

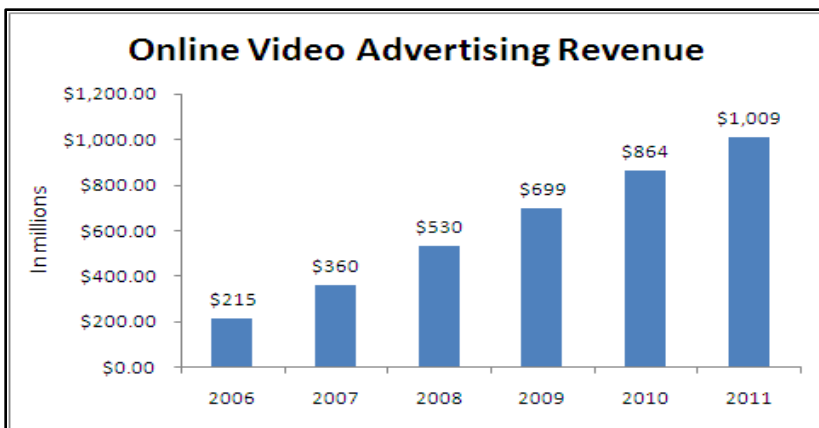


ONLINE VIDEO FORECAST – APRIL 2009

Despite the economic downturn and its inevitable strains on overall advertising expenditures, one category is clearly holding up as a beacon of change and growth: online video.

Magna forecasts the US market for online video will grow by 32% this year, rising from \$531 million in 2008 to \$699 million in 2009. While these figures represent downward revisions from our forecast for the sector in the middle of last year (prior to the subsequent escalation of the recession), these gains will likely outpace growth rates for most other emerging media platforms.

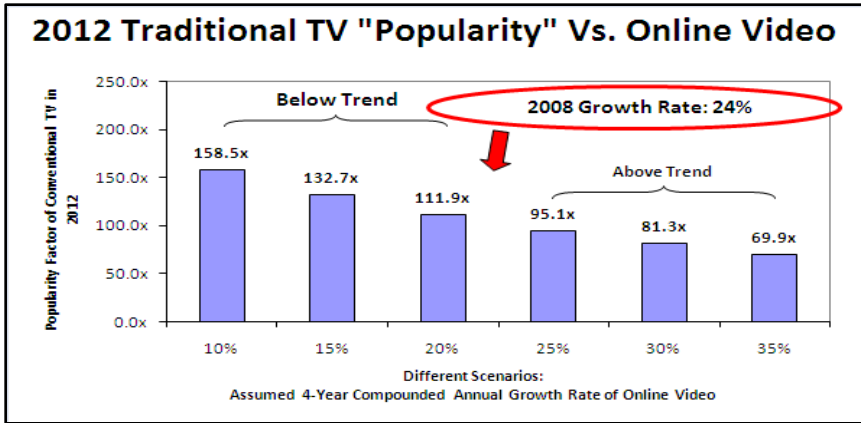
The reasons for growth are simple: as marketing budgets are reduced across industries, advertisers look to reach their consumers in a more targeted and cost-effective manner. User-generated content accounted for a significant volume of potential advertising inventory in the past, although little was considered desirable for larger brands, given their collective preference for association with professionally produced content. But in recent periods, the expanding availability of premium network and cable TV programming combined with increasing



Source: MAGNA

broadband penetration – now covering 60% of US homes by our estimates– collectively led to a 24% increase in time with professionally produced online video during 2008, following a 50% rise during 2007, according to Accustream.

Still, this represents a limited volume of top-tier inventory. Few large advertisers can achieve broad reaching objectives solely by using an online video-only campaign if there are any content preferences involved. For point of



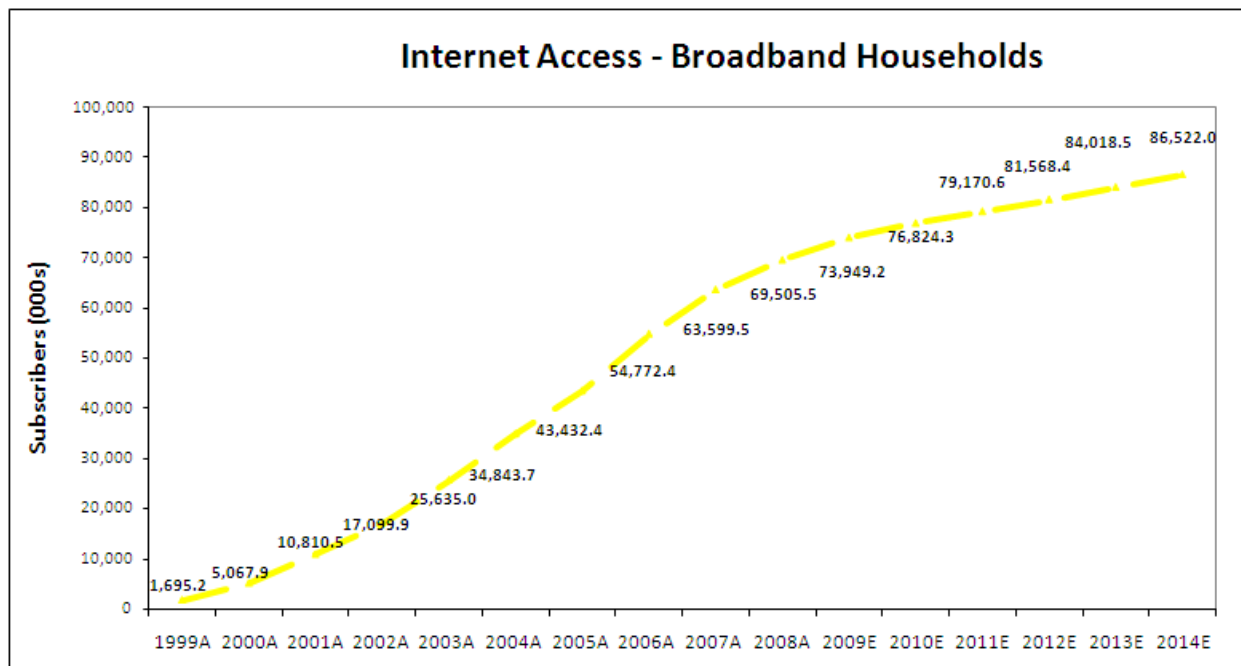
Source: MAGNA. 2008 Growth Rate from Accustream

reference, during 2008 490 billion person-hours of traditional television were consumed according to Nielsen. This equates to 244 times more consumption of professional content video than of online video. Even assuming last year's growth rate continues through 2012, traditional TV would still account for 98 times more consumption

TV suppliers – will continue to account for the bulk of online video budgets, but as user-generated content sites increasingly supply professional content to their mass audiences, these sites will produce faster rates of growth. Ad networks will continue to serve a valuable niche to the ecosystem, aggregating otherwise unsold (or undersold) inventory in an efficient manner, with cost-effective ways to reach large audiences. Traditional print publishers will continue to hold valuable inventory, but few will produce significant volumes of content to capture much market share.

Over the next few years, we expect traditional TV content – and traditional

In total, by 2011, we expect online video to generate slightly more than \$1 billion in net advertising revenues for video content. This represents a compounded annual growth rate of 36% for each year between 2006 and 2011.



Source: MAGNA, US Census