National Association of Broadcasters is also fighting against the PRA, on the grounds of radio's considerable promotional value to record labels and artists, and on the grounds that it could be devastating to an industry that is already struggling financially. A number of civil rights groups, including the Minority Media and Telecommunications Council and the Spanish Radio Association, recently wrote to Mr. Leahy to oppose the bill, saying it could put as many as one-third of minority broadcasters into bankruptcy.



GENERAL NEWS

New York Times Co. Decides Not to Sell Boston Globe

Bloomberg.com reported that the New York Times Co. (NYT) ended efforts to sell the *Boston Globe*, saying the newspaper is headed for a more secure financial future after union concessions. NYT had sought to sell the *Globe* along with the rest of its New England Media Group. NYT Chief Executive Officer Janet Robinson said that a sale was no longer a financial imperative after the company implemented cost reductions, although it remained an option. The newspaper has cut jobs, wages and benefits, and trimmed sections as advertising sales decline. The source added that the process is still under way for NYT to sell its holding in New England Sports Ventures, which has a minority stake in the Boston Red Sox baseball team.

***The Wall Street Journal* Reports Increase in Circulation**

Editorandpublisher.com reported that *The Wall Street Journal* announced that its daily circulation increased for the six months ending September 2009 by 0.6% to 2,024,269 copies. Individually paid circulation for the period advanced, up 0.8% to 1,437,853 copies. In addition, the paper said circulation revenue is up 10.1% year-over-year. According to the source, with the major circulation declines at *USA Today* this year, *The Wall Street Journal* is now the top-circulating U.S. daily.

TRANSACTIONS

Bloomberg to Buy *BusinessWeek*

Wsj.com reported that McGraw-Hill Cos. agreed to sell *BusinessWeek* to Bloomberg L.P. Terms of the deal were not disclosed, however, *BusinessWeek* reported that knowledgeable sources say that Bloomberg's cash offer is in the range of \$2 million to \$5 million and that it has agreed to assume liabilities, including potential severance payments. According to Wsj.com, the sale underscores how the shift of readers from traditional news outlets to the Web and a profound advertising downturn are causing longstanding media owners, such as McGraw-Hill and Condé Nast Publications Inc., to close print titles or eliminate investments in traditional publications to redeploy resources elsewhere. The source added that for McGraw-Hill, the sale further shifts the company away from advertising-dependent media businesses and toward its information and data businesses, including textbook publishing, credit-ratings agency Standard & Poor's and investment indexes.

Thomson Reuters to Buy Breakingviews

Thomson Reuters announced that it has made a formal offer to acquire global financial insight commentary business Breakingviews. Terms of the offer were not disclosed, but Paidcontent.org reported that sources have

told it that the offer is valued at about \$18 million, mostly in cash. According to the company, the transaction is expected to be completed within eight weeks. Thomson Reuters stated that Breakingviews will be managed by the Reuters news organization and will further enhance and build upon Reuters own growing global commentary service. The combined Reuters Breakingviews commentary service will be made available to Thomson Reuters premium desktop clients immediately following the closing of the transaction, said the report.

OPERATING/MARKET PERFORMANCE

The McClatchy Company Announces Third Quarter 2009 Financial Results

The McClatchy Company reported financial results for its third quarter ended September 27, 2009. The company reported revenue for the third quarter of 2009 of \$347.4 million, compared to \$451.6 million in 2008. The company attributed the decline in revenue to a 28.1% decline in overall advertising. The company also reported net income of \$23.6 million for the third quarter of 2009, compared to net income of \$4.2 million for the third quarter of 2008. The company reported that its third quarter 2009 net profit was boosted by several unusual items, which included a 15% workforce reduction, a freezing of pension plans, a suspension of company matching contributions to its 401(k) plan in March, an execution of a private debt exchange, and the sale of its stake in the SP Newsprint Co.

LEGAL/REGULATORY

***Los Angeles Times* Monthly Magazine Names New Editor**

Editorandpublisher.com reported that the Los Angeles Times Media Group announced that Nancie Clare has been named editor of *LA*, the *Los Angeles Times*' monthly Sunday magazine. Ms. Clare, an original member of *LA*'s launch team, first served as deputy editor and in January of this year became executive editor. She will now oversee all of the magazine's content and creative direction, and will work alongside publisher Steve Gellman.



GENERAL NEWS

Sony Launches PS3 Compatible Aino Mobile Handset

Gamesindustry.biz reported that Sony Ericsson's Aino, the company's first PlayStation 3 compatible mobile phone handset, has been released in the U.K. Announced earlier this year, the phone offers Remote Play functionality and works like the PlayStation Portable to let users access and control their PlayStation 3 on the go via a local network or wi-fi spot. The handset retails at GBP 399.99 without a contract, with Orange acting as the only contract provider currently. The source added that the phone allows users to browse and control the XMB interface, access DRM free media saved on the hard drive and sign into the PS3 network. Users of PlayTV will also be able to watch and record live television from the handset.

Wii Fit Nears 8 Million U.S. Sales, Wii Play Exceeds 11 Million

Gamasutra.com reported that, according to data cited by consumer site IGN, *Wii Play* is the single best-selling console SKU since 2000, with more than 11.1 million units sold in the U.S. through August of this year, and topping second-place title, *Grand Theft Auto: San Andreas*, which has sold 8.25 million. Also revealed was that the exercise-encouraging *Wii Fit* is nearing *San Andreas* in sales with 7.9 million units, having already surpassed *Grand Theft Auto: Vice City*'s 6.9 million units

Crytek Opens CryEngine 3 Licensing to Developers

Gamasutra.com reported that the third major release of Crytek's CryEngine development platform, the company's first natively multiplatform version of the engine, has officially launched and is now available to licensees. In addition to supporting DirectX 9 and 10 for PC, as well as the Xbox 360 and PlayStation 3 consoles, Crytek claims CryEngine 3 is the first "next-gen-ready" development engine, meaning it has been designed to scale up to the forthcoming game platforms. Along with the move to multiplatform support, CryEngine 3 includes the ability to output real-time gameplay from a single development PC to a gaming PC, Xbox 360, and PlayStation 3 simultaneously, to better allow for platform-specific optimization and comparison of assets. Crytek has said it will develop its upcoming shooter *Crysis 2* with the new engine.

Digital Domain Opening Florida-Based, Game-Focused Studio

Gamasutra.com reported that California-based special effects and animation firm Digital Domain is expanding with a new Florida studio planning to specialize in video game and animation work. According to the company, the 150,000-square-foot facility is being funded by nearly \$100 million in investment and grants with a third of that sum coming from local and state government in an effort to stimulate industry growth in Florida. The new studio plans to employ more than 500 employees by the end of 2013.

OPERATING/MARKET PERFORMANCE

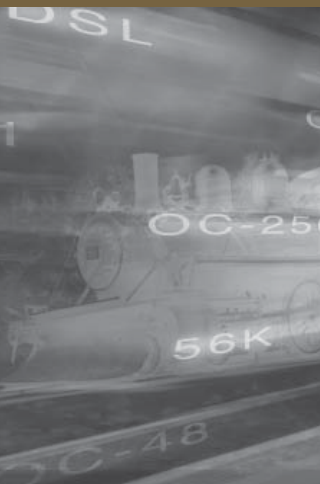
SouthPeak Interactive Corporation Announces Fiscal Year End 2009 Financial Results

Video game publisher SouthPeak Interactive Corporation reported financial results for its fiscal year ended June 30, 2009. The company reported revenue for the fiscal year 2009 of \$47.4 million, compared to \$40.2 million in 2008. The company attributed the increase in revenue to a year-over-year increase in videogame sales of over one million. The company also reported a net loss of \$12.1 million for the fiscal year 2009, compared to net income of \$1.5 million for the second quarter of 2008. According to the company, the results include approximately \$3.9 million of non-cash charges relating to write-downs, approximately \$740,000 of stock-based compensation expense, \$1.6 million of expenses relating to the company's Gamecock acquisition and its reverse acquisition with Global Services, and approximately \$4.0 million in marketing expenses.

LEGAL/REGULATORY

Nintendo and Capcom to Take Legal Action Against R4 Sellers

Gamesindustry.biz reported that a lawsuit has been filed by Capcom, Nintendo and 53 other DS software manufacturers against four companies importing and selling R4 Revolution for DS devices. Filed with the Tokyo District Court, the companies are seeking an injunction to prevent distribution of the piracy enabling devices, and compensation for their losses as well. In February, the court ruled in favor of the game companies and made it illegal to import and sell the R4. However, in an official statement, Capcom said there had been no sign of their disappearance from the market. Despite repeated warnings requesting their discontinuation, the publisher noted that in many cases vendors were ignoring requests, forcing the renewed legal action.



GENERAL NEWS

Microsoft Plans Retail Stores

Wsj.com reported that Microsoft Corp. is planning to open retail stores. The first store will be in Scottsdale, Arizona, which the company said it is planning to open in conjunction with its release of its new Windows 7 operating system. Microsoft also expects to open a second store in Mission Viejo, California, with plans to slowly open more if the first ones are successful. According to the source, the stores will showcase all Microsoft products, including laptops running Windows 7, mobile phones running Microsoft software and Xbox 360 game consoles.

Time Inc's Health.com Partners With RightHealth on Ads, Content

Paidcontent.org reported that Health.com, Time Inc.'s health and wellness site, has reached a strategic partnership with Kosmix's RightHealth.com to combine their properties under Health.com Integrated Solutions. John L. Brown, president of Time Inc's Health franchise, said that the arrangement will focus on marketing and sales, as well as content. He cited RightHealth's technology and social media tools as the foundation of the alliance. The source added that the deal's path was paved after Kosmix raised a \$20 million fourth round funding led by Time Warner Investments last December.

TRANSACTIONS

Ooyala Raises \$10 Million in Third Round for Online Video Platform

Paidcontent.org reported that online video platform startup Ooyala has raised \$10 million in a third round of funding, which the company says it will use to fund "aggressive growth." New investor Rembrandt Venture Partners led the round; existing investors, including Sierra Ventures, also participated. According to the source, businesses use Ooyala's Backlot platform to publish and monetize their online videos. Customers include Warner Brothers, Wenner Media, and Electronic Arts. The company, which was founded by three former Google employees in 2007, indicated it will have now raised \$20 million since its inception.

Video Webcast Platform Vivu Raises \$3 Million First Round

ViVu, Inc., a startup that offers webcast production and management services, announced that it has raised a Series A round of financing led by Inventus Capital Partners, and with participation from Draper Fisher Jurvetson, Quest Ventures and serial entrepreneur Bill Carrico. According to the company, the \$3 million cash infusion will enable the company to bring its video service to market, which includes business development and product marketing efforts. ViVu's Java- and Flash-based platform allows people to create and attend Web-based seminars on PCs, Macs and even mobile phones.

Transactiv Secures \$1.2 Million in Series A Venture Funding

Transactiv, an Ohio-based startup that is developing a new transactional platform for online commerce, announced that it has closed a \$1.2 million Series A round of financing with Blue Chip Venture Capital, CincyTech, Neyer Holdings, Queen City Angels, and supporting participation from Cincinnati's most prominent private investors. According to the company, the capital will be used to fund the company's development of its next-generation commerce platform, intellectual property portfolio, and technology leadership.

Technorati Raises \$2 Million in Venture Capital

Techcrunch.com reported that blog search engine Technorati has raised \$2 million in a new round of financing from existing investors, including Draper Fisher Jurvetson and Mobius Venture Capital. According to the company, this is an extension of their Series D round from June 2008, where they raised \$7.5 million at a roughly \$35 million valuation. The source reported that the company has raised a total of just over \$32 million to date.

SubHub Lands Equity Funding to Boost its Paid Content Platform

Paidcontent.org reported that SubHub, a platform whose system helps niche publishers sell subscription content online, has secured first-round venture funding. The source reported that the round, of an undisclosed amount, was led by Finance Wales and brings the company's total investment to \$1.2 million since forming in 2004.



GENERAL NEWS

Rush Limbaugh Dropped From Bid to Acquire Rams

Reuters.com reported that controversial conservative talk show host Rush Limbaugh has been dropped from a group, led by St. Louis Blues Chairman Dave Checketts, trying to buy the St. Louis Rams. The move comes after several NFL players objected and NFL Commissioner Roger Goodell weighed in against Mr. Limbaugh's "divisive comments." Mr. Checketts said that he decided to drop Mr. Limbaugh from the group because his involvement had become a complication and a distraction from its intentions.

Losses May Be Vast, NBA Tells Union

Sportsbusinessjournal.com reported that the NBA has told the National Basketball Players Association (NBPA) that owners will lose "hundreds of millions of dollars" over the course of the current labor deal, based on the last four years of the deal combined with projections of declines in revenue for the next two years. The NBA's statements were based, at least in part, on projections of what will happen in the future, and NBPA Executive Director Billy Hunter noted that last year the league projected revenue declines and ended up with a 2% revenue gain for the most recent season. Mr. Hunter added that some NBA projections were based on a worst-case scenario for the economy and noted that some experts are saying the economy could turn around.

Al Jazeera Sport Awarded Rights for Euro 2012 and 2016

Sportbusiness.com reported that the Union of European Football Associations (UEFA) announced that it awarded the Euro 2012 and 2016 media rights in the Middle East and North Africa to pan-regional pay-broadcaster Al Jazeera Sport, its long-term partner for national team competitions in the region. Under the terms of the agreement, Al Jazeera Sport will show extensive live coverage on its pay platform and delayed coverage on its free-to-air sports channel. Al Jazeera Sport also has internet and mobile rights for all matches. According to the source, Al Jazeera Sport has been broadcasting the tournament since 2004 and also has the rights for the UEFA Champions League and UEFA Europa League for the period from 2009 to 2012.

New York Islanders to Benefit From \$3.8 Billion Arena Development

Sportbusiness.com reported that NHL team the New York Islanders and the government of Nassau County have agreed a deal to modernize the team's arena, Veterans Memorial Coliseum, as part of a \$3.8 billion project that will include building a hotel, offices and a convention centre. Nassau County Executive Tom Suozzi said no taxpayer money would be used to build the facility. The

deal will keep the team in Nassau County, which lies east of New York City, until July 31, 2030. According to the source, the project will generate about 75,000 construction jobs over the eight to 10 years, and eventually create about 19,000 permanent jobs.

MLS Seeks Ties With European Teams

Sportbusiness.com reported that Major League Soccer (MLS) commissioner Don Garber has said that the American league is meeting with a host of European teams about investments, player development deals and exhibition tours. He also said the league would continue to seek to bring in players such as David Beckham, who he said he hoped, would stay in the MLS and even buy a team. Mr. Garber added that the MLS is also hoping to eventually introduce a system of relegation and promotion, although the league is currently too young and financially fragile to do so.

EXECUTIVES IN THE NEWS

Harvey Schiller to Depart as Head of IBAF

Sportsbusinessjournal.com reported that Harvey Schiller plans to leave his post as president of the International Baseball Federation (IBAF) at the end of the year. A former director of the U.S. Olympic Committee, Schiller was elected to a two-year term as federation president in 2007. He will not pursue re-election to the position in December when the federation holds a vote. Mr. Schiller said he is stepping aside to spend more time with his family and his business as CEO of Global-Options Group, a risk-management company based in New York. The source reported that his name also has been linked to a group interested in buying the Texas Rangers from Tom Hicks.

The USOC Appoints Patrick Sandusky as CCO

Sportbusiness.com reported that the United States Olympic Committee appointed Patrick Sandusky as its Chief Communications Officer. Mr. Sandusky is the former spokesperson and Vice President of Communications for the Chicago 2016 Olympic bid. He begins in the position at the end of October and will report directly to acting CEO Stephanie Streeter. Prior to his time with Chicago 2016, Mr. Sandusky was vice president of public relations and public affairs consultancy Hill & Knowlton (H&K)'s sports marketing practice.



**HOULIHAN LOKEY
PUBLICATIONS**

Houlihan Lokey Financial Advisors

Index Components: **Diversified Media:** News Corp., Time Warner Inc., Viacom Inc., Walt Disney Co., and CBS Corp. **Film & TV:** Dreamworks Animations SKG Inc., Lions Gate Entertainment Inc., RHI Entertainment Inc. and Marvel Entertainment Inc. **Music:** Chrysalis PLC and Warner Music Group Corp. **Cable Networks:** Crown Media Holdings Inc., Discovery Communications Inc. and Outdoor Channel Holdings Inc.. **TV Broadcasting:** Acme Communications Inc., Belo Corp., Entravision Communications Corp., Gray Television Inc., LIN TV Corp., Media General Inc., Nexstar Broadcasting Group Inc., Sinclair Broadcast Group Inc. **Radio Broadcasting:** Beasley, Broadcast Group Inc., Canada Land Ltd., Cumulus Media Inc., Emmis Comm., Entercom Communications Corp., Entercom Communications Corp., Radio One Inc., Regent Communications Inc., Saga Communications Inc., Salem Communications Corp., Spanish Broadcasting System Inc., and Westwood One Inc.. **Satellite Radio:** Sirius XM Radio Inc.. **Outdoor:** Clear Channel Outdoor Holdings Inc., JCDecaux SA, and Lamar Advertising Co. **Newspaper Publishing:** The E.W. Scripps Co., Gannett Co. Inc., Gatehouse Media Inc., Journal Communications Inc., Lee Enterprises Inc., The McClatchy Co., The New York Times Co., and Washington Post Co.. **Magazine Publishing:** Martha Stewart Living Omnimedia Inc., Meredith Corp., Playboy Enterprises Inc., and Primedia Inc.. **Interactive Entertainment:** Activision Blizzard Inc., Electronic Arts Inc., Midway Games Inc., NCSoft, Nintendo Co. Ltd., Square Enix Holdings Co. Ltd., Take-Two Interactive Software Inc., THQ Inc., and UBI Soft Entertainment Inc. **Digital Media:** Amazon.com Inc., E-Bay Inc., Google Inc., IAC/Interactive Corp., RealNetworks Inc., and Yahoo Inc.

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 the price to earnings ratio. The 1-week sector change is the change in value of the aggregate market capitalizations from the previous Thursday's close to this Thursday's 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. NFY multiples are based on First Call estimates.

© 2009 Houlihan Lokey Howard & Zukin Financial Advisors, Inc. ("HL Financial Advisors"). All rights reserved.

This report was prepared by HL Financial Advisors, a California corporation and a registered investment advisor, which provides investment advisory, fairness opinion, solvency opinion, valuation opinion, restructuring advisory and portfolio management services.

HL Financial Advisors is a subsidiary of Houlihan, Lokey, Howard & Zukin, Inc. which operates under the trade name Houlihan Lokey. Other subsidiaries of Houlihan Lokey Howard & Zukin include: Houlihan Lokey Howard & Zukin Capital, Inc. ("HL Capital"), a registered broker-dealer and FINRA and SIPC member firm, which provides investment banking, private placement, merger, acquisition and divestiture services; and Houlihan Lokey Howard & Zukin (Europe) Limited, a company incorporated in England which is authorized and regulated by the U.K. Financial Services Authority and Houlihan Lokey Howard & Zukin (China) Limited, a company incorporated in Hong Kong SAR which is licensed in Hong Kong by the Securities and Futures Commission, which provide investment banking, restructuring advisory, merger, acquisition and divestiture services, valuation opinion and private placement services and which may direct this communication within the European Economic Area and Hong Kong, respectively, to intended recipients including professional investors, high net worth companies or other institutional investors.

As noted above, HL Financial Advisors is affiliated with HL Capital, a registered broker-dealer. HL Capital may act as investment banker to specific issuers in the industry sector described in this newsletter by providing merger, acquisition, divestiture and private placement services. The preparation of this newsletter, and the information expressed herein, is solely the product of Jordan Zelik of HL Financial Advisors. Mr. Zelik of HL Financial Advisors was primarily responsible for the preparation of this newsletter and certifies that this newsletter accurately reflects his work and views expressed, if any, on the matters addressed in this newsletter. No part of Mr. Zelik's compensation was, is or will be (directly or indirectly) specifically conditioned on expressing a particular view or conclusion in this newsletter. Notwithstanding the foregoing, Mr. Zelik, like all Houlihan Lokey employees, receives compensation that is affected by overall firm profitability.

HL Financial Advisors gathers its data from sources it considers reliable; however, it does not guarantee the accuracy or completeness of the information provided within this publication. The material presented reflects information known to the authors at the time this publication was written, and this information is subject to change. HL Financial Advisors makes no representations or warranties, expressed or implied, regarding the accuracy of this material. Officers, directors and partners in the Houlihan Lokey group of companies may have positions in the securities of the companies discussed. This publication does not constitute advice or a recommendation, offer or solicitation with respect to the securities of any company discussed herein, is not intended to provide information upon which to base an investment decision, and should not be construed as such. Houlihan Lokey or its affiliates may from time to time provide investment banking or related services to these companies. Like all Houlihan Lokey employees, the authors of this publication receive compensation that is affected by overall firm profitability.

Information, opinions and estimates reflect HL Financial Advisors' judgment as of the date of publication and are subject to change without notice. HL Financial Advisors undertakes no obligation to notify any recipient of this report of any such change.

This report is not directed to, or intended for distribution to, any person in any jurisdiction where such distribution would be contrary to law or regulation, or which would subject HL Financial Advisors and/or its affiliates to licensing or registration requirements in such jurisdiction.

This weekly publication mentions a number of companies; however, none of these companies is the subject of this publication. The companies mentioned may include HL Financial Advisors financial restructuring and other financial advisory clients, as well as companies involved in transactions where HL Financial Advisors has provided these services to other participants in the transactions.

Privacy Policy: We restrict access to your nonpublic personal information in accordance with the privacy policy located on our Web site (www.HL.com). Please contact us at publications@HL.com if you would like to remove your name from further mailings.

Any public companies chosen for the HL Financial Advisors indices are companies commonly used for industry information to show performance within a sector. They do not include all public companies that could be categorized within the sector and were not created as benchmarks; they do not imply benchmarking and do not constitute recommendations for a particular security and/or sector. The charts and graphs used in this report have been compiled by HL Financial Advisors solely for purposes of illustration. All charts are current as of the date of issuance of this report.



HOULIHAN LOKEY PUBLICATIONS

Houlihan Lokey Financial Advisors

WALL ST

www.HL.com

U.S.	EUROPE	CHINA	HONG KONG	JAPAN			
800.788.5300	+44.20.7839.3355	+86.10.8588.2300	+852.3551.2300	+81.3.4577.6000			
Los Angeles	New York London	Chicago Paris	San Francisco Frankfurt	Minneapolis Hong Kong	Washington, D.C. Tokyo	Dallas	Atlanta Beijing