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Verizon trims its wireline business

Verizon Communications Inc.'s divestiture of its rural assets, announced May 13, frees the company to focus its wireline business around the strategic FiOS initiative while helping the buyer, Frontier Communications Corp., to realize cost synergies, improve its balance sheet and increase financial/operational flexibility.

Frontier will acquire rural residential access line business in 14 states serving about 4.8 million access lines and 900,000 broadband subscribers. The systems are a good fit for Frontier, which already owns lines in 11 of those states and is solely focused on rural America.

The all-stock, tax-free transaction is valued at about \$8.58 billion, which translates to \$1,791 per access line. Frontier will pay \$5.3 billion in stock and take on \$3.3 billion in debt. Based on \$1.9 billion in 2008 EBITDA, the deal value works out to a cash flow multiple of about 4.5x.

This is a smart transaction for both parties, but we believe Verizon emerges as the biggest winner. While the valuation appears modest relative to historical values, it is in line with CenturyTel Inc.'s acquisition of Embarq Corp. back in Oct. 2008, which worked out to a slightly higher \$1,993/access line and 4.8x EBITDA. Considering the deteriorating outlook for the wireline business in general, Verizon, which has been looking to divest its rural assets for some time, is walking away with a fair bit of change in its pocket.

From Verizon's perspective, the future for these assets appeared bleak. Revenue and free c.f. would have continued to deteriorate, driven by accelerated access-line declines. Given the rural nature of the systems (density is estimated at 37 households per square mile, 70% of lines are in rural areas and fewer than 1% are in urban areas), deploying an FTTH architecture would have been uneconomical. Operating a wireline business as two separate entities (FiOS versus non-FiOS) wasn't a sustainable long-term strategy for Verizon.

However, from Frontier's standpoint, the acquisition presents a number of opportunities. Broadband availability in the newly acquired systems is about 60% versus 92% for Frontier's existing operations.

Not only does that limit the potential broadband revenue upside, but the lack of full suite of products pushes access-line losses higher than they could otherwise be. The systems being traded experienced a 10.2% access-line loss in 2008, versus a 7.2% decline reported at Frontier's legacy business.

Verizon-Frontier Deal Valuation

Access Lines	(mil.)	4.8
Price per Share	(\$)	7.75
Shares Out	(mil.)	677
Equity Value	(\$ mil.)	5,247
Net Debt	(\$ mil.)	3,333
Transaction Value	(\$ mil.)	8,580
Value/Access Line	(\$)	1,791
Est. 2008 EBITDA	(\$ mil.)	1,918
Value/'08 EBITDA	(x)	4.5

Source: Frontier Comm.

(continued on next page)

Key Verizon-Frontier Deal Metrics

		Assets Traded	Pro Forma Frontier
Access Lines	(000)	4,800	7,050
FiOS B'band Subs	(000)	110	
DSL Subs	(000)	790	
Broadband Subs	(000)	900	1,480
FiOS TV Subs	(000)	69	69
Revenue	(\$ bil.)	4.4	6.5
EBITDA*	(\$ bil.)	1.8	3.1
EBITDA Margin	(%)	40.9%	47.9%
CapEx	(\$ mil.)	600	700
Net Leverage	(x)	1.9	2.6

Data as of YE 2008. * Frontier EBITDA before synergies. © 2009 SNL Kagan, a division of SNL Financial LC, from company data and SNL Kagan estimates. All rights reserved.

Access Lines Transferred

State	Lines	State	Lines
Indiana	718,251	Wisconsin	281,350
Ohio	634,153	N. Carolina	263,479
W. Virginia	617,036	S. Carolina	127,718
Washington	578,506	Idaho	113,002
Illinois	573,321	Nevada	35,989
Michigan	507,462	California	24,205
Oregon	309,904	Arizona	6,297
		Total:	4,790,673

Source: Frontier Comm.

Verizon wireline (continued)

Frontier plans to invest in upgrading the properties, which in the long term should help raise the operating/financial performance of the newly acquired systems close to the existing company level.

As more consumers drop landlines, servicing existing subscribers becomes more expensive. Economies of scale among rural carriers can help drive down costs. In the case of Frontier, the synergies on the cost side are estimated at about \$500 million, or about 21% of operating expenses.

As part of the transaction, Frontier inherits FiOS fiber plant serving about 110,000 Internet and 69,000 TV subscribers. Franchise agreements have buildout requirements attached, which Frontier plans to honor as it takes over the operations.

The sale significantly reduces the non-FiOS footprint covered by Verizon. Pro forma the transaction, Verizon's homes passed number about 27 million. Given the reduction of FiOS HP due to the sale, Verizon now expects to pass just more than 17 million homes with FiOS by the end of 2010, or a million fewer than previously targeted.

However, in the long term, Verizon intends to cover about 65% to 80% of its footprint with fiber-to-the-home (FTTH). That would bring the number of non-FiOS homes to between 5.4 million to 9.5 million. Verizon has no plans to divest any of its remaining non-FiOS lines, as it regards them as part of a bigger business in its remaining states.

Mari Rondeli

**SECTOR
ANALYSIS****Hispanic online users' strong entertainment engagement drives broadcast-station streaming**

Our exclusive SNL Kagan survey on Spanish broadcast-station streaming reports approximately 55% of Spanish-language stations stream content online, and, combined with Hispanic online usage trends, they continue to raise the stakes of hammering out online royalty rates.

Our survey analyzed eight station groups that own more than 10 Spanish-speaking stations. Uno Radio Group, at 79%, topped our survey by streaming the highest percentage of stations, followed by Univision Communications Inc. and Spanish Broadcasting System Inc., both at 78%. By contrast, Bustos Media does not stream any of its Spanish stations.

ComScore Inc. announced April 16 that 13% of U.S. Hispanics' time spent online centers on radio and, overall, users demonstrate a strong inclination toward entertainment content. It is no surprise that the largest-Spanish station groups and the region with the greatest Hispanic penetration, Puerto Rico, stream nearly 80% of their stations.

Smaller Spanish broadcasters such as Bustos Media may be dissuaded from developing online radio given the combined challenges of monetizing online revenues and potentially higher royalty rates.

The Copyright Exchange Board has set May 26 as the deadline for notices on altering current rules for record keeping songs — the next chapter of the royalty rates battle.

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Stats for Broadcast Stations Streaming Spanish-language Formats

Station Group	Stations Owned	----- Spanish Stations -----			
		Total	w/Web site	Streaming	Streaming
Bustos Media	23	20	12	0	0%
Entravision	48	41	15	15	37%
Liberman Bcstg.	22	21	15	13	62%
Lotus	27	11	5	2	18%
Multicultural	41	11	4	4	36%
Spanish Bcstg.	20	18	18	14	78%
Univision	72	67	60	52	78%
Uno Radio	14	14	12	11	79%
Total/Average	267	203	141	111	55%

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Summary Of Spanish Broadcast Stations Streaming By Markets

Markets	- Spanish Stations - Total	Streaming	Percent Streaming
Top 10	57	43	75%
Top 20	112	81	72%
Top 50	147	96	65%
Top 100	182	106	58%
Top 200	194	109	56%

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Spanish Broadcast Streaming (continued)

Our Spanish online streaming study also examines the correlation between Hispanic market penetration and the percentage of streaming stations, revealing that, like English-streaming stations, the strongest correlation exists between number of streaming stations and higher-ranked Arbitron markets.

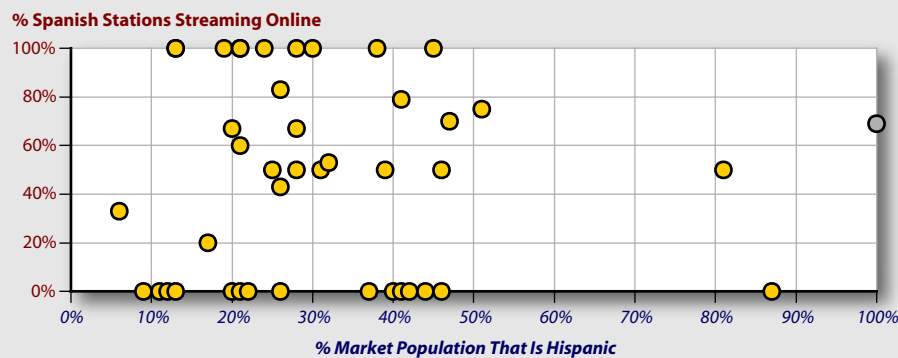
Spanish stations in the top 10 and top 20 Arbitron-rated markets stream a comparable number of stations, 75% and 72%, respectively. As the range expands to include smaller markets, the percentage of streaming stations falls. Only 56% of the top 200 stations stream online.

Not surprisingly, streaming rates for California and Texas markets, where the U.S. census reported in 2000 that half of all Hispanics live, ranked higher than the overall average. More than 64% of stations in seven Texas markets stream online, compared to 57% of stations in 13 California markets.

Texas' higher streaming rate is consistent with its greater percentage of Hispanics in its population, 34% to California's 24%.

Consistent with Hispanic online usage trends, user growth trends at Spanish radio Web sites have shown significant growth both year over year and quarter over quarter. Currently, 79% of Spanish stations with Web sites stream music online.

Stations Streaming Spanish-Language Format



Points represent 42 Arbitron markets with Hispanic persons 12+ (range from Los Angeles with 4,494,600 to Aspen, CO with 11,728.) Gray point represents Puerto Rico. © 2009 SNL Kagan, a division of SNL Financial LC, estimates. All rights reserved.

Spanish Broadcasting President and CEO Raul Alarcon, Jr. reported in a 2008 third-quarter earnings call Nov. 6, 2008, "Our online properties have registered approximately 25 million ad views, 6.3 million unique impressions, streamed 1.7 million audio plays and witnessed 1.4 million unique users, a 14% increase versus the second quarter of 2008."

Univision reported the following year-over-year growth in a 2008 earnings call on March 30: Unique visits increased 2%, ad impressions by 7% and video streams by 26%. In contrast to this upswing, Univision Online revenues, including online and mobile ad income, fell 8.2% year over year in 2008 after rising 20.9% year over year from 2006 to 2007.

The correlation between user trend growth and online revenue growth continues to be weak despite the upswings in streaming content.

But Hispanic online trends show a strong engagement with entertainment sites, and a reported 18% of total time is spent by teens on community-oriented Web sites, raising the monetization possibilities if radio successfully leverages online portals.

Michelle Ow

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**SECTOR
ANALYSIS**

Aggressive promotional activity helps the DBS industry drive sub growth

Consumer demand for multichannel services remained resilient in the first quarter, helping the satellite operators net 366,000 new customers, slightly more than the net adds reported in the same quarter last year. However, the performance gap between DIRECTV Group Inc. and DISH Network Corp. continued to widen as the latter struggled to stabilize its customer base.

Judging by the number of new customers added in the first quarter, DIRECTV won by a large margin among all the multichannel providers, netting 460,000 subs. In contrast, DISH reported a fourth consecutive quarter of customer losses, bringing its total subscriber base to 14.6 million — a 231,000 subscriber decline since the first quarter of 2008.

However, sub growth isn't all that counts. Above-average growth at DIRECTV came at a cost, as surging gross additions boosted spending and weighed on EBITDA growth and margins. Meanwhile, DISH surprised with better-than-expected financial results as net income surged 20.8% to \$313 million.

Although satellite operators couldn't quantify the digital transition's impact on subscriber growth in the quarter, it was undoubtedly a plus. In addition, the bankruptcy of Charter Communications Inc. provided a marginal boost to customer-acquisition trends. But neither of these factors appears to have played a significant role in the quarter and their impact is poised to be short-lived.

Given its strong first quarter, DIRECTV increased its previous guidance of about 800,000 subscriber gains in 2009 to more than one million.

Having lost its AT&T Inc. reseller agreement to rival DIRECTV, DISH faced minimal expectations for the first quarter, so its 11% decline in gross additions relative to the same quarter last year wasn't a shock. However, about 5% of DISH gross additions in the first quarter came from AT&T (the partnership was officially dissolved beginning in Feb. 2009). Without the AT&T relationship, the decline in gross additions would have neared 15% in the quarter.

In addition to the economic and competitive environment, DISH management continues to cite operational and piracy issues as the main factors behind ongoing sub losses. Although DISH is addressing these problems with management changes and new smart cards for its set-top boxes, we don't yet see clear signs it's close to stabilizing or turning the corner on its business. Thus far, combating fraud has had only a marginally positive impact.

In contrast, DIRECTV reported a staggering 22% increase in gross additions in the first quarter, reaching levels not seen since early 2005. About 20% of the total gross additions came through various telco channels — a percentage comparable to the level from a year ago, before losing to DISH the territories of the former DIRECTV-BellSouth (now AT&T-owned) reseller relationship.

Assuming some 10% of gross adds came from its fresh AT&T tie, DIRECTV would have reported an increase even without AT&T's help. That testifies to DIRECTV's strong competitive positioning and excellent operational execution.

However, both DISH and DIRECTV have been aggressive with promotions aiming to tap "digital converts" and cushion the impact of the economic downturn. DIRECTV management has admitted to overestimating the impact of the economy and overdoing promotions. In addition to weakening average revenue per unit (ARPU), DIRECTV risks acquiring budget-conscious customers who may chase the latest, cheapest offer on the market before churning.

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DBS sub growth (continued)

On the other hand, retention efforts at DIRECTV have helped churn stay low. DIRECTV reported first-quarter churn of 1.33% versus 1.36% in the same quarter in 2008. Considering new customers with discounted subscriptions are being locked into two-year agreements, DIRECTV's churn shouldn't spike near-term, assuming the company maintains its competitive positioning.

Both DISH and DIRECTV struggled with ARPU in the first quarter. DISH introduced a \$9.99 offer that threatened to erode ARPU, although the full effects of this won't be felt until the third quarter. DISH reported first-quarter ARPU at \$70.03, up 3.1% annually. The 12-month ARPU growth has slowed from the 4.4% reported in the previous quarter and the 5.9% increase a year ago.

The ARPU impact of promotional and retention activity was even more pronounced at DIRECTV. In the first quarter, DIRECTV reported ARPU of \$80.35 — year-over-year growth of just 0.8%, versus an 8.6% year-over-year jump in the same quarter last year.

DBS Quarterly Performance

		Q1 '07	Q4 '07	Q1 '08	Q2 '08	Q3 '08	Q4 '08	Q1 '09	YoY % Chg
DIRECTV*									
Revenue	(\$ mil.)	3,539	4,377	4,049	4,196	4,324	4,741	4,303	6.3%
Pre-Marketing C.F.	(\$ mil.)	1,300	1,527	1,587	1,725	1,625	1,645	1,639	3.3%
PMCF Margin		36.7%	34.9%	39.2%	41.1%	37.6%	34.7%	38.1%	-2.8%
EBITDA	(\$ mil.)	869	1,003	1,057	1,218	1,060	1,056	986	-6.7%
EBITDA Margin		24.5%	22.9%	26.1%	29.0%	24.5%	22.3%	22.9%	-12.2%
ARPU	(\$)	73.40	87.40	79.70	81.80	83.59	90.46	80.35	0.8%
SAC	(\$)	667	716	712	707	715	724	708	-0.6%
Total Subs	(000)	16,188	16,831	17,035	17,164	17,320	17,621	18,081	6.1%
Churn Rate		1.44%	1.42%	1.36%	1.49%	1.64%	1.42%	1.33%	-2.2%
Gross Additions	(000)	929	986	964	894	1,002	1,044	1,175	21.9%
Subscribers Lost to Churn	(000)	694	711	689	765	846	743	715	3.8%
Net Subscriber Additions	(000)	235	275	275	129	156	301	460	67.3%
DISH Network									
Revenue	(\$ mil.)	2,645	2,891	2,844	2,915	2,937	2,921	2,905	2.1%
Pre-Marketing C.F.	(\$ mil.)	1,061	1,142	1,152	1,240	1,101	1,053	1,090	-5.4%
PMCF Margin		40.1%	39.5%	40.5%	42.6%	37.5%	36.1%	37.5%	-7.4%
EBITDA	(\$ mil.)	660	750	778	869	663	706	798	2.6%
EBITDA Margin		25.0%	25.9%	27.3%	29.8%	22.6%	24.2%	27.5%	0.5%
ARPU	(\$)	64.17	67.06	67.93	69.38	69.82	70.01	70.03	3.1%
SAC	(\$)	663	670	709	699	735	735	659	-7.1%
Total Subs	(000)	13,415	13,780	13,815	13,790	13,780	13,678	13,584	-1.7%
Churn Rate		1.46%	1.71%	1.68%	1.87%	2.02%	1.85%	1.83%	8.9%
Gross Additions	(000)	890	790	730	752	825	659	653	-10.5%
Subscribers Lost to Churn	(000)	580	705	695	777	835	761	747	7.5%
Net Subscriber Additions	(000)	310	85	35	(25)	(10)	(102)	(94)	n/a

* DIRECTV U.S. only. Note: During Q1 '08 DIRECTV U.S. changed its pricing and packaging strategy for commercial accounts, resulting in a change to its commercial equivalent subscriber count. Consequently, DIRECTV U.S. made a one-time downward adjustment to its cumulative subscribers of approximately 71,000.
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Economic factors also impacted ARPU, as advertising revenues, pay-per-view sales and premium-channel penetration declined. Although DIRECTV management said first-quarter ARPU growth represented a low point for the year, they reduced guidance for full-year 2009 from 4% or more to 2% to 3%.

Cushioning the impact on ARPU is continued strong growth in advanced services. While DISH doesn't disclose advanced-subscriber counts, management said HD and DVR sales remained strong, with the majority of new customers opting for an advanced service. DIRECTV reported the percent of new customers taking HD and/or DVR exceeded 60% for the first time in the quarter.

Both DIRECTV and DISH reported better-than-expected subscriber acquisition costs (SAC). However, the surge in gross additions at DIRECTV boosted total SAC to \$653 million, while SAC per gross add declined 1% to \$708. As a result, DIRECTV U.S. EBITDA declined 6.7% to \$986 million from \$1.06 billion a year ago.

The biggest surprise from DISH was a 7.1% SAC reduction to \$659 in the first quarter compared to \$709 during the same period in 2008. This decrease was primarily due to a shift in the mix of sales from independent retailers to direct sales, resulting in lower incentives paid. In addition, DISH curtailed advertising spending per subscriber. The expense of deploying more advanced set-top boxes was in large part offset by lower hardware costs.

Mari Rondeli

**SNL
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METRICS**

Unlevered Free Cash Flow Margin Series: SNL Kagan E-Commerce Index

This week, our Media Metrics feature wraps up its analysis of unlevered free cash flow (FCF) margins across the media and communications indices with a focus on the E-Commerce Index. (Unlevered FCF margins are defined as unlevered FCF prior to interest payments as a percentage of net operating revenues.)

Of the 23 E-Commerce companies in this index, eight maintained positive unlevered FCF margins and thus could be ranked in our table. The remaining, unranked 15 posted negative unlevered cash flow in at least one year from 2006 to 2008.

The ranked companies averaged a three-year margin of 10.2% after margins increased 28.9% from 2006 to 2008. The E-Commerce Index bests the three-year average margin of the Satellite Index (9.9%), but falls below the steady cash flows generated by the traditionally stable Wireless (21.8%) and Cable (12.7%) sectors.

Netflix and Digital River ranked first and second, posting 3-year average margins of 23.5% and 18.4%, respectively.

Buoyed by sub growth, unlevered FCF margins at Netflix increased year over successive year, rising 20.9% YoY in 2007 and 10.9% in 2008 to reach 26.6% in 2008. The margin rose as an 83.6% gain in unlevered FCF from 2006 to 2008 outpaced a 42.9% gain in subscription revenues. Subs rose 58.7% to 10 million to push revenues to \$761.1 million in 2008.

Digital River's unlevered FCF margin decreased 49.9% from 2006 to 2008 as operating revenues increased 28.1% and unlevered FCF fell 35.8%. Digital River repurchased \$63.5 million in shares in 2007 and \$138.5 million in shares in 2008, driving cash flows and the margin downward each year.

Liquidity Services and 1-800-FLOWERS.COM took the bottom two rankings with 3-year unlevered FCF margins of 4.0% and 2.6%, respectively.

Liquidity Services saw its unlevered FCF margin fall from 5.0% in 2006 to 3.1% in 2008 as a 78.6% increase in operating revenues outpaced an 11.2% gain in unlevered FCF. The sizeable revenue growth in 2008 (+32.9% YoY) can be attributed to a 75.8% YoY increase in online-auction transactions, up to 372,000 in 2008.

1-800-FLOWERS.COM's margin grew 17x from 2006 to 2008 as the margin rose from 0.2% in 2006 to 3.9% in 2008. In 2007, unlevered FCF jumped \$31.6 million, or 18x, driven by increases in deferred income taxes of \$8.2 million and net income of \$13.9 million. A 7.0% YoY gain in unlevered FCF in 2008 amid flat operating revenues pushed the margin up 0.5% on the year.

Chris Forth

Unlevered Free Cash Flow* Margin Series: SNL Kagan E-Commerce Index (by 3-Year Avg.)

Rk.	Company	----- YoY % Chg -----						
		2006 (%)	2007 (%)	2008 (%)	3-Yr. Avg. (%)	'06-'07 (%)	'07- 2008 (%)	'06- 2008 (%)
1	Netflix	19.9	24.0	26.6	23.5	20.9	10.9	34.1
2	Digital River	24.2	19.1	12.1	18.4	-21.0	-36.6	-49.9
3	MercadoLibre	3.0	12.8	19.4	11.7	333.8	51.1	555.4
4	priceline.com	6.0	8.8	13.3	9.4	48.3	50.7	123.5
5	Bidz.com	3.8	10.5	6.7	7.0	172.1	-35.9	74.5
6	Blue Nile	6.5	5.0	3.1	4.8	-23.6	-37.2	-52.0
7	Liquidity Services	5.0	3.9	3.1	4.0	-20.7	-21.3	-37.6
8	1-800-FLOWERS.COM	0.2	3.7	3.9	2.6	1491.3	6.3	1591.3
Average		8.6	11.0	11.0	10.2	28.3	0.5	28.9

* Unlevered FCF prior to interest payments as a percentage of net operating revenues.

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Unlevered FCF for Unranked Companies

Rk.	Company	2006 (\$ 000)	2007 (\$ 000)	2008 (\$ 000)
1	Shutterfly	72	-6,948	6,484
2	VistaPrint Ltd.	462	-22,160	2,199
3	Move	15,155	-5,795	530
4	GSI Commerce	-14,587	-17,725	-1,965
5	PlanetOut	-2,206	-10,211	-5,684
6	Overstock.com	-89,795	-17,860	-8,382
7	Market Leader	-1,286	-8,001	-10,014
8	Hollywood Media	-7,316	-11,312	-10,480
9	eDiets.com	-2,970	-8,806	-15,928
10	drugstore.com	-11,930	-24,805	-18,416
11	WebMediaBrands	18,825	-69,566	-75,197
12	Autobytel	-41,841	-22,784	-83,096
13	Orbitz Worldwide	-154,000	35,000	-228,000
14	Ticketmaster Ent.	160,557	144,767	-958,722
15	Expedia	310,887	482,554	-2,665,995
Average		12,002	29,090	-271,511

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SNL Kagan Indices Top Weekly Performers

Radio Station



TV Station



Studio



Positive outlook pushes up TV Station Index

SNL Kagan's TV Station Index overcame two weeks of disastrous earnings releases — broadcasters Belo Corp. (-23.6%), LIN TV Corp. (-20%), and Sinclair (-18.4%) saw first-quarter revenues plummet year-over-year — thanks to positive forecasts by several of the industry's biggest names. The index takes the top spot for the second week in a row, gaining 26.6% for the two weeks April 27 to May 11.

News Corp. CEO Rupert Murdoch in a May 6 conference call said, "the emerging signs in some of our businesses [are] that the days of precipitous declines are done, and that revenues are beginning to look healthier." Shares of News Corp. were up 21.4% for the two-week period, closing at \$9.20 May 11.

CBS Corp. President and CEO Les Moonves seems to agree the worst is over. "In each of the last several weeks, we've seen sales pacing improve," Moonves said in a May 7 conference call. CBS Corp. shares fended off the impact of first-quarter net losses of \$55.3 million and gained 26.8% for the two weeks to close at \$7.62, a 149% rebound from a 52-week low of \$3.06 posted 3/9.

Hearst-Argyle TV shares shot up to \$4.50 on April 27 news that parent Hearst Corp. had agreed to increase its buyout price to \$4.50 for outstanding public shares it did not already own. Shares closed May 11 at \$4.50, up 226.1% off a 52-week low of \$1.38 March 3, but down 81.6% from a 52-week high of \$24.50 Sept. 18, 2008. Hearst Corp. issued a tender offer of \$23.50/share in 2007.

The broadcaster — owner of 29 TV stations covering 20.7 million U.S. TV households (18.1% coverage) — judged that price inadequate and urged stockholders to refuse. This time, a special committee of the board of directors May 4 called the offer "fair" and recommended shareholders accept it. The tender offer, initiated March 25 at \$4/share, will expire June 2 unless further extended.

Hearst Corp. already owns approximately 67% of the TV group's outstanding series A common shares and 100% of its series B, averaging about 82% of both the outstanding equity and general voting power of Hearst-Argyle.

Tony Lenoir

SNL Kagan Indices Bottom Weekly Performers

Wireless Carrier



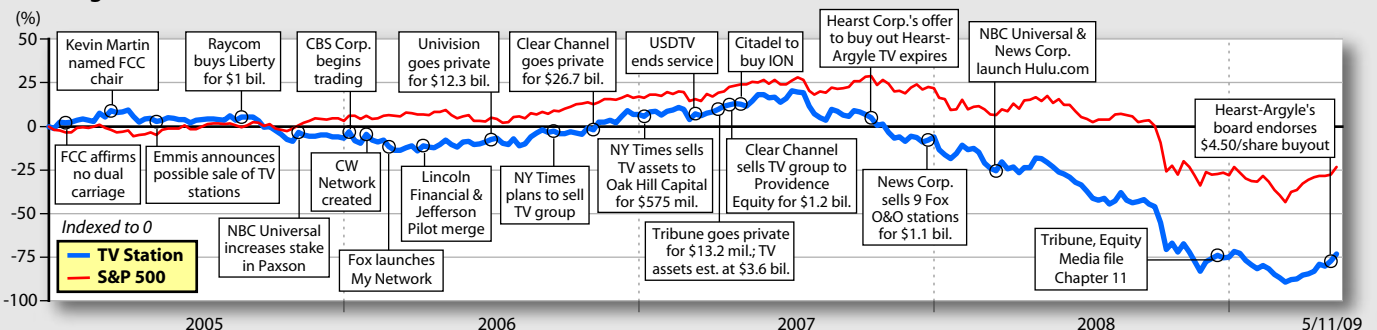
Incumbent LEC



Cable MSO



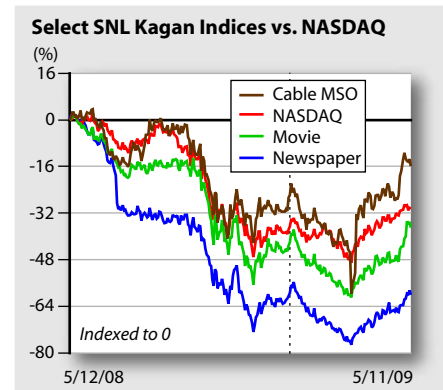
SNL Kagan TV Station Index vs. S&P 500



SNL Kagan Indices, broad markets return mixed results

Most SNL Kagan Indices made steady gains from May 4 to May 11 amid worsening unemployment reports. The Bureau of Labor Statistics May 8 announced unemployment in April reached 8.9%, up from 8.5% in March, as 5.7 million jobs have been lost since December.

The broad markets remained mostly flat, ending the week with the NYSE (+0.8%) leading the group in gains, followed by the S&P 500 (+0.2%), the Dow (-0.1%) and the NASDAQ (-1.8%). The Dow closed May 11 at 8418.77. The SNL Kagan Indices ranged between -5.3% and 7.5% for the week as nine of the 14 made positive ground, with the broadcast indices topping the chart.



SNL Kagan's Radio Station Index led with a 7.5% gain, driven by Entercom Communications Corp.'s 33.3% increase to \$2.80 May 11. Despite the uptick, the price represents a drop from its intraweek high of \$2.89 Feb. 11 leading up to the midday release of Entercom's first-quarter report. Shares fell afterward on year-over-year net-revenue and net-income declines of 74.9% and 21.9%, respectively.

The TV Station Index gained 6.5% from May 4 to May 11, bolstered by a 103.9% gain by LIN TV Corp. from \$1.55 to \$3.16. LIN May 8 reported net income rose 17x YoY to \$24.7 million in the first quarter due to a \$50.1 million gain from debt extinguishment; however, net revenues declined 20% to \$74.5 million.

The Cable MSO Index ranked last in our chart, falling 5.3% as Comcast Corp. shares dropped 7.4% from \$16.65 May 4 to \$15.41 May 11. Comcast has battled basic-subscriber losses in each of the last four quarters; subs fell 2.4% YoY (or 587,000) to 24.1 million in the first quarter of 2009.

Chris Forth

Media Averages Performance

SNL Kagan Index	----- 52-Week -----					----- Percent Change -----				
	High	Low	12/31/08	5/4/09	5/11/09	Hi-5/11	Lo-5/11	12/31-5/11	5/4-5/11	
Radio Station	32.54	5.50	10.78	9.30	10.00	- 69.3	+ 81.8	- 7.2	+ 7.5	
TV Station	66.45	7.76	20.76	18.15	19.33	- 70.9	+ 149.0	- 6.9	+ 6.5	
Studio	226.93	86.06	129.97	131.64	140.09	- 38.3	+ 62.8	+ 7.8	+ 6.4	
Movie	1059.15	406.62	605.27	619.07	658.29	- 37.8	+ 61.9	+ 8.8	+ 6.3	
Cable Network	306.34	116.35	167.55	169.95	177.73	- 42.0	+ 52.8	+ 6.1	+ 4.6	
Newspapers	345.70	77.11	137.50	130.05	135.72	- 60.7	+ 76.0	- 1.3	+ 4.4	
Theater	7.12	3.09	3.99	5.01	5.18	- 27.2	+ 67.6	+ 29.7	+ 3.4	
Tower	53.16	18.89	28.58	32.75	32.86	- 38.2	+ 73.9	+ 14.9	+ 0.3	
Satellite Radio	579.82	10.54	23.00	67.76	67.94	- 88.3	+ 544.5	+ 195.4	+ 0.3	
E-Commerce	275.52	109.75	160.16	242.25	238.29	- 13.5	+ 117.1	+ 48.8	- 1.6	
Cable/Sat TV Providers	156.35	70.41	111.57	128.41	126.26	- 19.2	+ 79.3	+ 13.2	- 1.7	
Wireless Carrier	16.88	9.55	12.10	11.74	11.32	- 32.9	+ 18.5	- 6.4	- 3.6	
Incumbent LEC	143.36	82.95	108.31	101.57	97.85	- 31.7	+ 18.0	- 9.7	- 3.7	
Cable MSO	2314.01	898.79	1656.76	1983.57	1878.95	- 18.8	+ 109.1	+ 13.4	- 5.3	

Broad Market Index	----- 52-Week -----					----- Percent Change -----				
	High	Low	12/31/08	5/4/09	5/11/09	Hi-5/11	Lo-5/11	12/31-5/11	5/4-5/11	
NYSE	9603.01	4226.31	5757.05	5800.22	5849.30	- 39.1	+ 38.4	+ 1.6	+ 0.8	
S&P 500	1426.63	676.53	903.25	907.24	909.24	- 36.3	+ 34.4	+ 0.7	+ 0.2	
Dow Jones Ind.	13028.16	6547.05	8776.39	8426.74	8418.77	- 35.4	+ 28.6	- 4.1	- 0.1	
NASDAQ	2549.94	1268.64	1577.03	1763.56	1731.24	- 32.1	+ 36.5	+ 9.8	- 1.8	

All SNL Kagan indexes are market-value weighted; i.e., an institution's effect on an index is proportional to that institution's market capitalization.

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