

*Joint Presentation of the
ABI Financial Advisors Committee
and
ABI Telecommunications & Technology Committee*

Media Workouts
"Stay Tuned - News at 11"



Media Workouts
Stay Tuned; News at 11

Panel Moderator

- Jerry Shapiro, BDO Consulting

Panelists

- Steven Cramer - Imperial Capital
- Bennett Ross - Wiley Rein
- Paul Possinger - Proskauer
- Charles Goldstein - Protiviti

Media Trends Overview

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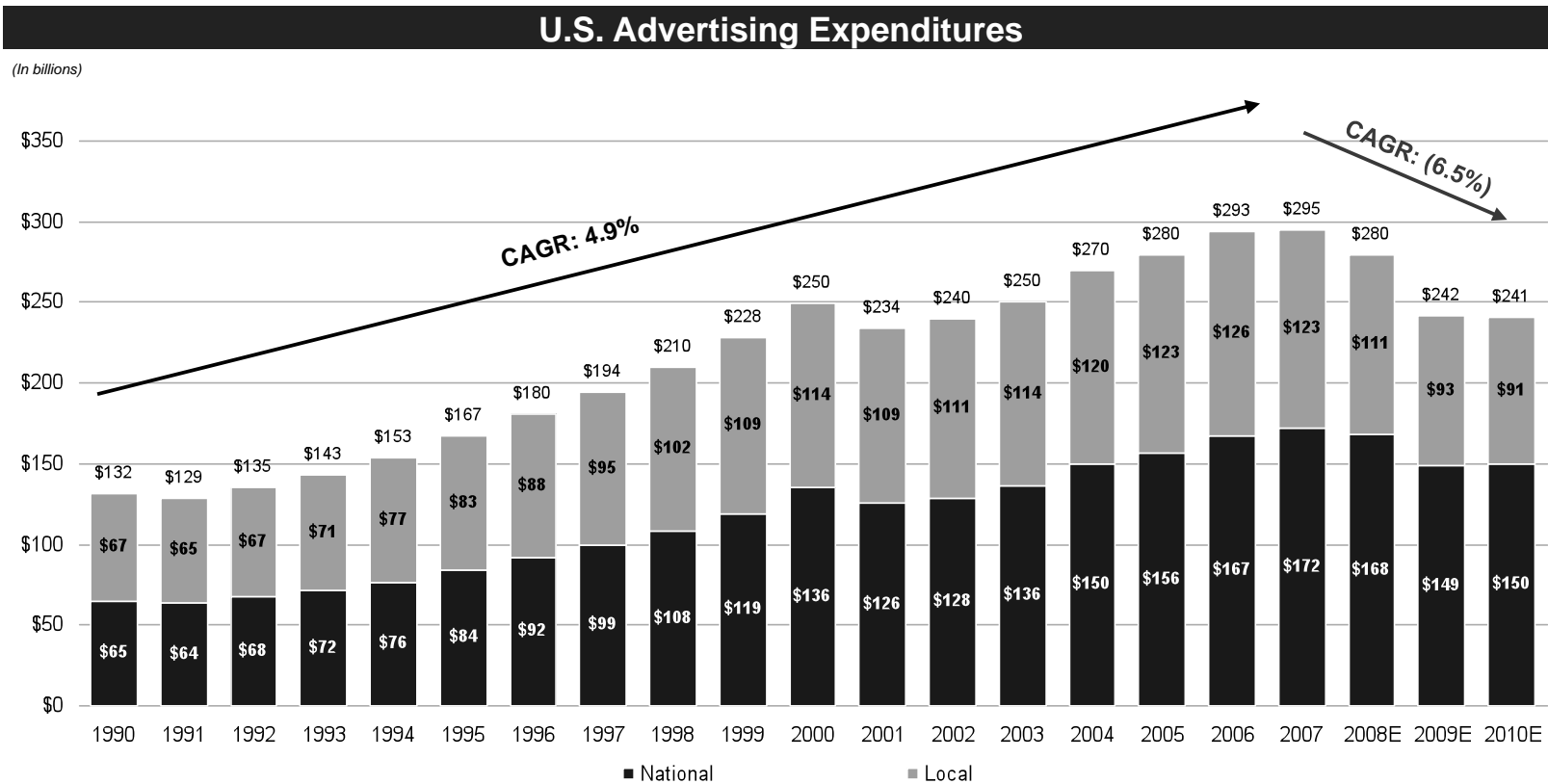
- The traditional media industry, broadly defined as broadcasting (TV and radio) and publishing (newspapers, B2C and B2B), is currently undergoing one of, if not the most challenging periods on record
- Shifts in technology and consumption habits, coupled with the global financial crisis have led to an industry-wide shakeout which is impacting every segment of the business
 - Wider adoption of broadband internet service and advancements in the development of mobile consumer communications technologies (iPhone, BlackBerry, Wi-Fi, etc.) are necessitating effective online business models
 - Consumers are becoming accustomed to accessing video and online content through new mediums
 - As consumption habits continue to change and consumers utilize multi-platform channels, traditional advertising is losing its effectiveness – challenging companies to find other avenues of income generation
 - It is no longer sufficient for a TV / radio station, network, newspaper, or magazine to only offer its traditional format, rather, to maintain and grow its customer base, companies now need to utilize effective technological solutions to provide multi-platform distribution and value-add services
- The economic and financial crisis and the resulting impact on consumer spending and sentiment has deeply impacted the advertising market which declined 5.1% in 2008 and is projected to decline a further 13.5% in 2009
- The buy-out, roll-up, and recapitalization boom of recent years has left many media companies over-leveraged and cash flow constrained, hindering the ability to invest in new technology and distribution while being battered by the sharp decline in advertising revenue
- The market's perception of leverage and relative value has fundamentally changed, dramatically impacting values across the capital structure

Media Trends Overview

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U.S. Advertising Expenditures

- Total U.S. advertising expenditures across all media, including Magazines, Broadcast TV, Cable Network, Internet, Radio, and Newspapers, increased at a compound annual growth rate (“CAGR”) of 4.9% between 1990 and 2007, but are projected to decline 13.5% in 2009 to \$241.9 billion after declining 5.1% in 2008

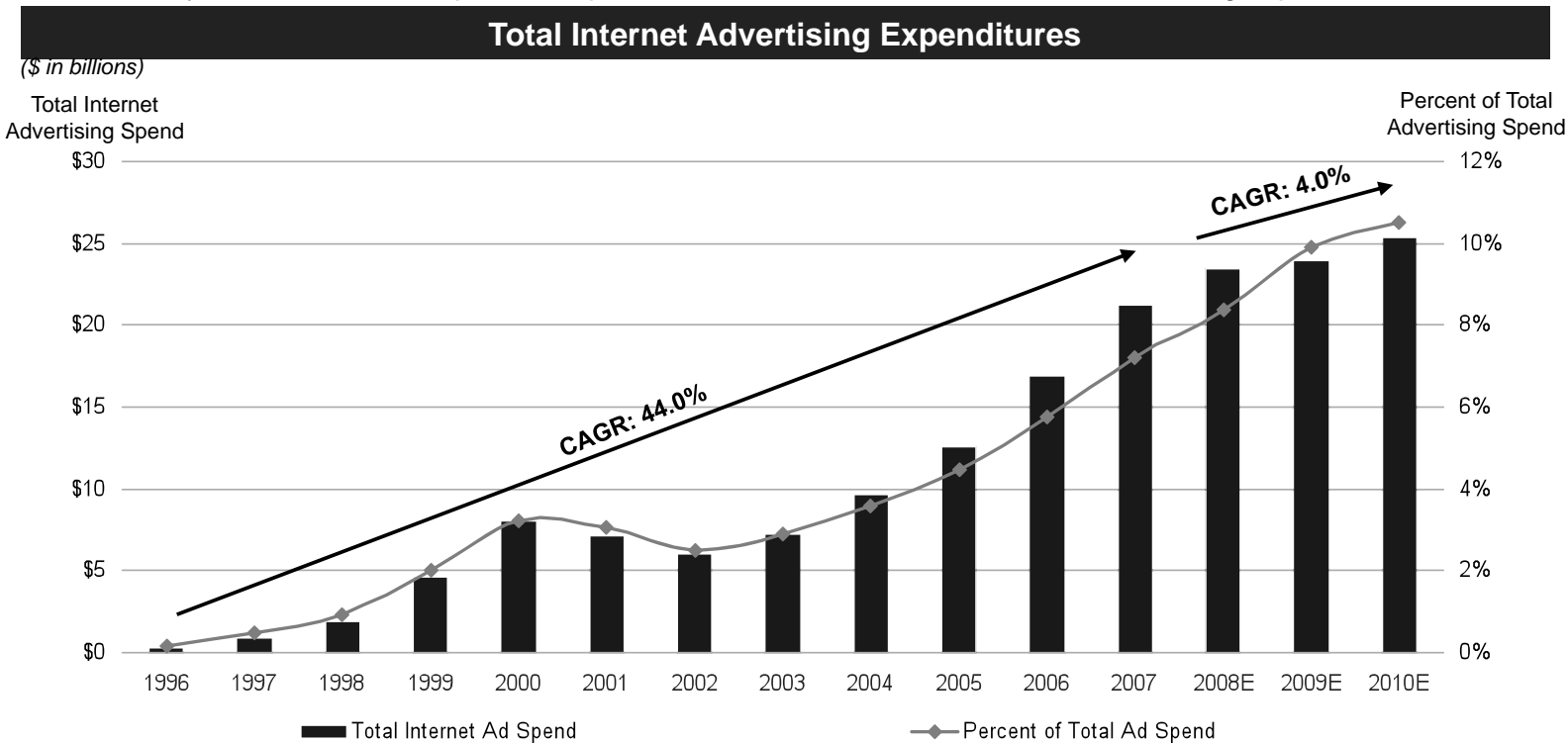


Source: Robert J. Coen, McCann Erickson, Newspaper Association of America, Radio Advertising Bureau, Simba Information, Outdoor Advertising Association of America, and Interactive Advertising Bureau.

Media Trends Overview

U.S. Internet Advertising Expenditures

- Internet advertising spend grew rapidly at a 44.0% CAGR between 1996 and 2007, quickly capturing ad dollars from traditional media
- As a percentage of all media ad spend, including Magazines, Broadcast TV, Cable Network, Internet, Radio, and Newspapers, Internet accounted for 7.2% in 2007
 - By 2010, Internet ad spend is expected to increase to 10.5% of all U.S. advertising expenditures



Source: Robert J. Coen, McCann Erickson, Newspaper Association of America, Radio Advertising Bureau, Simba Information, Outdoor Advertising Association of America, and Interactive Advertising Bureau.

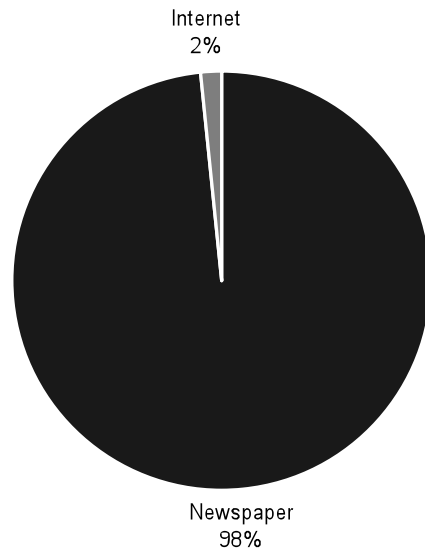
Media Trends Overview

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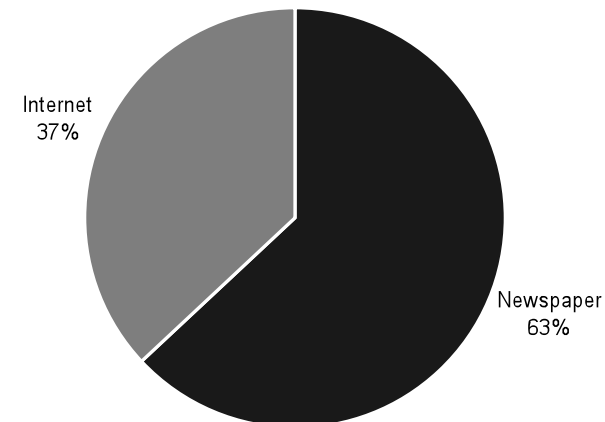
Classified Advertising Market Share

- Market share for *Help Wanted*, *Auto Classifieds* and *Real Estate* advertising has largely shifted from being predominantly found in newspapers to an increasing spend directed toward the Internet
 - *Help Wanted*, *Auto Classifieds* and *Real Estate* advertising account for a majority of classified advertising revenue
 - On a consolidated basis of the three segments, Internet advertising spend is expected to increase to 37% of all classified advertising in 2008
 - Aggregate *Help Wanted*, *Auto Classifieds* and *Real Estate* advertising in the US was \$10.0 billion in 2008, declining 29.7% from the previous year
 - Based on industry research, classified revenue accounted for approximately 25% – 30% of total newspaper advertising revenue during 2008

1998 – US Classified ⁽¹⁾ Advertising Market Share



2008E – US Classified ⁽¹⁾ Advertising Market Share



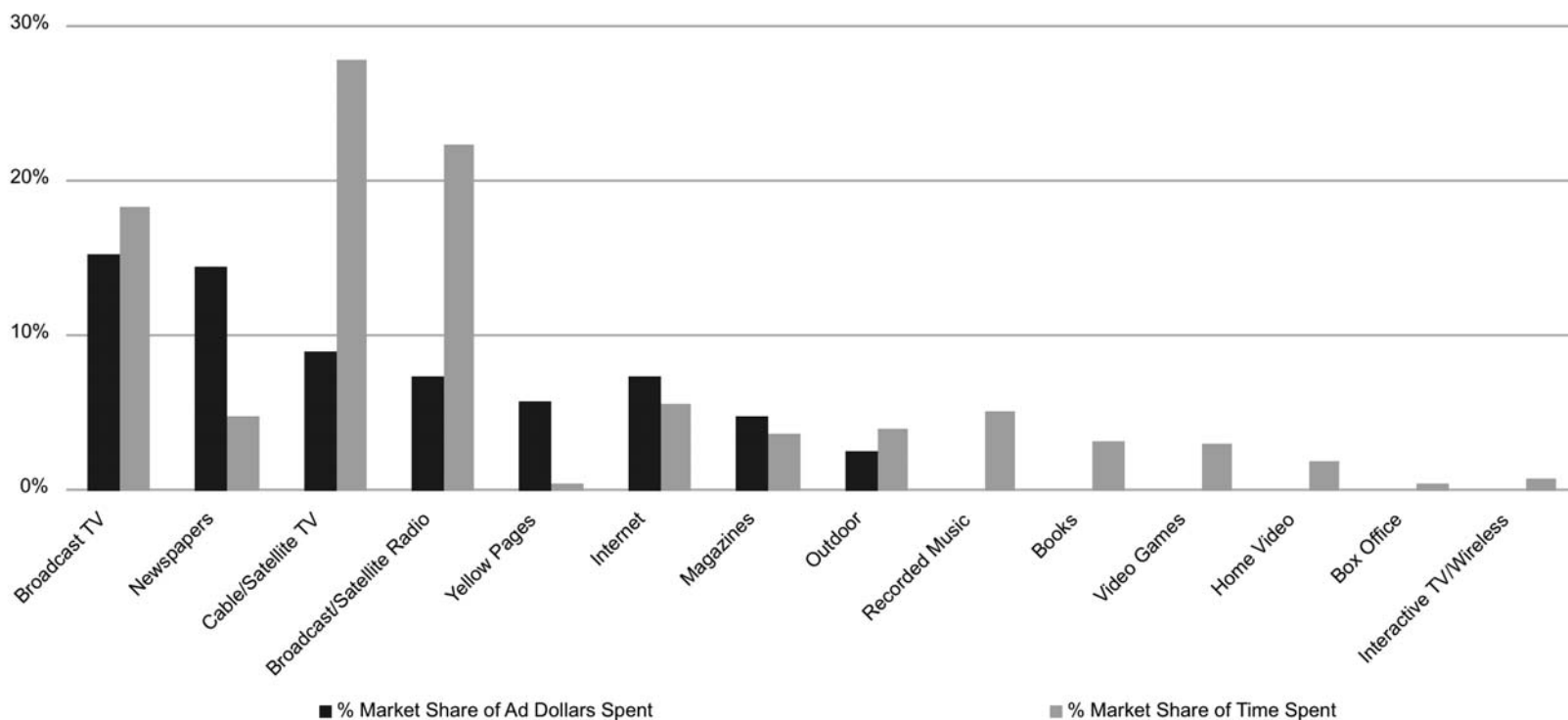
Source: Barclays Capital Research and NAA.

(1) Represents *Help Wanted*, *Auto Classifieds* and *Real Estate* advertising expenditures.

Media Trends Overview

Ad Revenue vs. Time Spent

- As shown below, Broadcast TV captured the highest percentage of ad dollars with 15.1% of total ad dollars spent during 2007
- Newspapers captured 14.3% of total ad revenue, which is three times greater than the amount of time usage it captured



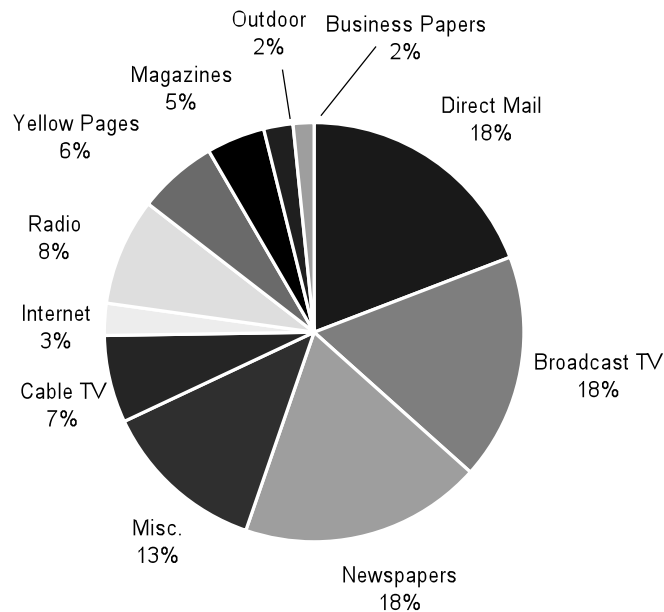
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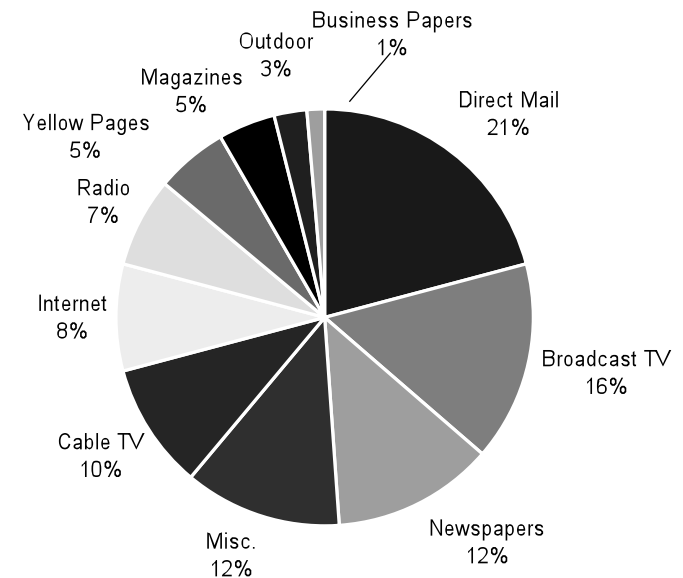
Spend Breakdown

- Advertising mediums are continually escalating in number, increasing the fragmentation of market spend
 - Internet realized the highest absolute growth between 2002 and 2008E, increasing from 2.5% to 8.4% of total expenditures
 - Cable TV and direct mail campaigns also increased their market share between 2002 and 2008E, while the remaining categories realized a decline or remained flat

2002 – Advertising Spend by Media - \$240bn



2008E – Advertising Spend by Media - \$280bn



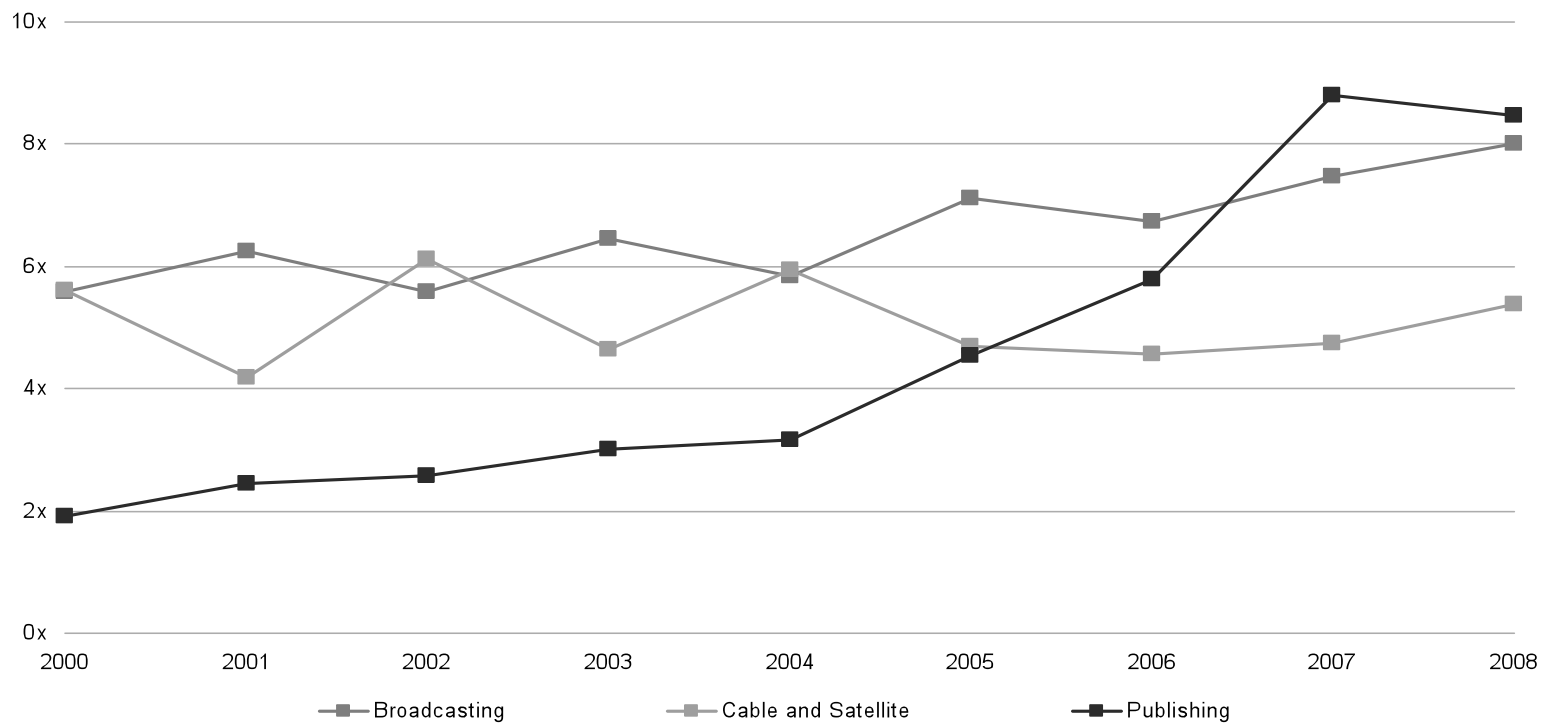
Source: Robert J. Coen, McCann Erickson, Newspaper Association of America, Radio Advertising Bureau, Simba Information, Outdoor Advertising Association of America, and Interactive Advertising Bureau.

Media Trends Overview

Industry Leverage Trends

- The continuing shift in advertising spend from traditional media to the Internet, combined with the depressed economic climate, has resulted in sharp revenue declines that have driven large increases in leverage for most traditional media companies
 - 2008 debt to EBITDA multiples were 8.0x for broadcasting, 5.4x for cable and satellite and 8.4x for publishing

Leverage Multiples ⁽¹⁾



Source: Capital IQ.
(1) Defined as total book value of debt to EBITDA.

Media Trends Overview

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Impact on Valuations

- The secular and cyclical changes, combined with the change in the credit markets, have severely impacted valuations
 - Below is a sampling of the valuation impact based on recent media sales and reorganizations

2006 - 2007 Enterprise Value		Current Enterprise Value
ION Media Networks \$2,581.8	→	ION Media Networks \$380.0
Young Broadcasting \$788.9	→	Young Broadcasting \$220.0
New Vision Television \$450.0	→	New Vision Television \$112.5
American Community Newspapers \$213.9	→	American Community Newspapers \$32.0
Sun-Times Media Group \$213.3	→	Sun-Times Media Group \$25

(\$ in millions)

Source: SNL Kagan, Debtwire, Company Filings, Capital IQ.

Newspapers - General Overview

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- Newspapers depend in large measure on advertising revenue, especially classified advertising
- Newspapers have for years been feeling increasing pressure from competing media, especially the internet, and competition for advertising revenue has been fierce
- Recession that began in Summer 2007 resulted in a significant decline in advertising in general, and newspaper classified advertising in particular
- Trading conditions continue to be difficult
 - Retail forecast for the 4th Quarter is weakened
 - Auto manufacturers and dealers continue to struggle
 - Real estate markets, though showing some positive signs, have not rebounded
 - Unemployment levels continue to grow
 - All resulting in further drop in classified advertising
- Perfect storm: Severe loss of advertising dollars due to recession coupled with fast rise of competing media

Historical M&A Comparable Transactions

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(US\$ in millions, unless otherwise noted)

- Since 2008, very few transactions have been consummated.
- The largest transaction size publicly disclosed in 2009 (Platinum Equity and the San Diego Union-Tribune) was viewed by some analysts as largely real estate driven.

Date	Target	Acquirer	TEV	Enterprise Value / Revenue / EBITDA	
7/15/2009	Daily Sentinel/Nickel/Waco Tribune-Herald	Robinson Media/Grand Junction	NA	NA	NA
6/16/2009	Blethen Maine Newspapers	Investor Group & HM Capital Partners	NA	NA	NA
6/5/2009	American Community	Lender Group in Bankruptcy	\$32	NA	NA
3/19/2009	San Diego Union-Tribune (Copley Press)	Platinum Equity	c. 50	NA	NA
9/28/2008	Waupaca Publishing	Journal Community	7	NA	NA
5/1/2008	Newsday	CSC Holdings	652	1.3x	NA
12/6/2007	Gemstar-TV Guide	Macrovision	2,260	3.7x	16.1x
12/4/2007	Northern Illinois Publishing	Shaw Suburban Media Group	24	NA	NA
10/31/2007	C.R. Gibson	CSS Industries	73	1.5x	NA
10/25/2007	Southern Connecticut Newspapers	Hearst Corporation	62	NA	NA
10/23/2007	Morris Publishing Group	GateHouse Media	115	1.6x	8.2x
7/5/2007	ALM Media Holdings	Incisive Media	630	3.2x	NA
6/28/2007	Herald-Dispatch	Champion Industries	76	3.3x	13.0x
5/31/2007	Osprey Media Income Fund	Quebecor	542	2.5x	10.8x
5/1/2007	Dow Jones	News Corp	5,766	3.1x	19.8x
4/30/2007	CM Media	American Community	44	NA	11.9x
4/11/2007	Gannett (4 local dailies)	GateHouse Media	410	NA	10.3x
4/2/2007	Tribune	Zell / ESOP	12,941	2.4x	9.4x
3/13/2007	Copley Press (9 publications)	GateHouse Media	380	2.4x	10.8x
3/6/2007	Advocate, Greenwich Time	Gannett Co.	73	NA	NA
2/12/2007	APN News and Media	Carlyle, Providence, etc.	2,900	2.8x	10.3x
1/24/2007	American Consolidated Media	Macquarie Media Group	80	2.9x	11.7x
12/26/2006	Cadmus Communications Corp.	Cenveo Inc.	434	1.0x	12.3x
12/26/2006	Star Tribune Company	Avista Capital Holdings	530	NA	6.8x
12/16/2006	Rural Press	Fairfax Holdings	2,470	5.3x	15.8x
12/1/2006	Journal Register	GateHouse Media	70	NA	9.2x
11/16/2006	Reader's Digest Association	Ripplewood, et al	2,376	1.0x	14.4x
10/27/2006	Dow Jones (6 publications)	Community Newspaper Holdings	283	2.9x	11.3x
5/26/2006	Philadelphia Inquirer, Daily News	Philadelphia Media Holdings	515	1.0x	6.8x
3/12/2006	Knight-Ridder	McClatchy	6,680	2.2x	11.2x
5/11/2005	Liberty Group Publishing	Fortress Investment	527	2.6x	10.8x
1/30/2005	Pulitzer	Lee Enterprises	1,481	3.3x	14.1x

Platinum/San Diego
Only Significant Comp
in Last 12 Months

Comps Pre-Summer
2008 Generally No
Longer Relevant to
Current Market

Source: Capital IQ, Wall Street research and news articles; research compiled by Sonenshine Partners LLC.

Select U.S. Newspapers In or Near Bankruptcy

- The following table displays select U.S. newspapers that are in or near bankruptcy.
- Many have been closed, moved to strictly online formats, are up for sale or have been sold.

	Ann. Date	Key Properties	Parent	Shut	Filed	Restructuring	For Sale/Sold
6/25: Exchange offer failed – will likely need to file	Sep-09	Orange County Register, etc.	Freedom Communications		<input checked="" type="checkbox"/>		
	Jun-09	Miami Herald, Sacramento Bee, etc.	McClatchy			<input checked="" type="checkbox"/>	
	Jun-09	Portland Press Herald	Blethen Maine Newspapers				Investors, HM Capital
Bids reportedly in \$35 million range	Apr-09	Plano Star Courier, Arlington Sun Gazette, etc.	American Community Newspapers		<input checked="" type="checkbox"/>		Lenders
	Apr-09	Boston Globe	New York Times				<input checked="" type="checkbox"/>
	Mar-09	Chicago Sun-Times	Sun-Times News Group		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
Moved to strictly online format	Mar-09	San Diego Union-Tribune	Copley Press Inc.				Platinum (\$50M)
	Mar-09	Seattle Post-Intelligencer	Hearst	<input checked="" type="checkbox"/>			
Alternatives being discussed (i.e., non-profit, sale, online)	Mar-09	The Brooklyn Paper	Independent				News Corp.
	Mar-09	Ann Arbor News	Advance Publications	<input checked="" type="checkbox"/>			
	Feb-09	Rocky Mountain News	Scripps	<input checked="" type="checkbox"/>			
Moved to strictly online format	Feb-09	San Francisco Chronicle	Hearst	In Discussions			
	Feb-09	New Haven Register, The Trentonian, etc.	Journal Register		<input checked="" type="checkbox"/>		Lenders
	Feb-09	Philadelphia Inquirer & Daily News	Phila. Newspapers LLC		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
6/18: Plan filed – no buyer; Highly levered upon emergence	Jan-09	Tucson Citizen	Gannett	<input checked="" type="checkbox"/>			
	Jan-09	Minneapolis Star Tribune	Avista (private equity)		<input checked="" type="checkbox"/>		Lenders
Lenders reportedly willing to cut debt to \$500M from \$8.6B	Dec-08	LA Times, Baltimore Sun, Orlando Sentinel, etc.	Tribune		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	
	Oct-08	The Patriot Ledger, The Enterprise, etc.	Gatehouse Media				De-listed
	Aug-08	Austin American-Statesman	Cox			<input checked="" type="checkbox"/>	

Source: Capital IQ, Wall Street research and news articles; research compiled by Sonenshine Partners LLC.

Weak Multiples Further Weakened by Debt Trading at Steep Discounts; Implied Values \pm 2x EBITDA for Mid-Size Chains

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(US\$ in millions, unless otherwise noted)

- The negative industry performance has significantly impacted the trading levels of newspaper industry debt and equity.

Company	Stock Price (9/4/09)	Market Cap	TEV (Debt Value)		TEV / LTM EBITDA		TEV / '09E EBITDA		
			Par	Market ^(a)	Par	Market	Par	Market	
Large Newspapers									
Gannett	\$8.11	\$1,904	\$5,435	\$4,883	4.4x	4.0x	5.6x	5.0x	
McClatchy	1.81	152	2,114	1,058	6.1	3.0	7.1	3.6	
					Median:	5.3x	3.5x	6.4x	4.3x
					Mean:	5.3	3.5	6.4	4.3
Mid-Size Newspapers									
E.W. Scripps	\$7.02	\$380	\$414	\$414	9.4x	NA	15.6x	NM	
Media General	7.80	178	883	172	8.1	1.6	NA	NA	
Daily Journal	52.60	76	24	24	1.8	1.8	NA	NA	
A.H. Belo	2.86	59	50	50	NM	NM	1.9	1.9	
GateHouse Media	0.20	11	1,217	331	13.9	3.8	NA	NA	
					Median:	8.7x	1.8x	8.7x	1.9x
					Mean:	8.7	1.8	8.7	1.9

Source: Capital IQ, Bloomberg, Wall Street research and news articles; research compiled by Sonenshine Partners LLC.

Note: LTM as of 6/30/09 where available. "Large" Newspapers are defined as companies with revenues greater than \$1 billion.

(a) Incorporates public market price of debt.

Newspaper Values Today Are Driven by Real Estate

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- Newspaper earnings have been plummeting over the last 18 months
- Valuation of newspaper businesses difficult to do based on EBITDA multiple analysis
- Newspaper companies have valuable real estate holdings buried within troubled newspaper operations
- Notable examples include: Boston Globe and Worcester Telegram & Gazette (bids of reportedly \$35 million) and San Diego Union-Tribune (sold for \$50 million)

Newspapers Generally Tend to Own Significant Real Estate

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- All of the comparable newspaper companies own valuable real estate in or near major cities.

Newspaper	Headquarters	Real Estate Holdings?	Notes
Large Newspapers			
New York Times	New York, NY	Partial	<ul style="list-style-type: none"> Owns printing and distribution plants comprising ~2.5 million sq. ft. Owned 58% of headquarters with development partner Forest City Ratner Companies owning the rest <ul style="list-style-type: none"> March 9th: Sold 21 of 52 floors for \$225 million; NYT still owns 7 floors Represents total real estate value of \$388 million or nearly 70% of its market cap on March 9th
Boston Globe (owned by NY Times)	Boston, MA	Owns majority	<ul style="list-style-type: none"> Owns major office building / facility in Boston Owns several other significant printing facilities, distribution and office facilities in surrounding suburbs including Worcester Q2 '09: Consolidated Globe's printing facility in Billerica, MA with its Boston facility for c.\$30 million in costs
McClatchy	Sacramento, CA	Owns majority	<ul style="list-style-type: none"> Owns approx. 7 million sq. ft. out of 8.3 million total sq. ft. occupied June 3rd: Sold 80,000 sq. ft. Bellingham Herald building in Sacramento for \$2.35 million to developer Bob Hall; Modesto Bee building also for sale (~155K sq. ft.)
Mid-Size Newspapers			
E.W. Scripps	Cincinnati, OH	Owns majority	<ul style="list-style-type: none"> Owns substantially all facilities and equipment used in newspaper operations (co-owns some towers)
Journal Comm.	Milwaukee, WI	Owns and leases	<ul style="list-style-type: none"> Owns headquarters and printing facilities (owns approx. 1.7 million sq. ft. in total)
Media General	Richmond, VA	Owns majority	<ul style="list-style-type: none"> Owns headquarters of all newspapers except in Florida Owns substantially all of its newspaper production equipment, buildings and land
Daily Journal	Los Angeles, CA	Owns and leases	<ul style="list-style-type: none"> Owns office and printing facilities in Los Angeles (~70K sq. ft.)
A.H. Belo	Dallas, TX	Owns majority	<ul style="list-style-type: none"> Owns substantially all printing and distribution centers, primarily in Texas Jointly owns the Belo Building and related parking sites in Dallas with Belo Corp.
GateHouse Media	Fairport, NY	Owns majority	<ul style="list-style-type: none"> Operates 58 print facilities, owns 57 of them Does not own headquarters in Fairport, New York (~15K sq. ft.)

Source: Company filings and news articles; research compiled by Sonenshine Partners LLC.

Sample Newspaper Restructuring Statistics

	San Diego	Boston	Minneapolis	Chicago	
				Sun-Times	Tribune
Daily Circulation ^(a)	261,000	303,000	320,000	312,000	501,000
Filed	NA	NA	1/16/09	3/31/09	12/9/08
Deal Date	3/18/09	TBD	6/18/09	NA	NA
Buyer	Platinum Equity	TBD	NA ^(e)	Tyree Group ^(f)	NA
Value	\$50M ^(c)	\$35 ^(d)	NA	None; failed sale process led to filing	NA
Prime Real Estate	Buyer Gets	Buyer to Take	NA	NA	NA
New Equity	Sale	NA	None; \$100M New Debt	None to Date	None to Date

(a) Audit Bureau of Circulation, 6 Months Through Q1 2009.
 (b) Approximately \$34.0M Cash and Building (Estimated at \$29.5M).
 (c) According to various news sources.
 (d) Bid reported at \$35M; bidders have reportedly been invited to conduct diligence.
 (e) In Minneapolis, the creditors, with no alternatives, restructured into a new \$100M note.
 Source: Research compiled by Sonenshine Partners LLC.

Analyst Outlook and Valuation

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(US\$ in millions, unless otherwise noted)

- In its latest industry report, Barclays forecasted very low valuations for the comparable universe:
 - In its sum-of-the-parts analysis, Barclays assigned \$0 of value to the newspaper and magazine operations of the Washington Post.
 - The Barclays 12-month price target for most of the comparable companies is \$1, i.e., well below current trading levels.

Washington Post Sum of Parts Analysis:
The Newspaper is Seen as Worthless

Price Targets:
They Are All Going Down

	2010E Revenue	2010E EBITDA	Revenue Multiples	EBITDA Multiples	Estimated Market Value		Barclays 12-Month Price Targets	Barclays Terminal EBITDA Multiple
Newspapers	\$ 586.5	\$ (58.7)	0.0x	-	\$ -	Gannett	\$ 2.00	3.5x
Magazines	180.5	(13.5)	0.0x	-	-	Journal Comm.	\$ 1.00	3.5x
Broadcasting	260.5	77.6	-	5.0x	387.8	McClatchy	\$ 1.00	4.1x
Cable	785.3	318.0	-	5.0x	1,590.2	New York Times	\$ 1.00	2.8x
Education	2,805.5	410.8	-	8.0x	3,286.7	E.W. Scripps	\$ 1.00	1.7x
Corporate/Other	34.6	(34.7)	-	7.3x	(251.6)	Washington Post ^(a)	NM	0.0x
Total	\$4,653.0	\$ 699.5	1.1x	7.2x	\$ 5,013.0			

Falling Sales and Fixed Costs – A Dangerous Combination

Source: Barclays Newspaper Fact Book, June 2009; research compiled by Sonenshine Partners LLC.
(a) Multiple used in valuing the newspaper segment.

Regulatory Overview

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Newspaper/Broadcast Cross-Ownership

- The FCC's rules currently prohibit one entity from owning both a commercial broadcast station and a daily newspaper in the same community.
- The *2007 Order* sought to establish criteria to evaluate proposed new combinations on a case-by-case basis, but this revised rule has not taken effect.
- The revised rule presumptively would prohibit combinations in the markets with the fewest number of media outlets, while presumptively permitting combinations in larger markets where the loss of diversity is not a significant risk.

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Television/Radio Cross-Ownership

- In the *2007 Order*, the Commission retained its pre-existing television/radio cross-ownership rule, which limits the number of commercial radio and television stations an entity may own in the same market.
- The current version of the rule permits a single entity to own:
 - Up to two TV stations (as permitted under the local television ownership rule) and up to six radio stations (to the extent permitted under the local radio ownership rule) in a market where at least 20 independently owned media “voices” would remain post-merger (alternatively, an entity may own one TV station and seven radio stations);
 - Up to two TV stations (as permitted under the local television ownership rule) and up to four radio stations (to the extent permitted under the local radio ownership rule) in a market where at least 10 independently owned media “voices” would remain post-merger; and
 - Up to two TV stations (as permitted under the local television ownership rule) and up to one radio station, regardless of the number of media “voices” remaining post-merger.

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Local Television Ownership

- The FCC reinstated its pre-existing prohibition on local television ownership in the *2007 Order*.
- The rule, which has been in effect since 1999, includes two components: (i) an “eight voices test,” which bars co-ownership of two full-power, commercial TV stations (a so-called “duopoly”) in a local market unless at least eight independently owned, full-power television stations, or “voices,” remain; and (ii) a “top four restriction,” which prohibits a single entity from owning more than one station among the top four in a local market based on audience share.

Regulatory Overview

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Local Radio Ownership

- The FCC limits the number of co-located radio stations a single entity may own, based on market size; within each restriction, the so-called “AM/FM subcaps” further constrain the number of FM or AM stations a single operator may own within a given market:
 - In markets with 45 or more radio stations, a company may own eight stations, only five of which may be in one class
 - In markets with 30-44 radio stations, a company may own seven stations, only four of which may be in one class
 - In markets with 15-29 radio stations, a company may own six stations, only four of which may be in one class
 - In markets with 14 or fewer radio stations, a company may own five stations, only three of which may be in one class

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Cable Ownership

- The FCC historically has capped at 30% of all subscribers the market share any single cable television operator may serve.
- In *Comcast v. FCC* (Aug. 28, 2009), the D.C. Circuit reversed as arbitrary and capricious and vacated the FCC's cable ownership rule.

Intangible Asset Impairment For the Fiscal Year 2008

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Intangible Assets are typically the largest asset on the balance sheet of most media companies. This asset includes both TV and radio licenses and goodwill. In the sampling of companies in the table below, the average impairment write-down for intangible assets was nearly 39% during fiscal year 2008 (fiscal year ends vary by company).

<u>Company</u>	<u>Goodwill</u>	<u>Other Intangible Assets</u>	<u>Total Intangible Assets</u>
Beasley	53.8%	19.6%	23.3%
CC Media Holdings, Inc. (Clear Channel)	33.7%	18.2%	26.6%
Cumulus Media, Inc.	40.1%	58.5%	56.5%
Debut Broadcasting Corp.	0.0%	0.0%	0.0%
Emmis Communications Corp.	63.8%	38.5%	40.8%
Entercom Communications Corp.	62.0%	49.8%	50.7%
Entravision Communications Corp.	74.4%	60.6%	63.0%
Fisher Communications, Inc.	74.6%	47.9%	58.6%
Radio One, Inc.	18.2%	33.2%	31.4%
Regent Communications, Inc.	4.6%	33.1%	30.6%
Saga Communications, Inc.	100.0%	35.7%	51.0%
Salem Communications Corp.	2.7%	16.2%	15.7%
Spanish Broadcasting System, Inc.	0.0%	55.7%	53.4%
Average Impairment	40.6%	35.9%	38.6%

Examples of Private Investment

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Recent examples of private investment in the media industry include:

- Sirius XM Satellite Radio – Liberty Media loaned \$530 million (\$280 million, \$150 million in new money and \$100 million in take-out financing) to Sirius XM at a 15% interest rate (3 phases). After the second phase of loans are made, Sirius XM will issue 12.5 million shares of preferred stock convertible into 40% of the common stock shares. Liberty Media also received 2 seats on the Board of Directors. Sirius XM needed to secure the loan to avoid filing for bankruptcy or being taken over by EchoStar Corp.
- New York Times – Carlos Slim Helu loaned \$250 million at an interest rate of 14%. In addition, he was granted warrants that could potentially add 15% equity to his holdings.

Restructuring in the Media Industry

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Valuation of media assets have declined significantly. Efforts to restructure debts associated with these entities, include:

- “Loan to Own” - Private investors lending to/investing in struggling companies with the expectation that asset values will improve. Most of the arrangements include convertible instruments.
- “Amend and Extend” - Existing lenders restructuring their debt to recognize current values. The lenders, however, are attempting to retain an ability to be paid in full on the original debt.

Example of Restructuring by Secured Lender

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Below is a sample secured lender proposal agreeing to reduce the total debt in exchange for an ownership interest:

Current Total Debt =	\$100 million
Estimated Company Value =	\$45 million
Current Non-Lender Ownership =	100%

Proposed New Debt =	\$50 million
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Proposed New Capital Structure:

Common Share Ownership

- Secured Lender Ownership = 85% (non-voting)
- Current Preferred Shareholders = 10% (non-voting)
- Current Company Owners = 5% (voting rights)

Secured Lender will also receive \$10 million in preferred shares

Sale collar based on various performance measures