

UBS Investment Research

UBS Global I/O: Global Media

Global

Media

Global I/O

Announcing the 2010 Advertising Recovery

■ Fog has fallen over the traditional media buyer-driven agency forecasts

The lack of visibility in the current environment has generated record divergence among forecasters, leading some agencies to offer top-down macro-driven forecasts. This has made it difficult for investors to project core top-line drivers.

■ Cyclical recovery to offset structural headwinds in 2010E and 2011E

Our methodology segments structural and cyclical components. While advertising remains under structural pressure, we believe two-thirds of the recent decline was cyclical in nature and will be recouped over the next three years. Our new Advertising Key Global Indicator (KGI) growths are -9.6%, +3.9%, and +6.9% for 2009E, 2010E, and 2011E, respectively. Our previous forecasts were -7.3% and +2.2% for 2009 and 2010.

■ UBS Synthetic top 100 advertisers index confirms a turnaround

We built a proprietary index, using cash flow and top-line assumptions for the 100 top global advertisers. We believe protection of share of voice (SOV) will compel advertisers to avoid underspending in their own sector in a recovery.

■ Most preferred stocks in our theme

CBS, ITV, ProSiebenSat1, Schibsted, and Sohu.com are the best geared to an advertising uplift, in our view. Google, News Corp, and WPP are the well-positioned large caps.

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www.ubs.com/investmentresearch
Matthieu Coppet

 Analyst
matthieu.coppet@ubs.com
 +1-212-713 4299

Michael C. Morris, CFA

 Analyst
michael-c.morris@ubs.com
 +1-212-713 9028

Daniel Kerven

 Analyst
daniel.kerven@ubs.com
 +44 20 7568 1315

Polo Tang

 Analyst
polo.tang@ubs.com
 +44 20 7568 1286

Brian Pitz

 Analyst
brian.pitz@ubs.com
 +1-212-713 9310

Table 1: Global Ad-Spend—Measured Media and Regions

	2009E Ad-Spend Growth			2010E Ad-Spend Growth			2011E	Advertising Spend (US\$ bn)			
	Old	New	Diff	Old	New	Diff	Growth	2008	2009E	2010E	2011E
Television	-7.2%	-9.2%	-2.0%	3.4%	4.7%	1.2%	6.6%	183.0	166.2	173.9	185.4
Radio	-8.0%	-12.6%	-4.7%	-0.9%	2.5%	3.4%	4.2%	34.7	30.3	31.1	32.4
Magazine	-8.0%	-13.3%	-5.3%	-0.8%	1.4%	2.2%	3.9%	49.4	42.8	43.4	45.2
Newspapers	-11.7%	-14.1%	-2.4%	-2.8%	0.3%	3.1%	3.8%	115.7	99.3	99.6	103.4
Outdoor	-5.8%	-8.7%	-2.8%	2.6%	3.0%	0.4%	7.5%	28.9	26.4	27.2	29.2
Internet	1.7%	3.2%	1.4%	11.2%	10.6%	-0.6%	15.7%	54.0	55.7	61.6	71.3
Global Ad-spend KGI	-7.3%	-9.6%	-2.3%	2.2%	3.9%	1.7%	6.9%	468.0	422.9	439.2	469.4
Europe	-7.7%	-11.5%	-3.8%	1.3%	2.8%	1.6%	6.8%	143.5	127.0	130.6	139.5
<i>Top-5 Europe*</i>	<i>-7.0%</i>	<i>-13.4%</i>	<i>-6.4%</i>	<i>-0.1%</i>	<i>2.9%</i>	<i>3.0%</i>	<i>6.8%</i>	<i>84.0</i>	<i>72.8</i>	<i>74.9</i>	<i>80.0</i>
North America	-11.1%	-11.9%	-0.7%	0.1%	3.1%	3.0%	6.2%	180.0	158.7	163.6	173.7
<i>USA</i>	<i>-11.6%</i>	<i>-12.3%</i>	<i>-0.8%</i>	<i>-0.1%</i>	<i>3.1%</i>	<i>3.2%</i>	<i>6.3%</i>	<i>170.6</i>	<i>149.6</i>	<i>154.3</i>	<i>164.0</i>
Asia Pacific	-3.3%	-6.2%	-2.9%	5.8%	6.1%	0.3%	7.4%	107.5	100.8	106.9	114.8
<i>Emerging</i>	<i>-1.3%</i>	<i>-2.9%</i>	<i>-1.5%</i>	<i>7.4%</i>	<i>7.8%</i>	<i>0.4%</i>	<i>11.9%</i>	<i>93.6</i>	<i>90.9</i>	<i>98.0</i>	<i>109.7</i>
<i>Advanced</i>	<i>-8.9%</i>	<i>-11.3%</i>	<i>-2.4%</i>	<i>0.7%</i>	<i>2.8%</i>	<i>2.1%</i>	<i>5.4%</i>	<i>374.4</i>	<i>332.0</i>	<i>341.2</i>	<i>359.7</i>

* Top-5 European countries: Germany, France, Italy, Spain, and UK. Source: UBS estimates

This report has been prepared by UBS Securities LLC

ANALYST CERTIFICATION AND REQUIRED DISCLOSURES BEGIN ON PAGE 45.

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Matthieu Coppet
 Analyst
 matthieu.coppet@ubs.com
 +1-212-713 4299

Michael C. Morris, CFA
 Analyst
 michael-c.morris@ubs.com
 +1-212-713 9028

Daniel Kerven
 Analyst
 daniel.kerven@ubs.com
 +44 20 7568 1315

Polo Tang
 Analyst
 polo.tang@ubs.com
 +44 20 7568 1286

Brian Pitz
 Analyst
 brian.pitz@ubs.com
 +1-212-713 9310

The UBS Global I/O initiative engages analysts from around the world in a collaborative effort to offer our leading Global Equity Research ("Input") along with investment ideas ("Output") in multiple regions concurrently.

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Executive Summary

We project an advertising recovery starting in 2010 for nearly all major markets. While we reduced 2009 on first half weaknesses in Asia and Europe, we are boosting our 2010 advertising growth Key Global Indicator (KGI) materially and introduce a relatively solid 2011 forecast near the peak of the cyclical rebound. Our new numbers are -9.6%, +3.9%, and +6.9% for 2009E, 2010E, and 2011E, respectively. As in previous years, the Internet and emerging markets are key drivers, supplemented by television.

We believe a bottom-up methodology based on media-buyer feedback as used by many agencies and platforms is difficult to execute in this environment, as many large advertisers have stopped guiding ad-spend beyond 4Q09. Forecasts are now diverging considerably among sources.

We decided instead to separate the cyclical and structural components in our forecasts. While advertising remains under structural pressure, we estimate that nearly two-thirds of the recent down-cycle was cyclical in nature and should be recouped over the next three years, leading to an accelerated recovery.

We also tested our outcome by building a synthetic advertising index, using cash flow and top-line assumptions for the 100 top global advertisers. We arrived at similar recovery assumptions. We believe protection of share of voice (SOV) will compel advertisers to avoid underspending in their own sector in a recovery.

Our most preferred names in this environment are best geared in their operation to benefit from an upturn in advertising with limited structural pressure. Those are US network CBS, UK broadcaster ITV, German broadcaster ProSiebenSat1, Scandinavian print and display online leader Schibsted, and China leading portal Sohu.com. We are reverting from the negative stance we have had on broadcasters since the fall of 2006, but success-based online advertising and television broadcasting should see most of the upside.

Global advertising spending growth should start recovering by 1H10 and accelerate until 2011 to reach 6.9%

Lack of visibility from agency and platform forecasts has led us to change our methodology

Cyclical components topped structural effects 2 to 1 in the recession, and should fuel a coming recovery

Synthetic Top 100 Advertisers index confirms a turnaround

Most preferred: CBS, ITV, ProSiebenSat1, Schibsted, Sohu.com

Table 2: Highlighted Stocks

Companies	Analyst Name	Rating	Current Price (local)	Target Price (local)	M'Cap (\$ Bn)	Country
Most Preferred						
CBS Corp.	Michael Morris, CFA	Buy	US\$ 7.99	US\$ 9.00	5.4	US
ITV plc	Daniel Kerven	Buy	37.38 p	37.00 p	2.4	UK
ProSiebenSat1	Daniel Kerven	Buy	€ 4.14	€ 4.10	1.3	Germany
Schibsted ASA	Alastair Reid	Buy	NKr 69.10	NKr 80.00	1.2	Norway
Sohu.com Inc.	Wenlin Li	Buy	US\$ 62.05	US\$ 70.00	2.3	China
Most Preferred Large Cap						
Google Inc.	Brian Pitz	Buy	US\$ 439.85	US\$ 525.00	105.7	US
News Corporation, Inc.	Michael Morris, CFA	Neutral	US\$ 10.32	US\$ 10.50	28.3	US
WPP	Alastair Reid	Buy	449.00 p	650.00 p	9.5	UK

Note: Priced as on close of July 28, 2009. Source: UBS estimates

Large-cap media stocks are not as levered as pure plays to an advertising recovery as they mix multiple business lines. The best positioned, in our view, are Google, News Corp, and WPP.

Most preferred large caps: Google, News Corp; WPP

While we are becoming more positive on the advertising outlook in the mid-term, it does not eliminate the ongoing structural pressure that affects media companies. As we had concerns about 2009 back in 2006, we are extremely sensitive to renewed pressure after 2013. By then, the amount of available advertising inventories (“impression”) would have expanded exponentially on online and digital media and could put tremendous pricing pressure on all platforms. Over the next three-year lull, we believe media companies should further trim their cost structure while revisiting their business models, including distribution and monetization.

Media companies benefit from a three-year critical respite to alter business models

Definition and Scope

We define advertising as the media of “mass persuasion”. Advertising naturally includes television, print, outdoor, radio, cinema, or branded online advertising. We also added online search to the overall numbers to allow us to generalize global aggregated numbers. Our Key Global Index uses the extended definition (i.e., including search).

Advertising defined as media of “mass persuasion”

What Has Changed Since February?

Two diverging trends took place over the last couple of months: (1) An accelerated decline in global consumption in the first half that led us to reduce our 2009 advertising numbers by 2.3% to -9.6%, in parallel to our recent global GDP 1.2% cut to -1.2%. Europe was particularly hit, with advertising spending cut by 6.4% to a record -13.4% and GDP cut by 2.4% to -4.2%. (2) The quantification of the potential impact of recent stimuli for a consumer spending recovery for 2010. Our global economist Larry Hatheway recently upped 2010 GDP assumptions by 0.2 percentage point to 3.0%. The strongest uptick came from the Eurozone and Asia. That relative improvement in our 2010 GDP and consumption outlook enables us to plan a potential ad-spend recovery by the start of 2Q10.

Two diverging trends took place over the last couple of months

Quantifying Structural Component of Advertising Change

In 2006, we indicated that advertising was in a structural decline as a function of overall marketing spending and were expecting ad-spend to underperform nominal GDP growth. Since then, advertising growth underperformed GDP by 820 basis points annually. This is obviously not sustainable. A material part of that soft performance was a consequence on the strength of current economic headwinds, a cyclical influence. As the economic recovery is taking shape in 2010, there are concerns that the structural component would offset all cyclical gains; indeed many agencies are projecting very minimal ad-spend growth rates for the next couple years. In this section we estimate that structural impacts will be around 300 to 400 basis points annually in developed markets, not enough to mute our expected ad-spend recovery dramatically.

In our view, structural impacts will not be enough to mute our expected ad-spend recovery dramatically

Cyclical Recovery Should Return Growth in 2010-12E

We have materially upgraded our 2010 forecast and see further strengthening to global advertising spending in 2011. We upped our 2010E ad-spend growth forecast to 3.9%, from 2.2% previously and introduced 6.9% for 2011E. Many countries showed upward adjustments by more than 300 base points in our forecast, such as the US, UK, Italy or Spain. The cyclical component of advertising drives those incremental gains. Indeed, we now estimate that nearly two-thirds of the recent drop in ad-spend was cyclical in nature and not structural. In our model, we assume for all major markets a 100% cyclical recovery by 2012. We expect the cyclical recovery to overwhelm the structural advertising decline for the next three years before softening.

The downside in our model is limited as most of the easy cuts have been done, in our view. In the unlikely case of the pace of structural change doubling over the next three years, the US for instance will still be able to achieve 6.5% ad growth in 2012. We do not foresee disruptive technology that alters our mid-term view at this stage. Finally, a bottom up analysis supports our view of moderate recovery. We created a synthetic advertising forecast using the top 100 advertisers revenues and cash flow growth, weighted by ad-spend. It points to similar recovery assumptions, driven by consumer discretionary.

Potential Earnings Lift: Broadcasting & Success-based Online Display to Benefit Most

We believe we are at the higher end of the forecast spectrum for global advertising in 2010-11. A potential upward adjustment of 300 basis points in global ad-spend could lift global media EBITDA and earnings by 6.5% and 9.6%, respectively, for 2010. This is enough to push EBITDA and earnings growth to double-digit levels with 11.2% and 22.5%, respectively

Television (broadcast and cable networks) and display Internet should benefit most from a sustained up-cycle. They are least affected by our structural decline scenario. Most television and display Internet pure-play names are principally ad-supported and should see direct benefit from operational gearing. Print will see less of a lift due to the strong secular decline of both its circulation base (on demographics) and classified (on substitution). Advertising agencies and entertainment offers some material upside in our scenario. Agencies are not fully correlated to advertising spending; they have diversified and the importance of the traditional budget has shrunk, together with average media fees. That being said, our advertising cycle recovery can apply to their other agencies businesses as well as such as PR or B2B investments for instance. Entertainment conglomerates have important exposure to advertising, but that exposure has been getting smaller over time after peaking in the late 90s. Other segments of media have very little exposure to advertising from pay-TV operators to gaming.

Cyclical factors drive the incremental gains in our ad-spend forecasts

Picking Stocks

Our most preferred names in this environment are best geared in their operation to benefit from an upturn in advertising with limited structural pressure. Those are US network **CBS**, UK broadcaster **ITV**, German broadcaster **ProSiebenSat1**, Scandinavian print and display online leader **Schibsted** and China leading portal **Sohu.com**. We are reverting from the negative stance we have had on broadcasters since the fall of 2006, but we think success-based online advertising and broadcasting should see most of the upside.

Most preferred: CBS, ITV,
ProSiebenSat1, Schibsted,
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Large-cap media stocks are not as levered as pure plays to an advertising recovery as they mix multiple business lines. The best positioned, in our view, are **Google**, **News Corp**, and **WPP**.

Most preferred large caps: Google;
News Corp; WPP

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Note: Priced as of close of July 28, 2009. Source: UBS estimates

Table 4: Stocks: Impact of 3% Additional Advertising Revenue on 2010E EBITDA

Companies	Impact on EBITDA	EV/EBITDA (x)		2010E EBITDA Growth	
		(Current)	(Post Scenario)	(Current)	(Post Scenario)
Most Preferred					
CBS Corp.	13.7%	7.71	6.78	18.2%	34.4%
ITV plc	17.2%	9.53	8.13	41.6%	65.9%
ProSiebenSat1	11.2%	6.14	5.53	6.2%	18.1%
Schibsted	11.0%	6.59	5.93	24.2%	37.9%
Sohu	3.7%	6.66	6.42	20.7%	25.1%
Most Preferred Large Cap					
Google Inc.	4.5%	12.00	11.48	15.2%	20.5%
News Corporation	7.1%	5.66	5.29	4.3%	11.6%
WPP	9.8%	7.30	6.65	-2.6%	6.9%

Note: Priced as of close of July 28, 2009.
Source: UBS estimates

Table 5: Stocks: Impact of 3% Additional Advertising Revenue on 2010E Earnings

Companies	Impact on Earnings %	P/E (x)		2010E Earnings Growth	
		(Current)	(Post Scenario)	(Current)	(Post Scenario)
Most Preferred					
CBS Corp.	32.0%	9.90	7.50	81.0%	139.0%
ITV plc	64.9%	19.25	11.67	nm	nm
ProSiebenSat1	31.5%	4.37	3.32	119.4%	188.5%
Schibsted	20.7%	14.03	11.62	296.9%	379.1%
Sohu	4.9%	14.33	13.65	12.4%	18.0%
Most Preferred Large Cap					
Google Inc.	6.3%	19.68	18.52	15.7%	22.9%
News Corporation	11.4%	13.68	12.29	nm	nm
WPP	14.7%	9.57	8.34	-1.7%	12.7%

Note: Priced as on close of July 28, 2009.

Source: UBS estimates

Risks to Our Theme

“W” effect. Could the expected macro consumption recovery stall in a year, leading discretionary spending to fall back again? Our economics teams believe it is not likely but still within the realm of possibility. The effect on advertising would be perceptible but not enough to maintain ad-spend growth in negative territory, in our view. The impact should be lower pricing for media platforms and accelerated migration to success-based online advertising, but not necessary from less volume demand by advertisers.

Annual structural changes could exceed our assumptions. The deployment of disruptive technologies could take place sooner than expected. VCs and large technology and entertainment conglomerates have allocated large amounts of capital to that space. Contrary to digital distribution and content, investments into the online infrastructure and advertising optimizing space continued even during the slowdown of the economy. The main threat to our forecast would be on the advertising pricing side. Accessing audience in a cheaper way without damaging brands and consumer engagement is the Holy Grail for advertisers.

Advertising and media platform regulation changes. Government regulation in the US or Europe could change incentives for advertisers to spend for the mid-term (healthcare or financials for instance). There are also traditional regulations from commercial lengths to regulated sectors. Those are country specific and have changed over time (opening TV advertising for retailers or financials in France and Italy respectively, eliminating primetime advertising for public television in France).

What Has Changed Since February?

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Extremely Weak 1H09

In October 2008, we first drove our 2009 forecast into negative territory. The economic environment and the media space have markedly deteriorated during the year. Since our latest forecast from February 2009, we further cut Europe and advanced Asia, while keeping the US in line. This led us to reduce our global 2009 advertising KGI to -9.6% from -7.3%. We believe we reached a bottom for our 2009 forecast as all the major advanced markets are now in double-digit decline. We would expect the pace of deceleration to start to improve by September.

1H09 was extremely weak across the board. Double-digit declines became the norm for nearly all advanced nations. Drops of 20% affected broadcasters in Europe, Hong Kong or Japan. No segments or regions, beside online search, were untouched. Even Chinese online display experienced drops. The most affected segments in the first part of the year were global classified, likely down 40% to 45%, followed by Spanish television, down 35%, and US local television with a 26% decline.

Weak 1H09 led us to boost global ad-spend decline to -9.6% from -7.3%

Table 6: H109 Summary for Advertising Revenues across Media Sub-Segments

Segment	Region	Observation	Comments	
Print	UK	DMGT: In last two quarters, national advertising declines were -15% and -23%, with regionals down 33% and 36%.	Print was weakest on classifieds and soft local demand	
		ERM: Underlying revenue down 22% in Q2		
		GCI: In Q1, U.K. down 38.7% in pounds		
		In Q2, UK advertising -29% organic (-27% UK properties and -37% at Newsquest)		
		Impresa: Advertising revenues decreased 19% y/y in H1 09		
			TNI: For H1, we expect national advertising down 15% and regionals down 35%	
	US	Time Warner: 30% decline in print ad-revenue in Q1. Q2 Publishing revenue fell 22% driven by 26% declines in ad revenues	Print was weakest on classifieds and soft local demand	
		SSP: 29% decline in print ad in Q1		
		GCI: In Q1, U.S publishing down 28.2% (Retail -23%, national -31% and classified -47%). July looking like June (total ads -29%). In Q2, US National ads improved over course of quarter (-12% June vs. down mid-20%'s in April/May). June total ads -29%, retail down low to mid 20% national -12%, classified -43%		
		MNI: In Q1, Print declined 33% (Newspapers: nat'l -34.8%, retail -26.7%, classified -46.0%). In Q2, print declined 34% (employment -68%, national -42%, classified -45% in the print division)	Saw improving trend in quarter and so far July is similar to June	
		NYT: National -21.9%, Retail -25.0%, Classified -45.1% in Q1. Print ads declined 28% in Q1 and 32% in Q2	NY Times 2Q pricing flat, Globe & Regionals down in "low range"; Rate of ad decline lessened during qtr	
		MEG: -25% in Q1 (nat'l -12.2%, retail -17.5%, classified -38%) and -26% in Q2 (Classified -35%, Retail -21%, National -19%)		
		MHP: Declined 40% in Q1	Expect Information and Media segment to decline by 5-6% for full year	
		MDP: -12% in Q1, Paper prices moderating		
JRN: Q1: -31% (Papers: nat'l -30.6%, retail -49.2%, classified -30.6%), Q2: -28%		In July, print fairly consistent with second quarter		
NWS: -27% in Q1				
RHD (Yellow Pages): -17% in Q1				
France	LAGardere: Advertising declines in Active (Magazines/Radio) in Q2 were broadly similar to the -23% decline seen in Q1. Overall organic revenue declines in Active were -17.8% in Q2 (after -17.5% in Q1).	Comparables in Q3 are similar to Q2 but ease significantly in Q4 suggesting we are close to an inflexion point.		
	Australia	APN: dramatic decline in ad-spend. WAN: ad-spend -18% in Q1	Australian publishers are different and better capitalised, in our view, allowing them to manage structural issues better and benefit from the next cyclical upswing.	
	Spain	Grupo Prisa ad-spend was down 22% in Q1		
	Italy	L'Espresso: Ad revenues: -27% y/y in Q1 and -21% in Q2		
	Singapore	SPRM: In Q1, Newspaper advertising was down by 20% on the back of a 26% fall in classified ads and 16% in display ads. In Q2, Advertising revenue was down 23% YoY, with display ads declining 18% and classified ads by 30%		
Broadcasting	UK	BSkyB: Consolidation of advertising sales team: BSKyB (15% mkt share) and Channel (25%). versus just over 45% for ITV. Result: cost savings and revenue synergies, and the combined sales team could also provide advertising sales for other channels, eg Channel Five	Broadcasters facing increased competition from digital TV, loss of TV market share and media price deflation. We expect advertising revenue for BSKyB and ITV to fall 6.5% and 17%, respectively, in 2009.	

Segment	Region	Observation	Comments
	Spain	Spanish TV markets were down 35-37% in April. Telecinco could be down 50% due to market share decline. TL5 1Q09 ad-spend was down 37%.	Risks of capex due to new digital channel to launch and potential DTT PAYTV JV. What could help would be ad on TVE to be removed, but not much impact in France. While the TV advertising market deteriorated in Q2 (-33% vs -27% in Q1), we expect A3 to continue to outperform and forecast a 27% decline in net advertising revenues in H1. We forecast a 42% decline in TL5 ad revenues in H1.
	Italy	Mediaset: Advertising at M6 was down 11% in Q1. Chairman Giuliano Adreani has already suggested that Mediaset's ad revenues were down 11% H1.	We forecast 1.1% ad growth in 2010 and c3.5% growth in 2011/12 after factoring in a full recovery of what we calculate to be the cyclical element of the slowdown
	France	Advertising at TF1 was down 27%, total revenues were down 18% in Q1. Q2 advertising down 19%, total 16% reduction in H1 revenues	Given the improved advertising trend in Q2, we have upgraded our FY advertising forecast from -22.5% to -19.6% in 2009 (-15.6% in H2)
		In Q2, better-than-expected advertising (-19%) offset a weaker performance in diversification activities (-8%).	-19.6% in 2009 (-15.6% in H2)
		M6: Q2 advertising was down 16.5% for M6 channel, contributing to a 14% decline for the first half	We raise our FY ad growth assumption from -16% to 12% in 2009 (-10% in H2)
	US	News Corp: Q1: -28%, Dom ads -5%, Intl ads -16%. Full-year guidance implies a slowing decline in ads in June 2009 qtr.	
		CBS: TV stations down 34% in Q1, Seeing volume of scatter increase with rates slightly above last year's upfront.	
		DIS: Q1: stations -30% in Q1. Seeing sequential improvement in local advertising.	
		SBGI: Q1: Local ex political -17.3%, national -28.8% Political adv \$3mm vs. \$3.2mm last year	
		BLC: TV stations down 28% in Q1, TV ads ex-polit. - 24%. nat'l spot -24%, local spot -26%. 2Q local & nat'l spot pricing flat with Q1	
		A H Belo Corp: TV stations down 29% in Q1	
		GCI: Advertising at TV stations down 16% in Q1 and 26% in Q2	
		JRN: -20% in Q1 (TV & radio Broadcast -17.5% ex-political) & -18% in Q2 (Radio -18.1%; average advertising rate is -12.8%)	In July, broadcast seeing slight ease.
		MEG: -19% in Q1(local -20.4%, nat'l -20.9%), -25% in Q2 (Broadcast ads weak in April, improved in May & June)	
		MDP: -31% in Q1	
		MHP: Declined 23% in Q1	
		MSO: -30% in Q1, Magazine ad trends expected to stay relatively weak in Q2	
		NXST: -14% in Q1, Auto ads -23%. Q2 looks pretty similar to Q1.	
		SSP: 19% decline in Q1, Broadcast pacings for Apr/May look in-line with Q1	
	Australia	TEN: negatively impacted by the launch of new properties.	Advertisers were unwilling to support unproven products
	Hong Kong	TVB: 28% y/y drop in Q1 and a narrower decline of 20% YoY in Q2.	UBS expects 23% decline in H109 ad revenue
	India	ZEE: Advertising revenues declined 29% y/y in June quarter	Two significant cricket events in this quarter, namely IPL and T-20, took away a significant share of advertising revenues from GEC genre; these two events took away Rs4-5bn of ad revenues from the overall industry

Segment	Region	Observation	Comments
Networks	US	CBS: Networks down 9% in Q1	
		TWX: Networks worsening to down mid-single digits. Q2: 3% decline in ads (primarily at Turner international, implying a better domestic rate)	
		DIS: Network -2% in Q1	
		GE: Broadcast benefited from \$260mm Super Bowl, Q1: -10%. Q2: -9%; local markets not improving; upfront is very slow- plan on retaining more inventory into 2010	
		NWS: -9% in Q1	
Cable	US	DIS: Q1:-6%. ABC scatter above upfront. ESPN "down high singles" on autos/financials. Seeing sequential improvement in local advertising.	
		DISCA: Q1:-1%. US +2%, Intl +7%. 2Q US ad guidance of "flat to slightly down," intl ad growth of "mid to high single digits, ex-FX". 13-14% upfront cancellations	
		SNI: Q1:-5%, Expect 1H09 under pressure (but seeing stabilization) - cautiously optimistic about H209	
		GE: Broad strength in cable ads driven by high y/y ratings growth., Q1: +7% but Q2: -5%	
		Viacom: Q1: -11%, Q2: -8%. In Q1, Dom ads -9%, Intl ads -8% (organic). Domestic ad sales erosion improved to -6% in 2Q09. International advertising declined 27% in dollars, or 15% in local currency in Q2.	In the near term, we believe that weak consumer spending environment will continue to depress advertising sales at the cable networks (52% of operating income). We do note that the rates of domestic advertising declines appear to be stabilizing as we enter 3Q09
		NWS: -6% (Q1)	
		TWX: -2% (Q1)	
		Time Warner Cable: advertising revenues declined 26.4% in Q1 and 25% in Q2'09	
		OUTD: +2% in Q1, Q2 could be the weakest quarter of the year (y/y comp) and currently pacing flat to slightly down in Q2 vs. last year.	
Online		Google: Ad revenue +5% in Q1 and +3% in Q2. In Q1, sites up 9%, network -2.9%. In Q2, sites up 3%, network +2%	Advertising revenue is now 97% (March 2008: 98%)
		Yahoo: Ad revenue -13% in Q1 and -14% in Q2. In Q1, US search +3%, intl search -12% (organic), US display -13%, Intl display +6% (organic), Affiliates -16%.	
		News Corp: -11% online ad revenue (Q1)	
		NWS: -11% in Q1	
		CBS: Online ad-spend down 16% in Q1	
		Belo Corp: -5% in ad revenue in Q1. 2009 internet revs exp'd flat to slightly down	
		A H Belo Corp: online ad down 24% in Q1	
		MNI: -5% in Q1 and -3% in Q2. Display offset by Online classified -27.7% in Q1	
		GCI: Pro forma 13% decline in Q1, and 19% in Q2	
		NYT: -5% in Q1 and -5% in Q2	
		SSP: -27% in Q1	
		SNI: -6% in Q1	
		TWX: -20% in Q1, -21% in Q2 at AOL.	
JRN: -37% in Q1			
MEG: -6% in Q2			
		Sohu: online ad recovery not strong	Sohu mgt give a 5-8% yoy growth guidance for FY09, lower than their previous guidance of 10%.

Segment	Region	Observation	Comments
Agencies		OMC: -4% in Q1, -10.8% in Q2 (Traditional ads -15.5%, CRM -18.7%, PR -18.5%, Specialty -20.1%. Autos -30%, recruitment -45%, specialty media & health care weak)	
		IPG: Organic ads -5.4%: US & JP esp. weak (Feb & Mar saw improvements). Q2 organic revenue decline of 14.5%, significantly below consensus.	
		WPP: Q2 expected to be tough like Q1.	Real recovery unlikely before 2010. We expect 7% drop in the advertising division revenues of 2009
		JCDX: Q1: Total: -12%. Organic growth: Street Furniture -14%, Transport +2.1%, Billboard -19%	For H1, we expect -17.3% for Street Furniture, -19.9% for Billboard, -7.6% for Transport. We would expect the focus to be on advertising trends for the remainder of the year and any outlook comments which indicate that revenue declines may start to slow with easing comps. Decaux should benefit from any cyclical recovery, particularly given structural growth once price deflation in traditional media eases
	Publicis: 8% decline in H1'09		Estimate that global ads down 13-15% in 1H09; Ad spending trough expected in July
	LAMR: -15% in Q1. Q209 guidance -16% organic. Seeing advertisers starting to take mtgs w. acct execs.		
Outdoor		APN: We have downgraded our estimates to reflect weaker revenues across all divisions, with publishing and outdoor most affected.	
		TVB: Certain outdoor billboard operators now offer advertising slots at cost levels, representing an 80% decline compared to 2008 pricing.	

Note: Q1 and Q2 as per calendar year 2009 for consistency (Q1:31st March 2009, Q2: 30th June 2009)

Source: Company reports and UBS

Stimulus Programs and Consumption

The market has clearly signalled a potential recovery for 2010. Our macro-assumption agrees with every region in the world experiencing some expansion next year. Very large stimulus, as in China, would have a direct effect on the overall media consumption.

Table 7: January and Current GDP Forecast (2009E-10E)

	Old		New		Change	
	2009E	2010E	2009E	2010E	2009E	2010E
World	0.4%	2.8%	-0.8%	3.0%	-1.2%	0.2%
China	6.5%	7.5%	8.2%	8.5%	1.7%	1.0%
Nordic	-1.3%	0.8%	-3.4%	1.8%	-2.1%	1.0%
UK	-3.0%	0.5%	-4.2%	1.5%	-1.2%	1.0%
Eurozone	-2.0%	0.5%	-4.3%	1.4%	-2.3%	0.9%
Japan	-2.6%	0.8%	-6.0%	1.7%	-3.4%	0.9%
Asia**	3.8%	5.9%	4.4%	6.6%	0.6%	0.7%
US	-1.2%	2.2%	-2.4%	2.2%	-1.2%	0.0%
Latin America	2.2%	3.2%	0.0%	2.8%	-2.2%	-0.4%
Eastern Europe	2.8%	3.7%	0.3%	3.2%	-2.5%	-0.5%
Australasia	0.9%	2.1%	-0.8%	1.6%	-1.7%	-0.5%

** Excluding Japan, including Australia & NZ. Source: UBS estimates

Table 8: Fiscal Stimulus Plans of Select G20 Countries

Country	Amount (\$ bn)	% of GDP	Ad Spend to GDP
South Africa	87	10.00%	1.35%
China	588	6.00%	0.43%
USA	787	5.50%	1.01%
Australia	42	5.20%	0.90%
Brazil	66	4.80%	0.79%
Germany	105	3.20%	0.67%
Turkey	20	3.00%	0.22%
Canada	32	2.60%	0.60%
India	26	2.40%	0.52%
Japan	85	1.70%	0.92%
South Korea	11	1.50%	0.79%
Indonesia	7	1.50%	0.54%
United Kingdom	32	1.50%	0.62%
France	33	1.30%	0.46%
Italy	12	0.60%	0.48%

Source: UBS estimates

Quantifying Structural Component of Ad Change

In 2006, we indicated that advertising was in a structural decline as a function of overall marketing spending and were expecting ad-spend to underperform nominal GDP growth. Since then, advertising growth underperformed GDP by 820 basis points annually. This is obviously not sustainable. A material part of that soft performance was a consequence of the strength of current economic headwinds, a cyclical influence. As the economic recovery is taking shape in 2010, there are concerns that the structural component would offset all cyclical gains; indeed many agencies are projecting very minimal ad growth rates for the next couple years. In this section, we estimate that structural impacts will be around 300 to 400 basis points annually in developed markets, not enough, in our view, to mute dramatically our expected ad-spend recovery.

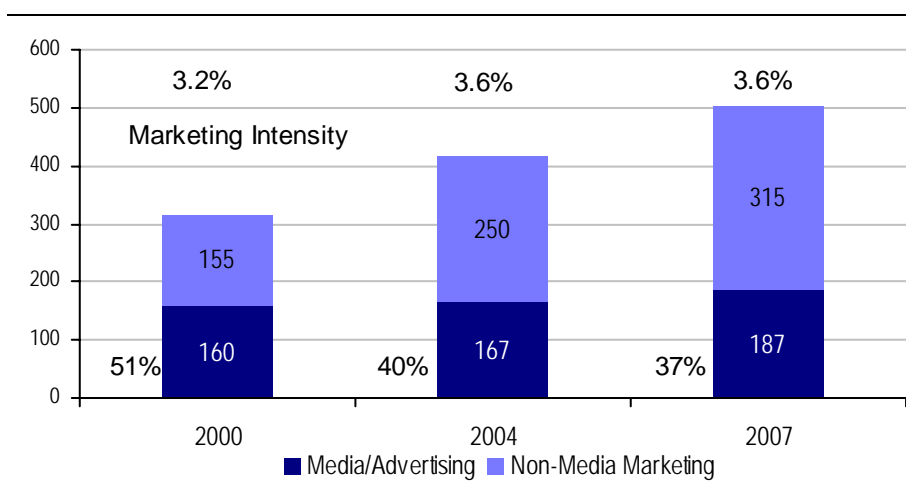
Advertising Shrinking Part of Marketing Spend

In our discussion with most major agencies, we arrived at the conclusion that **non-advertising marketing spending is growing materially faster than advertising expenditure** globally and that the trend is here to stay. Online tools would facilitate the transition, as highlighted by the sudden boost by large advertisers to their consumer-facing online infrastructure. The current merging of traditional and non-media marketing under one brand manager in the agencies will only accelerate the trend.

Our estimates of this structural shift for the US market shows dramatic shift away from advertising spending by marketers. While marketing spending over GDP remains flat, the mix is favoring non-advertising tools, such as consumer and trade promotion. In 10 year, US advertising went down from 50% of overall marketing spending to less than 35%. Estimating non-advertising/media spending is a difficult exercise as it can be done in-house by marketers.

Advertising spending is losing share to non-media marketing, depressing ad intensity (advertising over GDP)

Chart 1: Estimates of US Overall Marketing Spending (2000-07E, \$ billion)

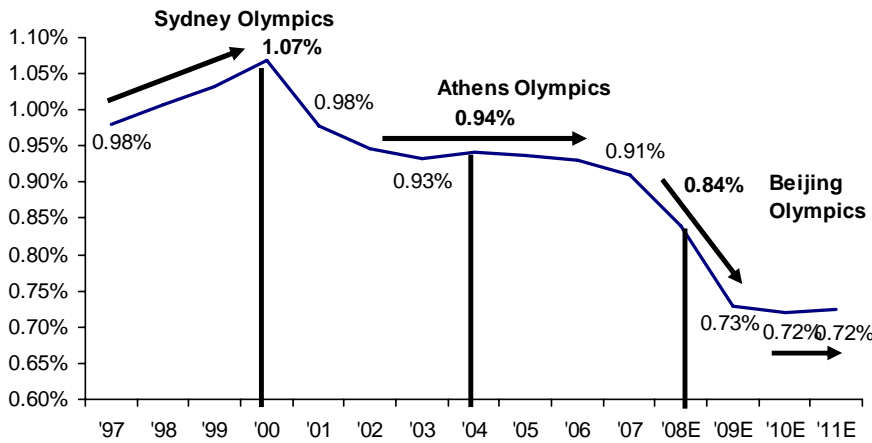


Source: UBS, MET, and company reports

Leading Advertising Intensity to Drop Dramatically Since 2000

Global advertising intensity has declined materially since its peak in 2000. That trend is true for both advanced and emerging economies.

Chart 2: Global Advertising Intensity, 1997-2011E

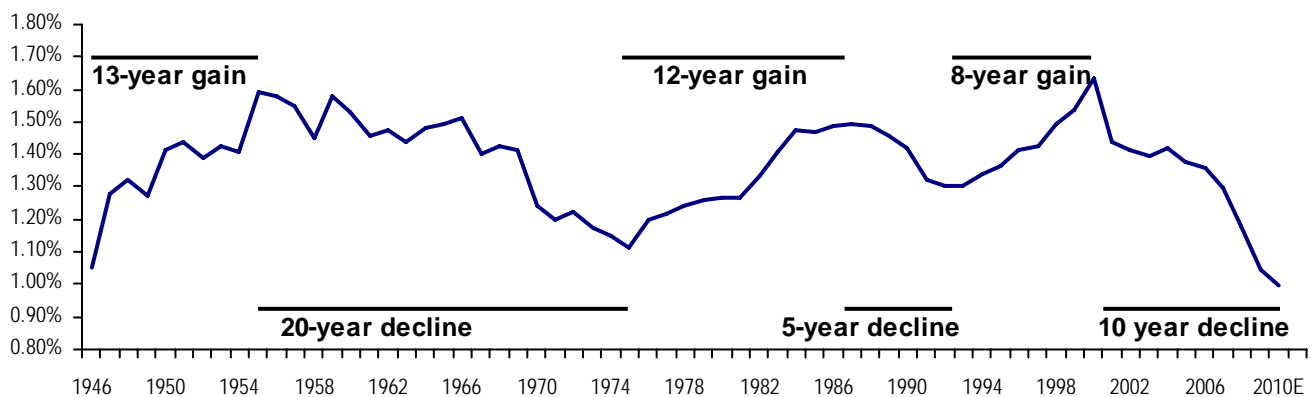


Source: UBS estimates.

Today, the advertising over GDP ratio for the US has rolled back to 1946 levels following a sharp nine-year decline. Have we reached a bottom yet? Proponents of advertising intensity stabilization would highlight that post-WWII lows are indicative that most structural effects have taken place already. We would be more prudent as we highlight later in the section. First, we have experienced a longer downside period, such as a 20-year decline in the 1950s and 1960s. Second, innovation and new distribution platforms were the real triggers for improvement in those ratios. The ability to further engage the consumer and improve targeting dramatically would be part of the solution but no technology has yet met the requirements to trigger such a revolution. Timing is key for the industry and current cost cutting at advertising-supported platforms aims to protect capital and assets until a structural turnaround.

Advertising intensity back to 1946 levels

Chart 3: US Measured Media (broadcasting, print, outdoor) Advertising Intensity (as % of GDP)



Source: UBS estimates

The US market is remarkable for two reasons:

- (1) It is the most analyzed market, allowing for in-depth studies of ad-spend changes over extended periods and high-quality data gathering.
- (2) It is one of the most advanced/mature markets in terms of advertising depth. No other market is as fragmented for both delivery platforms and advertisers' relative size.

Chart 3 shows that structural changes have overridden the negative impact of double-digit inflation in the late 1970s/early 1980s. Advertising cycles diverge from those of traditional cyclicals. The development of modern marketing techniques in the 1960s led to a shift away from traditional advertising. The arrival of new distribution platforms in the 1970s as well as a focus on branding helped the advertising intensity index recover (lifting nearly all categories). A similar positive spillover came in the initial days of the Internet, boosting traditional media. However, since 2001, the decline has been across the board for traditional media. Most of it is cyclical (recession), but the lingering advertising ad-spend expansion below nominal GDP growth is a sign that a new paradigm/balance is being formed with alternative marketing initiatives.

A new paradigm is being formed with alternative marketing initiatives

Structural Advertising Losses Projected at 'Only' 2% per Year Globally

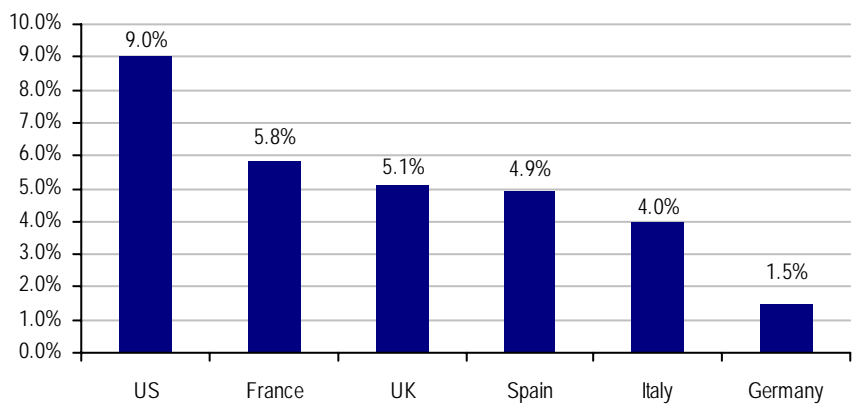
Our findings are favorable for a rebound scenario as we valued structural drivers in the recent down-cycle to a limited 20% of global advertising variation. The US market, not surprisingly, was the most sensitive with structural drivers near 40%. We project the rate of structural decline to moderately increase in the mid-term by less than a 1% per year. Hence, we are of the opinion that nearly 50% to 75% of recent years advertising decline should be recouped over the next three years.

We aimed to answer two core questions.

- The first one is defining how large was the structural impact during the last cycle (2002-06). The largest the less energy is left for advertising to recover.
- The second question is directionality. Will structural changes accelerate or decelerate over the next couple years?

Estimating structural drivers for the recent cycle: We use both the US and Western Europe past cycles as our base to estimate structural changes. We measure structural impact as the difference between actual ad growth and the ad growth implied by the historical relationship with GDP. Our European colleagues highlighted their findings in their July 13 piece, *European Broadcasting – Recovery toolkit – What's in the price?*

Chart 4: Historical Structural Component Assumptions (Cumulated 2007-09E)



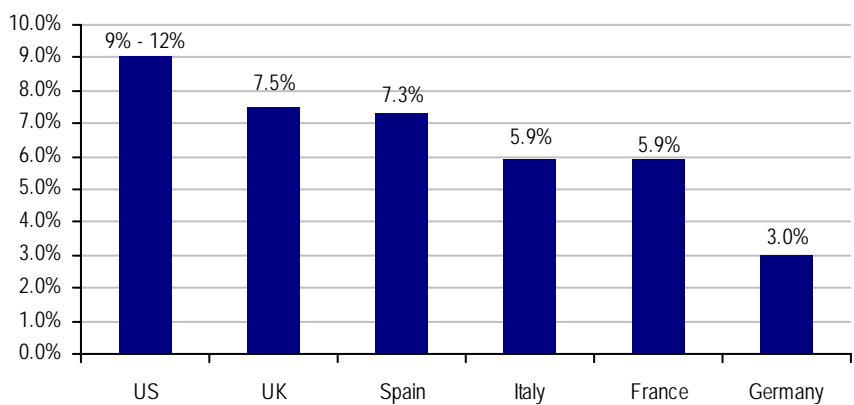
Source: UBS estimates

While those numbers seem high, only a minority of the advertising market underperformance to nominal GDP can be explained by structural changes. Indeed, we estimate the structural component of advertising to be 38% in the United States, 10% to 20% in Europe, and less than 10% for emerging markets. Overall we experienced a 20/80 ratio between structural and cyclical drivers.

Structural component amounts to “only” 20% of global advertising variation in the current down cycle

Projecting structural drivers for 2009-12: The rate of advertising structural decline would rely on many factors, some of them market-specific. The main factor is the acceleration in the migration to digital and non-media marketing away from traditional platforms such as print, radio or broadcasting. We would expect newspapers classifieds to keep on declining at a very brisk pace. However, as we highlighted in our June 22 *Q-Series®: Global Media Theme - Can Pay TV Benefit From Online Video?*, the risks for broadcasters are limited to pricing pressure instead of massive audience transfers. In that piece, we estimated the structural impact on US broadcasters at around \$5 billion over the next three years. Such decline will be more than offset by an \$8 billion cyclical recovery. However, all in, as advertisers are back investing in their own infrastructure and direct marketing and branding channels, we estimated the structural component to accelerate by 1% to 3% accumulated over the next three years.

Chart 5: Projected Structural Component Assumptions (Cumulated 2009-12E)



Source: UBS estimates

Cyclical Recovery Should Return Growth in 2010-12

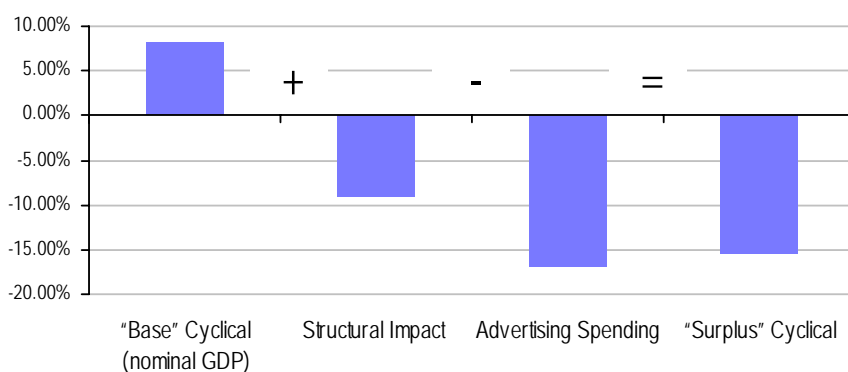
We have materially upgraded our 2010 forecast and see further strengthening in 2011 to global advertising spending. We upped 2010E ad-spend growth to 3.9%, from 2.2% previously and introduced 6.9% for 2011E. Many countries showed upward adjustments by more than 300 base points in our forecasts, such as the US, UK, Italy or Spain. The cyclical component of advertising drives those incremental gains. Indeed, we now estimate that nearly two-thirds of the recent drop in ad-spend was cyclical in nature and not structural. In our model, we assume for all major markets a 100% cyclical recovery by 2012. We expect the cyclical recovery to overwhelm the structural advertising decline for the next three years before softening. The downside in our model is limited as most of the easy cuts have been done, in our view. In the unlikely case the pace of structural change was to double over the next three years, the US for instance will still be able to achieve 6.5% ad growth in 2012. We do not foresee disruptive technology that alters our mid-term view at this stage. Finally, a bottom-up analysis supports our view of moderate recovery. We created a synthetic advertising forecast using the top 100 advertisers revenues and cash flow growth, weighted by ad-spend. It points to similar recovery assumptions, driven by consumer discretionary.

Our Framework for Recovery

We believe there is a significant amount of surplus cyclical advertising spending that accumulated during the recent downturn and cannot be explained by structural changes only. Cyclical spending is usually in line with nominal GDP over an entire cycle (downturn and recovery). This is something we experienced on average in the 1990s, the 1972-84 and 1959-72 cycles in the US. During the downturn period, a material amount of cyclical spending accumulated and is usually absorbed back in advertising over the following three years post recovery.

Usually we see cyclical spending accumulating and absorbed back into advertising over the following three years post a recovery

Chart 6: Framework to Surplus Cyclical Ad-Spend (based on US cumulated 2007-09E data)



Source: UBS estimates

In the US, we estimate that nearly two-thirds of the absolute decline in advertising spending over the last three years came from cyclical-related spending and a third from structural changes. In Europe, we arrive at similar figures.

Table 9: Estimating Cyclical Ad-Spend Decline in 2007-09

	2007-09E
Structural Impact	-9.0%
"Base" Cyclical (nominal GDP)	8.1%
"Surplus" Cyclical	-15.4%
Advertising Spending	-16.8%

Source: UBS estimates

We assume for all major markets a 100% cyclical recovery by 2012. We have adjusted many markets to reflect a similar profile as 100% of the real revenue lost from cyclical element of the slowdown is being recovered after three years. Compared to previous recoveries, the turnaround would be relatively muted but materially above current agencies consensus.

As we indicated earlier in the report, we assumed a relatively higher structural effect in the US as we deducted annually 4% of advertising growth. We allocated our 15% surplus cyclical over the next three years, with most of the impacts in the final two. We expect the US advertising market to recover materially by 2012 before softening again.

Our peak recovery growth rate is at 7.6% in 2012 well below the 1994 peak of 8.9% (1991 recession), 2004 peak recovery figure of 8.6%, (2001 recession). It is well below recovery in inflationary environment, such as the 27.7% peak of 1976 (1973 recession).

Table 10: Projecting US Advertising Growth and Component Impacts (2009-12E)

	2010E	2011E	2012E	3-year Period
Structural impact	-4.0%	-4.0%	-4.0%	-11.5%
Base cyclical (constant GDP)	2.2%	3.0%	2.7%	8.1%
Base cyclical (inflation)	0.9%	1.9%	2.7%	5.6%
Special events (Olympics, Political)	0.3%	-0.3%	0.5%	0.5%
Net before cyclical recovery	-0.8%	0.5%	1.8%	1.5%
Surplus cyclical allocation (for 15.4%)	25.0%	37.5%	37.5%	100%
Surplus cyclical recovery	3.9%	5.8%	5.8%	15.4%
US advertising spending	3.1%	6.3%	7.6%	17.1%

Source: UBS estimates

Downside risks to our model are relatively limited. We believe it is unlikely that structural decline could approach 5% annually in the US in the mid-term. There are no "easy-win" sub-segments for disintermediation in our view. Even in that case, we expect advertising to recover to an above consensus 6.5% by 2012.

New forecasts reflect the cyclical profile of the previous cycle after adjusting for structural pressure

**Table 11: US Advertising Growth Sensitivity Analysis
(based on structural impact scenarios)**

	2010E	2011E	2012E	Period
If structural impact stabilizes at 3.1% as in 2007-2009E	4.0%	7.3%	8.7%	20.5%
Base Scenario	3.1%	6.3%	7.6%	17.1%
If structural impact deteriorates to 5.0%	2.0%	5.2%	6.5%	13.5%
Nominal GDP				14.2%

Source: UBS estimates

Even in our recovery scenario, advertising will barely exceed nominal GDP growth over the next three years, implying near no improvement in advertising intensity.

Bottom-Up Analysis Supports Our Thesis

In the past, we found very relevant the relation between marketing spending to revenues and cash flows. We carried out many comparisons between brands among regions and sectors.

Marketing, which include advertising and promotion spending, seems heavily connected to revenue/cash flow trends. That relation is driven by the notion of “share of voice” (SOV). Advertisers will avoid underspending within their own sector, especially in a recovery. The risk to sacrifice longer-term growth is too high for companies to afford such a cut in view. The return of spending on brands would make access to scarce inventories offering high reach (television, outdoor) more valuable. We would then expect advertising spend to behave with a pace in between revenues and EBITDA growth.

We created a synthetic advertising forecast weighting each top 100 advertisers and allocating revenues or EBITDA growth. For 2009-11E, we see advertising swinging back by 11% to 25%, in line with our 17% expectation. Consumer discretionary would be a core factor in that recovery.

Advertisers will avoid underspending in their own sector, especially in a recovery

Table 12: Synthetic Advertising Forecast (if ad-spend correlated to revenues changes)

	Percent of Top 100 Advertisers	2009E	2010E	2011E
Top 100 Advertisers	100.0%	-5.8%	3.2%	4.9%
Consumer Discretionary	39.2%	-15.0%	3.1%	5.9%
Consumer Staples	39.9%	1.2%	3.6%	4.7%
Health Care	8.8%	-0.3%	2.6%	3.4%
Industrials	1.6%	-4.8%	-3.2%	1.3%
Information Technology	6.3%	-5.1%	4.7%	5.3%
Telecommunication Services	2.3%	-0.1%	1.7%	1.2%
UBS US Advertising Forecast		-9.9%	3.9%	7.0%

Source: AdAge and UBS estimates

Table 13: Synthetic Advertising Forecast (if ad-spend correlated to EBITDA changes)

	2009E	2010E	2011E
Top 100 Advertisers	-11.6%	16.7%	13.4%
Consumer Discretionary	-29.8%	33.7%	24.0%
Consumer Staples	2.8%	5.9%	6.9%
Health Care	0.4%	6.5%	4.9%
Industrials	-33.7%	3.6%	30.6%
Information Technology	-7.9%	8.0%	5.5%
Telecommunication Services	-4.0%	0.7%	0.2%
UBS US Advertising Forecast	-9.9%	3.9%	7.0%

Source: UBS estimates

We indicated that the amount spent on advertising over revenues is significantly lower in emerging markets. However, the slow pace of change in revenues sources for the large advertisers will not impact our overall findings.

Upgrading Our Advertising Key Global Indicator

We introduce our 2011 ad-spend KGI at US\$ 470 billion at 6.9% y/y. We now forecast 2009 ad-spend to drop 9.6% (old: -7.3%) and 2010 ad-spend to grow 3.9% (vs. 2.2% previously). We upgrade our Internet ad-spend forecasts for 2009 from 1.7% to 3.2%, mainly impacted by a 450bp revision to our US online ad-spend forecasts.

Most advanced advertising markets would experience soft growth in 2010, but high single-low double digit growth in 2011.

Introducing 2011 our ad-spend KGI at US\$ 470 billion at 6.9% y/y

Table 14: Global Ad-Spend—Measured Media and Regions

	2009E Ad-spend Growth			2010E Ad-spend Growth			2011E	Advertising Spend (US\$ Bn)			
	Old	New	Diff	Old	New	Diff	Growth	2008	2009E	2010E	2011E
Television	-7.2%	-9.2%	-2.0%	3.4%	4.7%	1.2%	6.6%	183.0	166.2	173.9	185.4
Radio	-8.0%	-12.6%	-4.7%	-0.9%	2.5%	3.4%	4.2%	34.7	30.3	31.1	32.4
Magazine	-8.0%	-13.3%	-5.3%	-0.8%	1.4%	2.2%	3.9%	49.4	42.8	43.4	45.2
Newspapers	-11.7%	-14.1%	-2.4%	-2.8%	0.3%	3.1%	3.8%	115.7	99.3	99.6	103.4
Cinema	-1.1%	-5.2%	-4.1%	6.7%	5.3%	-1.4%	7.4%	2.3	2.2	2.3	2.5
Outdoor	-5.8%	-8.7%	-2.8%	2.6%	3.0%	0.4%	7.5%	28.9	26.4	27.2	29.2
Internet	1.7%	3.2%	1.4%	11.2%	10.6%	-0.6%	15.7%	54.0	55.7	61.6	71.3
Global Ad-spend KGI	-7.3%	-9.6%	-2.3%	2.2%	3.9%	1.7%	6.9%	468.0	422.9	439.2	469.4
Europe	-7.7%	-11.5%	-3.8%	1.3%	2.8%	1.6%	6.8%	143.5	127.0	130.6	139.5
<i>Top-5 Europe*</i>	<i>-7.0%</i>	<i>-13.4%</i>	<i>-6.4%</i>	<i>-0.1%</i>	<i>2.9%</i>	<i>3.0%</i>	<i>6.8%</i>	<i>84.0</i>	<i>72.8</i>	<i>74.9</i>	<i>80.0</i>
North America	-11.1%	-11.9%	-0.7%	0.1%	3.1%	3.0%	6.2%	180.0	158.7	163.6	173.7
<i>USA</i>	<i>-11.6%</i>	<i>-12.3%</i>	<i>-0.8%</i>	<i>-0.1%</i>	<i>3.1%</i>	<i>3.2%</i>	<i>6.3%</i>	<i>170.6</i>	<i>149.6</i>	<i>154.3</i>	<i>164.0</i>
Asia Pacific	-3.3%	-6.2%	-2.9%	5.8%	6.1%	0.3%	7.4%	107.5	100.8	106.9	114.8
Latin America	0.1%	-1.6%	-1.7%	3.4%	5.0%	1.5%	7.5%	25.9	25.4	26.7	28.7
Middle East	1.6%	-1.6%	-3.2%	4.6%	3.9%	-0.7%	11.1%	11.2	11.0	11.4	12.7
<i>Emerging</i>	<i>-1.3%</i>	<i>-2.9%</i>	<i>-1.5%</i>	<i>7.4%</i>	<i>7.8%</i>	<i>0.4%</i>	<i>11.9%</i>	<i>93.6</i>	<i>90.9</i>	<i>98.0</i>	<i>109.7</i>
<i>Advanced</i>	<i>-8.9%</i>	<i>-11.3%</i>	<i>-2.4%</i>	<i>0.7%</i>	<i>2.8%</i>	<i>2.1%</i>	<i>5.4%</i>	<i>374.4</i>	<i>332.0</i>	<i>341.2</i>	<i>359.7</i>

* Top 5 European countries: Germany, France, Italy, Spain, and UK.

Source: UBS estimates

Table 15: Major Advertising Markets

	2009E Ad-spend Growth			2010E Ad-spend Growth			2011E	Advertising Spend (US\$ Bn)			
	Old	New	Diff	Old	New	Diff	Growth	2008	2009E	2010E	2011E
Global Ad-spend KGI	-7.3%	-9.6%	-2.3%	2.2%	3.9%	1.7%	6.9%	468.0	422.9	439.2	469.4
USA	-11.6%	-12.3%	-0.8%	-0.1%	3.1%	3.2%	6.3%	170.6	149.6	154.3	164.0
France	-5.7%	-13.0%	-7.3%	-0.1%	2.2%	2.3%	5.3%	14.3	12.4	12.7	13.3
Germany	-4.3%	-10.6%	-6.3%	1.4%	3.0%	1.5%	6.7%	26.4	23.6	24.3	25.9
Italy	-5.6%	-16.2%	-10.6%	1.1%	4.3%	3.3%	7.5%	12.5	10.5	11.0	11.8
Spain	-14.3%	-20.8%	-6.5%	-2.0%	6.6%	8.7%	11.3%	10.0	7.9	8.5	9.4
United Kingdom	-8.9%	-11.8%	-2.9%	-2.3%	1.1%	3.3%	5.4%	20.8	18.4	18.6	19.6
Japan	-6.1%	-11.5%	-5.4%	1.6%	1.6%	0.0%	2.5%	46.0	40.7	41.4	42.4

Source: UBS estimates

Potential Earnings Lift

Television and Online Success-Based Display

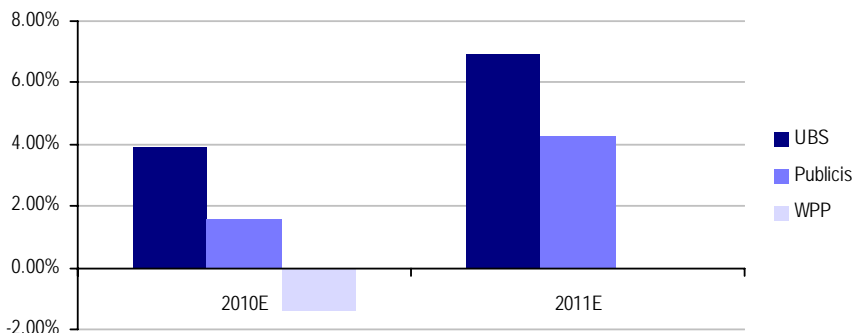
We believe we are at the higher end of the forecast spectrum for global advertising in 2010-11. A potential upward adjustment of 300 basis points in global ad-spend could lift global media EBITDA and earnings by 6.5% and 9.6% respectively for 2010E. This is enough to push EBITDA and earnings growth to double-digit with 11.1% and 22.3%. The lack of clear forecast consensus among agencies and media companies greatly limits top line and earnings visibility for ad-supported media stocks. This leads to volatile price fluctuation, due to the relative fixed-cost model of media.

Lack of clear forecast consensus limits top-line and earnings visibility for ad-supported media stocks

Advertising Visibility and Industry Forecasts

The lack of clear consensus for 2010 advertising growth among agencies and in the media industry as a large makes it difficult for valuation brackets to firm. The current back and forth in ad-supported media stock prices is indicative of those concerns by the investment community. There is divergence of expectations by as much as 6% for some very large markets. Such variation would have a material 20% impact on overall media earnings and exceed 40% for broadcasters.

Chart 7: 2010E and 2011E Global Advertising Forecast

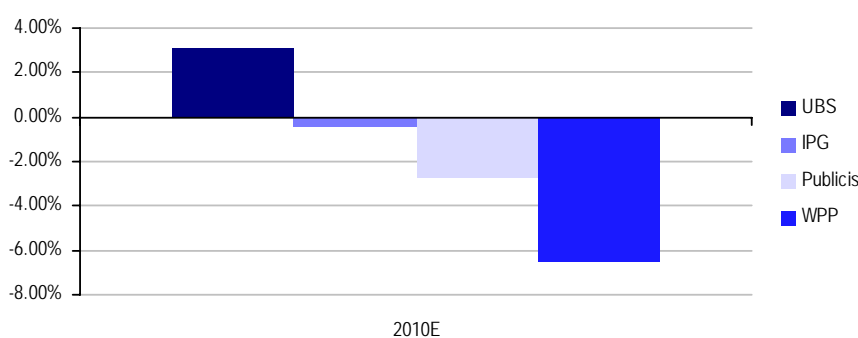


Source: Publicis's ZenithOptimedia, WPP's GroupM and UBS

Agencies sources for their forecast vary between media-owners and media-buyers, which can explain some of the differences. Interpublic's Magna has introduced an innovative macro-driven perspective using industrial consumption and personal consumption as core variable highly correlated to advertising spending and media-owners revenues. It enables one to project the entire US advertising market, using a media supplier perspective. A model is then used to allocate among the different sub-sectors (national media, local media, direct media). WPP's GroupM forecast is based on media buyers (advertisers) intention. It follows a bottom-up approach and is done independently from macro-economic factors.

2010E US ad-spend forecast vary, from Magna's -0.2% and GroupM's -6.5%. Our current +3.1% is materially on the higher side of estimates.

Chart 8: 2010E US Advertising Forecast



Source: IPG's Magna, Publicis's ZenithOptimedia, WPP's GroupM and UBS

Sensitivity of Global Media to 3% 2010E Ad Outperformance

We believe the 2010 ad-spend growth consensus is currently at 1% for global and -1% to -2% for US spending. Our models indicate a potential outperformance of around 3% or 300 basis points. Such an impact could lift global media EBITDA and earnings by 6.5% and 9.6% respectively.

2010E ad-spend growth consensus is currently 1% for global and -1% to -2% for US spending

Table 16: Impact of 3% Additional Advertising Revenue on 2010E Total Revenue

	Revenue (US\$ Millions)		Advertising 2010E		'10E Revenue Growth (%)	
	2009E	2010E	US\$ Millions	% of Revenue	Current	Impacted
Global Media	543,554	552,358	153,652	27.8%	1.6%	2.5%
Americas	247,112	255,806	50,312	19.7%	3.5%	4.1%
EMEA	195,859	195,719	58,100	29.7%	-0.1%	0.8%
Australia & Asia	100,583	100,832	45,240	44.9%	0.2%	1.6%

Source: UBS estimates

Table 17: Impact of 3% Additional Advertising Revenue on 2010E EBITDA

	Impact on EBITDA		EV/EBITDA		2010E EBITDA Growth	
	%	(Current)	(Post Scenario)	(Current)	(Post Scenario)	
Global Media	6.5%	8.55	8.03	4.3%	11.1%	
Americas	4.7%	6.54	6.25	7.1%	12.2%	
EMEA	6.9%	7.08	6.62	8.1%	15.5%	
Australia & Asia	13.6%	7.11	6.26	4.5%	18.3%	

Note: Priced as on close of July 28, 2009. Source: UBS estimates

Table 18: Impact of 3% Additional Advertising Revenue on 2010E Earnings

	Impact on Earnings		P/E		2010E Earnings Growth	
	%	(Current)	(Post Scenario)	(Current)	(Post Scenario)	
Global Media	9.6%	14.36	13.10	11.7%	22.3%	
Americas	8.8%	13.36	12.28	16.8%	27.5%	
EMEA	14.2%	12.28	10.75	15.7%	26.3%	
Australia & Asia	15.5%	16.73	14.48	25.9%	48.5%	

Note: Priced as on close of July 28, 2009. Source: UBS estimates

Appendix

Advertising Catalysts and Trends

Table 19: Advertising Catalysts and Trends

Key Upsides	Key Risks
<ul style="list-style-type: none"> ■ The Internet is now a material key growth factor with a third of global growth and still offering material upside (especially outside the US). 	<ul style="list-style-type: none"> ■ Advertising is losing share in overall marketing spending to non-media (direct response, brand-marketing, POS and so on). Brian Wieser, director of forecasting at Interpublic's MAGNA, indicated in the past that "most advertisers are increasing their advertising and marketing budgets by high single-digits or low double-digits – at rates above growth in revenues – yet media spending is nearly flat. The bulk of the growth in the broader marketing economy is occurring in non-media marketing". We are already detecting those trends in the US and advanced Asia-Pacific, and they are extending to Europe. Many factors (from the Internet to the ability to capitalize some marketing costs and the quest for accountability media) are driving those likely secular changes.
<ul style="list-style-type: none"> ■ Outdoor should benefit from the accelerated urbanization catch-up of China, India and Indonesia (2.6 billion people combined) offering reach to advertisers. 	<ul style="list-style-type: none"> ■ Traditional media (such as newspapers and broadcasting) are losing accelerated ad share in advanced markets. We believe the Internet and non-media marketing could hasten a structural decline. This is already verified by the fact that traditional media growth have migrated to emerging nations (relatively new to advertising for most of them).
<ul style="list-style-type: none"> ■ The expansion of ad-spend in emerging markets is remarkable. This market represents more than 40% of global normalized 2007 incremental spending in newspaper and television advertising but still less than 10% for the Internet (but growing). Emerging markets, such as China, or Russia are now major players. Poland, India, Indonesia and Mexico are following suit. 	<ul style="list-style-type: none"> ■ The increasing supply of advertising ad impressions (or eyeball interaction) should further fragment the market. For instance, the development of LCD-based targeted ad systems in supermarkets should increase the allocation for co-op spending (boosting promotion budgets, now more likely to be integrated with the overall advertising and marketing allocation). Wireless, interactive gaming, digital outdoor and indoor or digital radio would drive fragmentation. We have already experienced mild pricing compression in the online video-ad market as new entrants are launched.
<ul style="list-style-type: none"> ■ Investing in online infrastructure is central. There cannot be any new digital advertising marketplace if the underlying infrastructure is not available. That was true for premium content delivery; it is also true for advertising. 	<ul style="list-style-type: none"> ■ The technical viability of targeted and accountability-based media should allow premium pricing for ad suppliers but could also lead to a de-rating of non-targeted advertising value in many industries. This is a risk we expect in the mid-term because budgets will not be able match some of the online CPM/CPA growth.

Source: UBS

Emerging Markets Should Outperform During Global Recovery

The convergence of advertising intensity between advanced and emerging markets accelerated over the last five years. We define intensity as advertising spend over GDP. We believe that trend is here to stay for the foreseeable future, as emerging markets remain more defensive.

Table 20: Convergence of Advertising Intensity Ratios among Emerging and Advanced markets

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E
Advanced markets advertising intensity	1.05%	1.07%	1.10%	1.15%	1.05%	1.01%	1.00%	1.02%	1.02%	1.01%	0.99%	0.92%	0.79%	0.79%	0.79%
Emerging markets advertising intensity	0.64%	0.66%	0.66%	0.64%	0.63%	0.62%	0.63%	0.63%	0.65%	0.65%	0.67%	0.63%	0.56%	0.55%	0.57%
Relative	1.65	1.64	1.67	1.80	1.67	1.62	1.59	1.62	1.57	1.55	1.49	1.44	1.41	1.42	1.40

Source: UBS estimates

We believe two core factors that favor emerging markets:

- ROI disparity.** In the past, we highlighted that advertising return on investments (ROI) was higher in emerging than in advanced markets. Indeed, in emerging markets, local and international companies spent sometimes significantly less on advertising for the same impact on revenues growth. We believe multinational companies were less inclined to cut their ad-spend in those markets. As the world economy descended into a recession, spending cut affected mostly Europe and North America, leading advertising intensity sharply lower.
- Platform fragmentation.** The material increase in distribution platforms in advanced markets since the 1980s led to relative pricing decline as audience migrated to “cheaper” outlets, such as cable networks or online display advertising. The relative concentration in emerging markets, with an oversized broadcast television platform and ownership structure, limits advertisers negotiating powers.

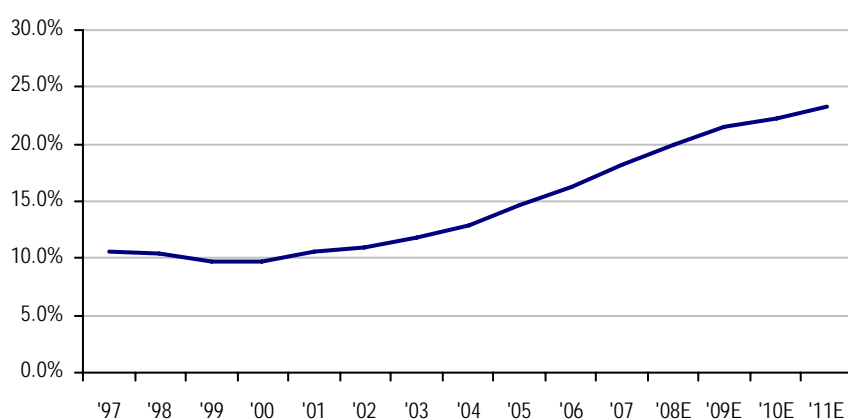
Multinational companies have less incentive to cut ad-spend in emerging markets that offer above average ROI

One giant platform, broadcast television, and lack of alternatives shielded emerging markets

We project emerging markets to grow at 8% and 12% in 2010 and 2011, after shrinking 3% in the current year. We expect emerging markets to represent close to one-fourth of the world ad-spend in dollars in 2012.

Emerging markets joined the onslaught this year, down 3% from 2008

Chart 9: Increasing Share of Emerging Markets in total ad-spend, 1/4th in 2011E



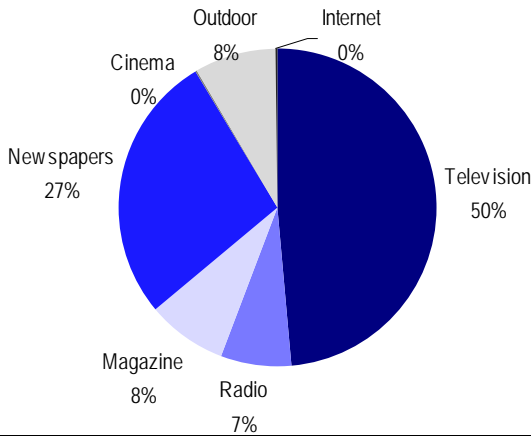
Source: UBS estimates

Television remains the most exposed advertising medium in the emerging markets. It enjoyed a 50% share in the regions’ ad-spend in 2000 and we believe it is grossly unchanged even today. As compared to the global segmentation, emerging markets are more weighted towards advertisements from TV (50%

TV advertisements rule, online penetration is still low in the emerging regions

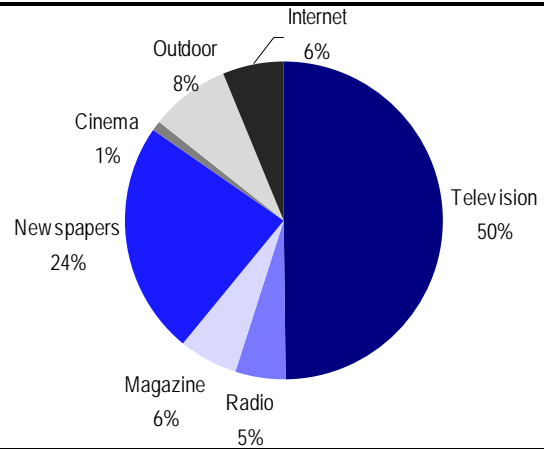
vis-à-vis 40% globally), outdoor (8% versus 6%) and newspaper media (22% versus 23%). However, internet (7% versus 15%), magazines (6% versus 10%) and radio (5% versus 7% globally) are comparatively less attractive.

Chart 10: Emerging Markets: Share of Each Medium in 2000



Source: UBS estimates

Chart 11: Emerging Markets: Share of Each Medium in 2010E



Source: UBS estimates

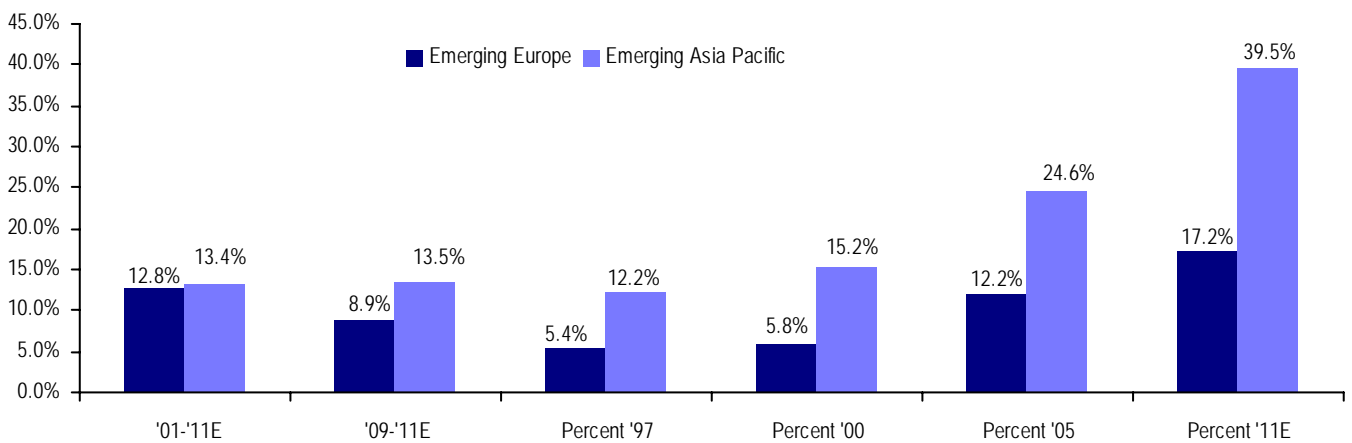
A decade ago, LatAm contributed 50% (Brazil more than 20%) of the total emerging markets ad-spend, China adding another 15%, India and Russia less than 5% each. We expect that in 2011, Brazil, Russia and India will contribute ~10% each. China will lead with 20%.

The market share of each emerging market has grossly changed, with a slight exception of China

Emerging APAC regions will account for 40% of total APAC ad-spend in 2011 (~5% in 1997). Emerging European regions, which accounted for 12% in 1997, should very slowly progress to 17% in 2011E.

Emerging markets in APAC are growing faster than their regional peers

Chart 12: Emerging Markets Continue to Be Our Key Catalysts



Note: Percent (last eight columns on the right) are emerging markets as a percentage of their corresponding regions.

Source: UBS estimates

US

We now expect US ad-spend to start reviving in 2010E at 3.1% (previous: flat), and further 6.3% in 2011E. For the current year, we make downward revision from -11.6% to -12.3%.

US measured media ad-spend to grow 3% next year and 6% in 2011; Internet not as bad as it seemed in early 2009

Table 21: US Advertising, 2006-11E

	Advertising Spending (US\$ Millions)						Adspend Growth (%)					
	2006	2007	2008	2009E	2010E	2011E	2006	2007	2008	2009E	2010E	2011E
Newspapers												
Total	49,264	45,375	39,844	32,575	31,483	31,953	-0.3%	-7.9%	-12.2%	-18.2%	-3.4%	1.5%
National	7,494	7,005	6,375	5,355	5,301	5,248	-5.3%	-6.5%	-9.0%	-16.0%	-1.0%	-1.0%
Local	39,106	35,204	29,923	23,639	22,458	22,794	-1.0%	-10.0%	-15.0%	-21.0%	-5.0%	1.5%
Magazines												
Total	13,373	13,841	13,288	11,162	10,938	11,157	4.0%	3.5%	-4.0%	-16.0%	-2.0%	2.0%
Television												
Total	47,085	44,881	41,086	35,270	37,323	39,456	6.0%	-4.7%	-8.5%	-14.2%	5.8%	5.7%
Networks	16,676	16,643	15,811	14,072	14,564	15,365	3.4%	-0.2%	-5.0%	-11.0%	3.5%	5.5%
Syndication (nat'l)	3,691	3,329	3,362	3,093	3,217	3,378	-4.5%	-9.8%	1.0%	-8.0%	4.0%	5.0%
Spot (total)	26,503	24,549	21,358	17,300	18,496	19,405	9.1%	-7.4%	-13.0%	-19.0%	6.9%	4.9%
Online	215	360	555	805	1,047	1,308	53.6%	67.4%	54.2%	45.0%	30.0%	25.0%
Cable												
Total	25,131	26,453	27,465	25,733	27,466	29,890	5.9%	5.3%	3.8%	-6.3%	6.7%	8.8%
Cable Networks	19,319	20,614	21,542	20,249	21,565	23,506	5.6%	6.7%	4.5%	-6.0%	6.5%	9.0%
Cable (non-network)	5,705	5,705	5,762	5,301	5,672	6,098	6.5%	0.0%	1.0%	-8.0%	7.0%	7.5%
Radio												
Total	19,876	19,395	18,027	15,225	15,725	16,327	0.0%	-2.4%	-7.1%	-15.5%	3.3%	3.8%
Network	1,031	1,073	987	868	912	948	-2.0%	4.0%	-8.0%	-12.0%	5.0%	4.0%
Spot (nat'l)	3,642	3,423	3,184	2,579	2,682	2,763	5.0%	-6.0%	-7.0%	-19.0%	4.0%	3.0%
Spot (local)	15,203	14,899	13,856	11,778	12,131	12,616	-1.0%	-2.0%	-7.0%	-15.0%	3.0%	4.0%
Yellow Pages												
Total	14,940	14,996	14,703	14,161	13,992	14,475	2.5%	0.4%	-2.0%	-3.7%	-1.2%	3.5%
National	2,205	2,183	2,139	2,097	2,055	2,055	1.9%	-1.0%	-2.0%	-2.0%	-2.0%	0.0%
Local	12,185	12,063	11,701	11,116	10,894	11,221	1.0%	-1.0%	-3.0%	-5.0%	-2.0%	3.0%
Direct Mail												
Total	58,900	60,225	60,225	57,214	54,353	53,810	6.7%	2.2%	0.0%	-5.0%	-5.0%	-1.0%
Business Papers												
Total	4,337	4,250	4,165	3,874	4,300	4,515	4.0%	-2.0%	-2.0%	-7.0%	11.0%	5.0%
Outdoor												
Total	6,606	7,202	7,160	6,802	6,822	7,237	6.0%	9.0%	-0.6%	-5.0%	0.3%	6.1%
Internet												
Total	16,879	21,099	23,420	23,068	24,683	28,386	34.6%	25.0%	11.0%	-1.5%	7.0%	15.0%
Miscellaneous												
Total	37,901	38,387	38,687	38,132	38,514	39,227	6.2%	1.3%	0.8%	-1.4%	1.0%	1.9%
National	29,575	30,018	30,319	30,015	30,316	30,619	6.3%	1.5%	1.0%	-1.0%	1.0%	1.0%
Local	8,326	8,368	8,368	8,117	8,198	8,608	5.8%	0.5%	0.0%	-3.0%	1.0%	5.0%
Total												
National	191,649	196,869	196,662	183,665	185,442	192,885	7.2%	2.7%	-0.1%	-6.6%	1.0%	4.0%
Local	99,109	94,825	86,282	74,033	74,114	76,842	1.7%	-4.3%	-9.0%	-14.2%	0.1%	3.7%
GRAND TOTAL	290,757	291,694	282,944	257,699	259,556	269,727	5.3%	0.3%	-3.0%	-8.9%	0.7%	3.9%
Measured Media	179,947	179,265	170,647	149,629	154,253	163,968	5.0%	-0.4%	-4.8%	-12.3%	3.1%	6.3%

Note: Includes digital media revenues in the total for each segment as well as in the total Internet number. To avoid double counting, we deducted it from the grand total and measured media numbers.

Source: UBS estimates

We announced in our February 2009 piece that we expect all segments to decline in the US in the current year, including internet. We now make positive revisions to internet (-1.5% versus -6% previously in 2009). However, we continue to downsize our growth forecasts for national newspapers and magazines by 4% and 7% to -16% each in 2009. For radio, we now estimate a 2009 decline of 15.5% versus our previous -9.2% estimate.

Overall, national advertising should now grow 1% and 4% in the next two years, after falling 7% in the current year. Local advertising, which stumbled more than 14.2% this year, should remain flat next year and grow 4% in 2011E.

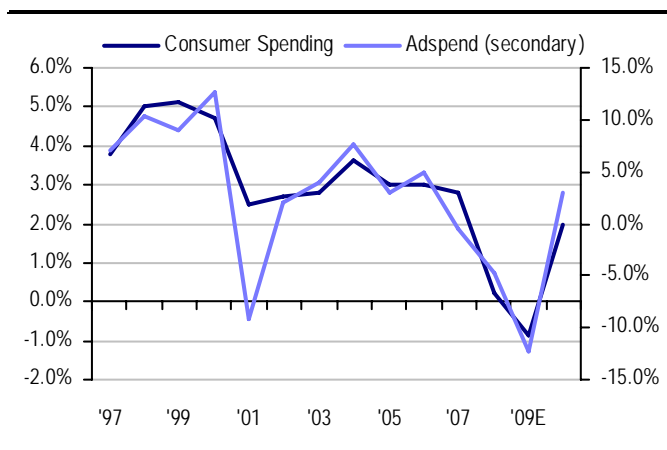
With the announcement of an advertising recovery, we make positive revisions to our 2010 forecasts, except local radio and outdoor (further 1% decline). We expect recovery of fringe media ad-spend in 2011 with newspapers, magazines, and radio adding +1.5%, +2% and +4% respectively. Each of these medium has seen a 3-5 year downturn recently.

Fringe media to revive in 2011, although at very low single digits

For the US, we open up our estimates to include sections like yellow pages and direct mail. We expect both of these to be negatively impacted in both 2009, as well as 2010. We forecast yellow pages to decline 4% in 2009 and 1% in 2010, slightly improving 4% in 2011. Of these, national yellow pages should see negative 2% growth in 2009 and 2010 each, followed by a flat 2011. Local yellow pages ad-revenues should decline 5% and 2% in 2009E and 2010E, but grow 3% in 2011E. Direct mail will take longer to recover than any of its peers in the US. We forecast decline in all years of forecasts through 2011 (-5% in 2009E, -5% in 2010E, -1% in 2011E).

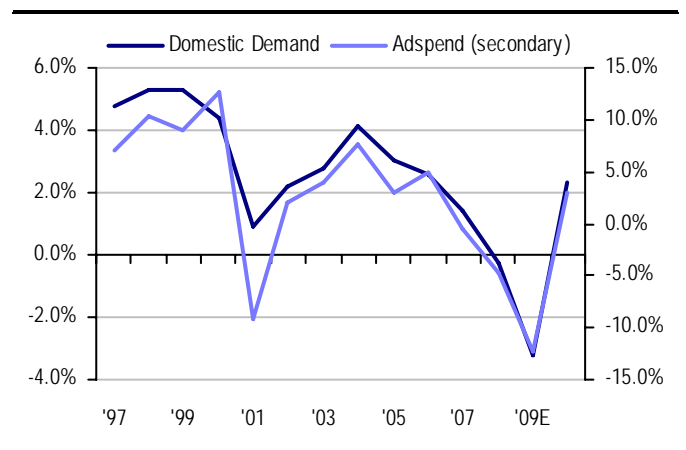
Chart 13 exhibits US Ad-spend growth compared with consumer spending in the US from 1997. Chart 14 compares US ad-spend growth with US domestic demand from 1997. Both these charts clarify the high co-relation of ad-spend with the two parameters.

Chart 13: US Ad-Spend Growth Vis-à-Vis US Consumption Spend



Source: UBS estimates

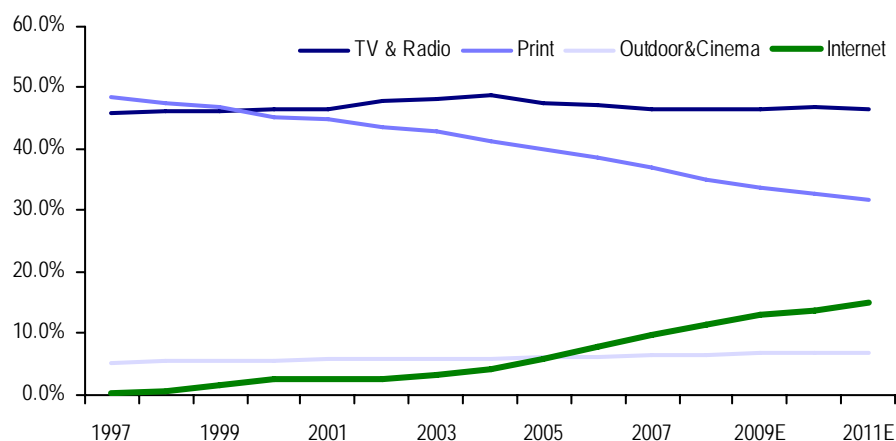
Chart 14: US Ad-Spend Growth Vis-à-Vis US Domestic Demand



Source: UBS estimates

Media Segments

Chart 15: Share in Ad-Spend



Internet to account for 15% of global ad-spend in 2011E, TV: 40%, radio: 7%, newspapers: 22%, magazines: 10%, outdoor: 6%

Source: UBS estimates

Table 22 explains why fringe media have lost 15% of their ad-spend share to online, TV and outdoor advertising. Print medium in 2011 will be less than 30% (13% less than 2001 share), with radio sharing 7% (2% less). Online will enjoy 15% versus a mere 3% ten years ago. Cinema advertising is still too small globally.

Table 22: Global Ad-Spend: Change in Ad-Spend Share of Media Segments

	Ad-spend (US\$ Bn)		Ad-spend share		
	2001	2011E	2001	2011E	Change
Loser Media Segments					
Newspapers	114.0	103.4	32.2%	22.0%	-10.2%
Magazine	44.9	45.2	12.7%	9.6%	-3.0%
Radio	30.5	32.4	8.6%	6.9%	-1.7%
Gainer Media Segments					
Internet	9.4	71.3	2.7%	15.2%	12.5%
Television	134.3	185.4	37.9%	39.5%	1.6%
Outdoor	19.5	29.2	5.5%	6.2%	0.7%
Cinema	1.4	2.5	0.4%	0.5%	0.1%
Total market	354.1	469.4	100.0%	100.0%	

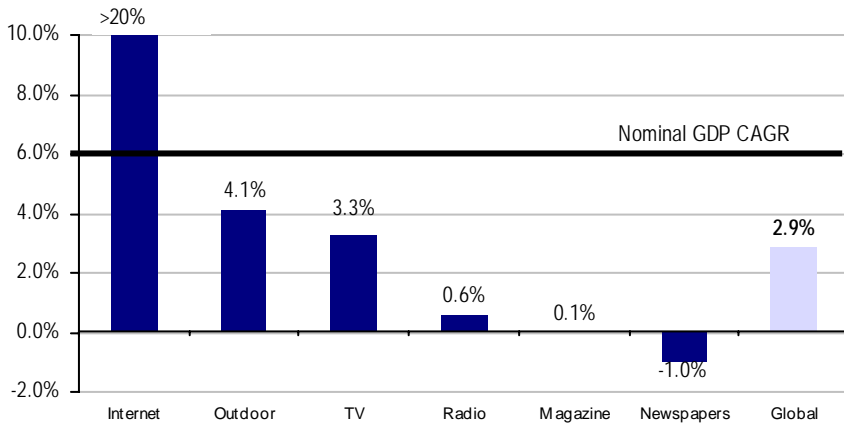
Source: UBS estimates

Over the 10 years to 2011, all segments (except online) would grow below the nominal GDP CAGR for the same period globally as seen in Chart 16. This includes negative 1% compounded annual growth rate of newspapers, flat magazines and 0-1% of radio. Outdoor and TV advertisers are still attractive although at low/mid single digits. The global ad-spend CAGR is half that of global GDP CAGR for 2001-11E.

Impact of the recent recession: global ad-spend CAGR is half that of global GDP CAGR for 2001-11E

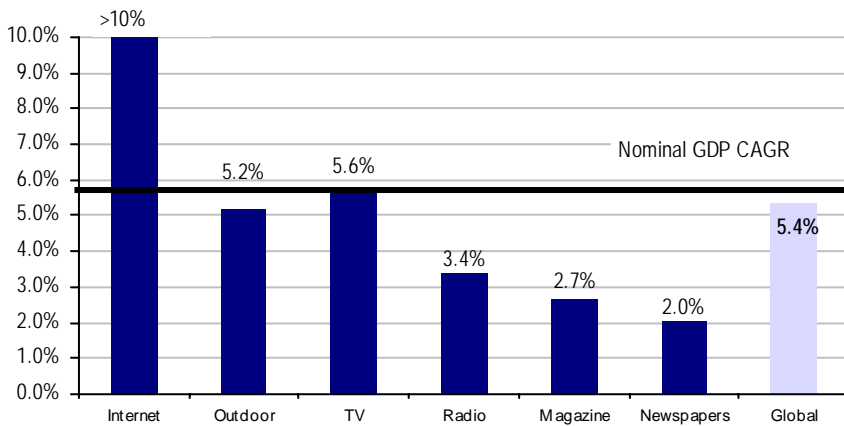
Chart 17 shows the improvement in sentiment in the next couple of years—TV and outdoor (exhibiting very similar growth rates in 2009-11E) very close to nominal GDP average, and even the fringe media in positive territory. Internet should continue to outperform.

Chart 16: CAGR by Ad-Spend Mix: 2001-11E



Source: UBS estimates

Chart 17: CAGR by Ad-Spend Mix: 2009-11E (Recovery Years)



Source: UBS estimates

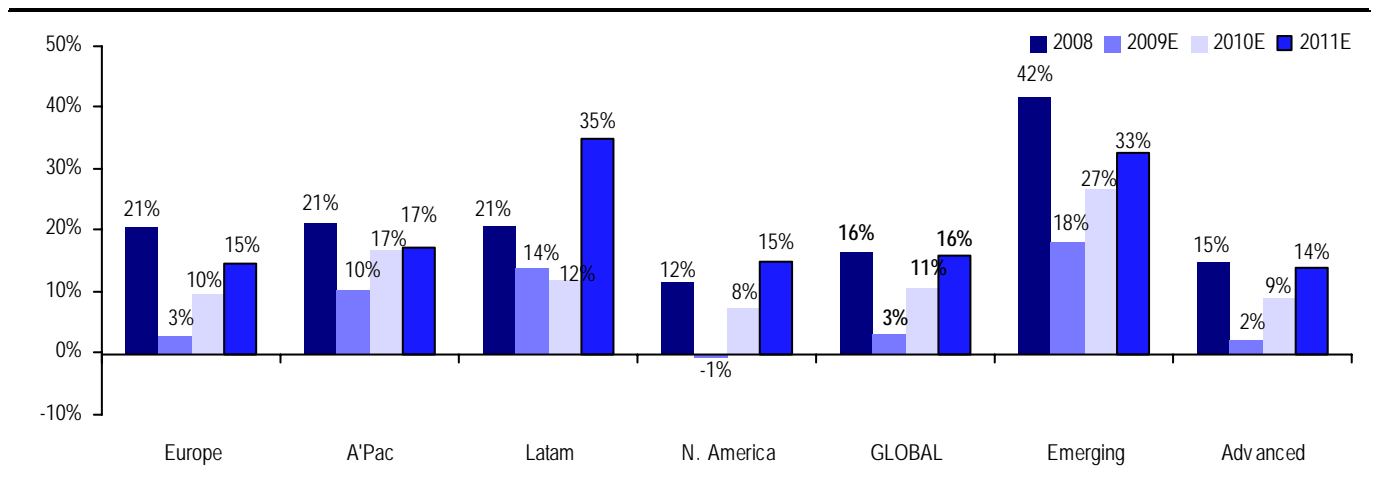
■ **Internet: +3%, +11%, +16% in 2009-11E**

Online advertisements should contribute 15% to the global advertising revenues of 2011E. We foresee Internet ad-spend to modestly expand 3% in 2009 (previous: +2%), and regain double-digit momentum at 11% (unchanged) and 16% for 2010E and 2011E respectively. In the US, online ad-spend should be -1.5%, +7% and +15% in 2009-11E.

Online ad-spend: +3%, +11%, +16% in 2009-11E; 10Y CAGR (2001-11E) +22%

The key growth medium for advanced regions should see +2%, +9% and +14% growth in next three years. Australia: +9%, +17%, +11% and Japan: +8%, +12%, +14%. Online ad-spend in the major European regions should slightly expand (+2%) in 2009E, reach high single digit growth of 8% in 2010E, and a slightly higher +10% in 2011E. France: +6%, +7%, +15%; Germany: +2%, +10%, +15%; Italy: +5%, +13%, +25%; Spain: -7.5%, +18%, +20% and UK: +3%, +6%, +7%.

Chart 18: Advertising Spending on Internet Medium—Growth Rate by Region, 2008-11E



Source: UBS estimates

In emerging markets, internet penetration is still low (6% share of 2011E ad-spend) and hence the region enjoys double-digit growth. We forecast online ad-spend to grow +18%, +27% and +33% in 2009-11 respectively. For BRIC Regions; Brazil: +16%, +8%, +5%; Russia: +15%, +62%, +76%; India: +16%, +70%, +58%; Indonesia: +18%, +30%, +30% and China: +25%, +28%, +28%.

Table 23 exhibits the online components of individual media segments in the US. Currently, more than 15% of the US ad-spend is on online and digital media.

Table 23: US Digital and Internet Ad-Spend

	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008E	2009E	2010E	2011E
Online Newspapers as % of Total Newspapers	0.2%	0.5%	1.0%	1.7%	2.6%	3.2%	4.1%	5.4%	7.0%	8.9%	11.0%	11.6%	11.9%
Online Streaming Television as % of Total TV	-	-	-	-	0.1%	0.2%	0.3%	0.5%	0.8%	1.4%	2.3%	2.8%	3.3%
VOD/ Interactive as % of Total Cable	-	-	-	-	0.2%	0.3%	0.3%	0.4%	0.5%	0.6%	0.7%	0.8%	1.0%
US Internet & Digital Ad-spend as % of Total US Ad-spend	3.3%	5.1%	5.0%	4.1%	4.8%	5.9%	7.4%	9.5%	11.9%	13.8%	14.9%	15.5%	16.7%

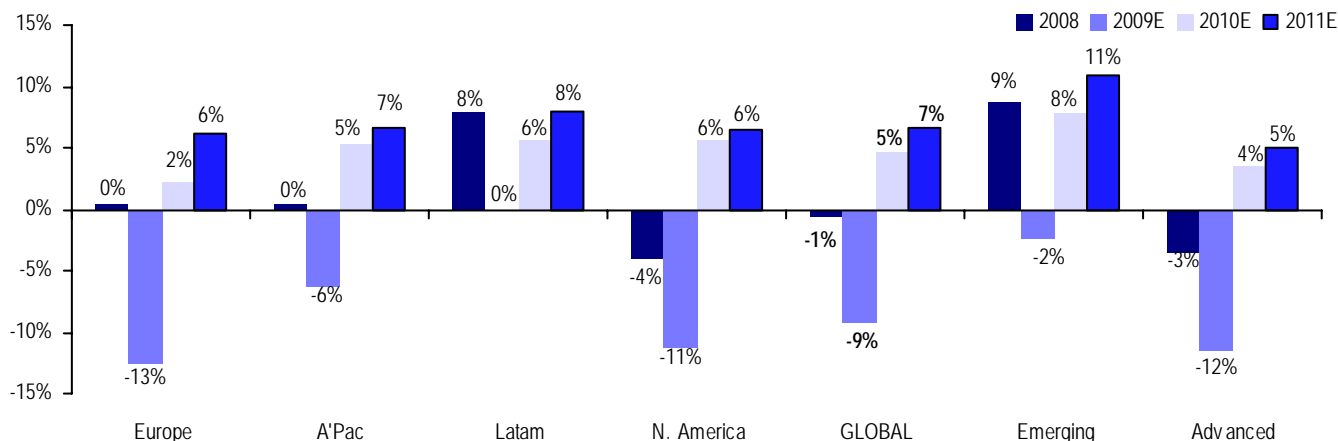
Source: UBS estimates

We believe advertisements in the online edition of newspapers will be 11-12% of the medium's total ad-revenue through the next three years. VOD advertising is currently a very small portion (<1%) of total cable ad-revenues.

Online streaming television makes up ~2% of total TV ads to grow up to ~3% in the next two years.

■ **Television: -9%, +5%, +7% in 2009-11E**

Chart 19: Advertising Spending on Television—Growth Rate by Region, 2008-11E



Source: UBS estimates

We expect TV (including cable) ad-spend to fall 9% in 2009, and grow decently at 5% and 7% in next two years. This compares with our old forecasts of -7% and +3% for 2009 and 2010.

Television ad-spend: -9%, +5%, +7% in 2009-11E; 10Y CAGR (2001-11E) +3%

In the US, TV ad-spend should be -12%, +6% and +7% in 2009-11E respectively. Over 2009-11, we forecast networks: -11%, +4%, +6%, syndication TV: -8%, +4%, +5% and spot TV: -19%, +7%, +5%. The cable ad-revenues should experience growth rates of -6%, +7%, +9% in 2009-11E respectively. (Cable networks: -6%, +7%, +9% and non-network cable: -8%, +7%, +8%).

We expect TV ad-spend growth in advanced regions to be -12%, +4% and +5% in next three years with Australia: -6%, +3%, +3.5% and Japan: -11%, +1%, +1%. For major European regions, our new TV ad-spend forecasts mean a 15.0% drop in 2009E, a slight improvement of +1% next year and another +5% in 2011E. France: -17%, +1%, +3%; Germany: -11%, +1%, +5%; Italy: -13%, +2%, +5%; Spain: -22%, -1%, +9% and UK: -15%, +1%, +5%.

TV (50% share) in emerging markets could witness a 2% drop in current year, but steeply improve with +8% in 2010E and +11% in 2011E. For BRIIC regions; Brazil: +5%, +8%, +10%; Russia: -16%, +5%, +14%; India: +7%, +14%, +16%; Indonesia: +14%, +15%, +21% and China: +1%, +12%, +14%.

We expect TV advertisements to share 40% in the global advertising revenues of 2011, unchanged over the 2002-11 period.

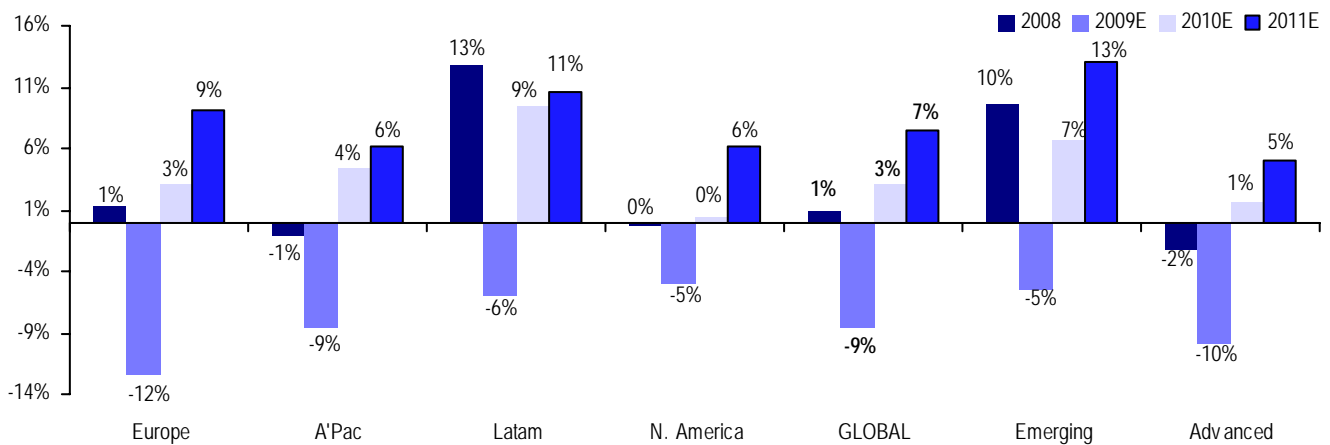
■ Outdoor: -9%, +3%, +7% in 2009-11E

Outdoor (like TV) remains one medium whose contribution in total ad-spend remains similar (5-6%) since 1997. We believe the decline in outdoor advertising revenues for the current year should be 9%. The medium should then recover slowly in 2010 (+3%) and 2011 (+7%). Our old forecasts for 2009 and 2010 were -6% and +3% respectively.

Outdoor ad-spend: -9%, +3%, +7% in 2009-11E; 10Y CAGR (2001-11E) +4%. Flat 2010E for US and UK

In the US, we expect outdoor advertisement revenues (both national and local) to drop 5% in 2009. 2010 should be flat and 2011 could increase 6% (national: +5.5%, local: +6.5%).

Chart 20: Advertising Spending on Outdoor Medium—Growth Rate by Region, 2008-11E



Source: UBS estimates

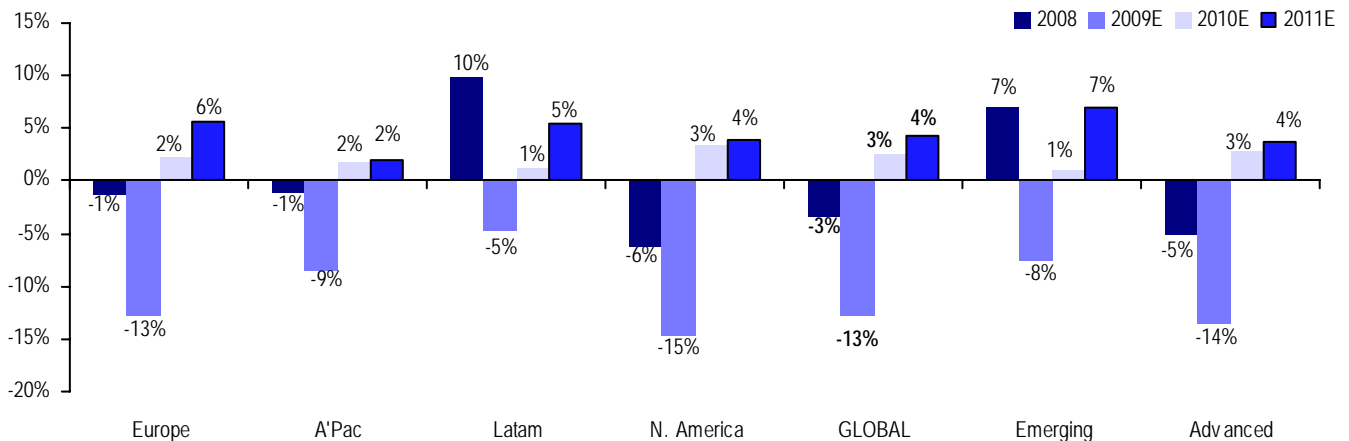
Overall, we expect advanced regions to experience a 10% drop in advertising revenues from the outdoor medium in 2009. A slight increase of 2% in 2010 should be followed by another 5% rise in 2011 in the medium. For 2009-11, we forecast Japan’s growth to be -16%, -1% and +2% and Australia: -11%, +8%, +6%.

Outdoor ad-spend growth in the major European markets should be -14%, +4%, +7% for 2009-11E respectively. France: -14%, +1%, +3%; Germany: -10%, +2%, +5%, Italy: -25%, +7%, +9%; Spain: -20%, +17%, +165 and UK: -10%, +0%, +5%.

Over the years, emerging markets have remained indifferent towards the segment (like TV again) maintaining an 8% share in the regions’ ad-spend. We expect the medium’s growth to be a negative 6% in 2009, and a positive 7% and 13% in the next two years. Among BRIIC regions, we foresee Brazil: Flat, +20%, +20%; Russia: -20%, flat, +29%; India: +2%, +11%, +16%, Indonesia: Flat, +10%, +10% and China: +3%, +10%, +10%.

■ **Radio: -13%, +3%, +4% in 2009-11E**

Chart 21: Advertising Spending on Radio—Growth Rate by Region, 2008-11E



Source: UBS estimates

After declining 3% last year, we expect radio to decline a further 13% in 2009. The recovery for the medium should start next year at 3% (and +4% for 2011E). Our old forecasts for 2009 and 2010 were -8% and +1% respectively.

Online ad-spend: -13%, +3%, +4% in 2009-11E; 10Y CAGR (2001-11) +1%

As highlighted in Table 22 earlier, the medium has lost 2 percentage points since 2001, to share less than 7% of the global advertising revenues. The declining revenues in 2008 and 2009 have left the medium growing at a negligible average of 1% per annum since 2001.

For the US, we expect radio ad-revenues to decline (for the fourth year in a row) in 2009 by 16%. A 3-4% improvement is possible in the next two years. Network radio should decline 12% in 2009 (-8% in 2008), and increase 5% in next year, and +4% the year after. National Spot radio advertising revenues could decline 19% in 2009E, and grow 4% and 3% in 2010E and 2011E respectively. We expect local Spot radio advertising revenues to decline 15% in 2009, and grow 3% and 4% in 2010 and 2011 respectively.

For advanced regions as a whole, radio ad-spend should fall for the third year in a row, with the worst decline of 14% in 2009E. A 3-4% improvement can be expected in the next couple of years. For the years 2009 to 2011, we expect Japan: -14%, -3%, -4%; Australia: -2%, +4%, +3%.

Major European markets could lose 15% of radio ad-revenues in 2009E. 2010 may bring a 3% upturn and 2011 will add another 6%. France: -14%, +1%, +3%; Germany: -10%, +1%, +4%; Italy: -22%, +7%, +9%; Spain: -15%, +9%, +9% and the UK: -12%, -1%, +5%.

The fringe medium has lost share, even in the emerging parts of the world. We believe its contribution of 7% in 2001 will fall to 5% in 2011 in emerging markets, where it will foresee an 8% decline in 2009. It should improve softly by 1% in 2010E and 7% in 2011E in the developing markets.

BRIC: Brazil: +3%, +10%, +10%; Russia: -32%, -11%, +20%; India: +4%, +10%, +12%; Indonesia: -5%, +5%, +5% and China: -4%, +3%, +5%.

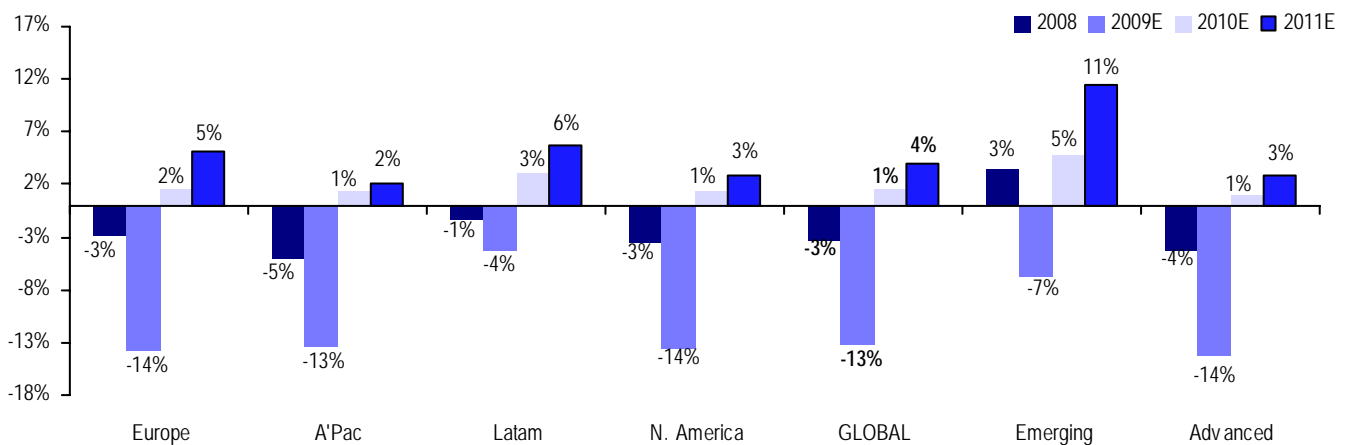
Magazines: -13%, +1%, +4% in 2009-11E

Advertising revenues from the magazines medium contributed close to 14% in 1997, but we expect the percentage to drop to less than 10 in 2011. The medium could see a 13% drop in 2009 (-3% for 2008) and should be positive 1% in 2010 and 4% in 2011. Our old forecasts for 2009 and 2010 were -8% and -1% respectively.

Magazine ad-spend: -13%, +1%, +4% in 2009-11E; 10Y CAGR (2001-11E): Flat

The negative growth of 2001-02 and 2008-09 has offset the positives, resulting in the flat average growth over 2001-11E.

Chart 22: Advertising Spending on Magazines Medium—Growth Rate by Region, 2008-11E



Source: UBS estimates

US magazines ad-revenues, which started slipping in 2008 (-4%), should drop a further 26% in 2009. We expect the negative trend to continue even in 2010 (-2%) with slight improvement of +2% in the following year.

We expect the advanced regions globally to stumble 14% as far as magazines ad-revenue is concerned. 2010 and 2011 should see 1% and 3% growth respectively in the medium. Japan: -20%, -4%, -4% and Australia: -9%, +3%, +2%. The major European regions could see -17%, +2%, +6% growth trends in 2009-11E respectively. Of these, France: -15%, +1%, +3%; Germany: -16%, +2%, +5%; Italy: -20%, +7%, +9%; Spain: -25%, +9%, +9%, UK: -14%, -2%, +5%.

Like the other fringe peer, radio, magazines have also lost share even in the emerging parts of the world. We believe their contribution of 8% in 2001 will fall to 6% in 2011 in emerging markets, where it will foresee a 7% decline in 2009. It will improve by 5% in 2010 and 12% in 2011 in the region.

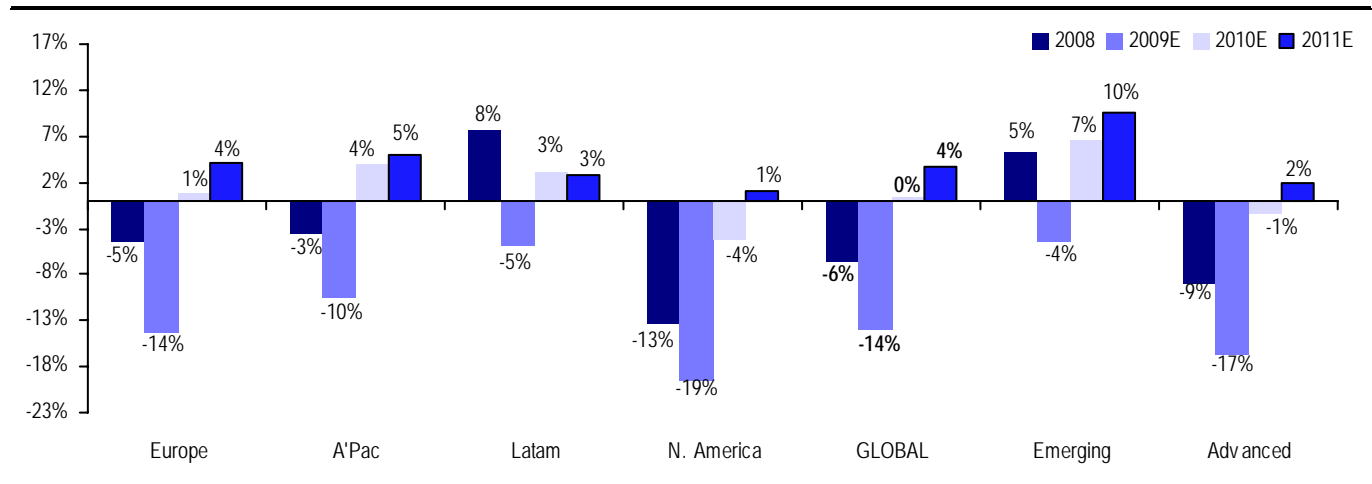
BRIIC: Brazil: 1%, +4%, +8%; Russia: -17%, flat, +25%; India: +22%, +29%, +27%; Indonesia: -5%, +5%, +5% and China: -1%, +8%, +8%.

■ **Newspapers: -14%, +0%, +4% in 2009-11E**

We now forecast newspapers to lose 14% in 2009 (old: -12%), but to be flat in 2010 (old: -3%). The medium could lose 10% of its 2001 share, and add only 4% y/y in 2011 advertising revenues.

Newspaper ad-spend: -14%, Flat, +4% in 2009-11E; 10Y CAGR (2001-11E) -1%

Chart 23: Advertising Spending on Newspapers Medium—Growth Rate by Region, 2008-11E



Source: UBS estimates

US newspapers ads could see -18%, -3% and +2% growth in 2009-11E. Of these, national newspapers should decline 16% in 2009 and 1% in each of the next two years. Local newspapers ads, with the worst score of -21% in 2009E, could decline a further 5% in 2010E and improve a slight 2% in 2011E.

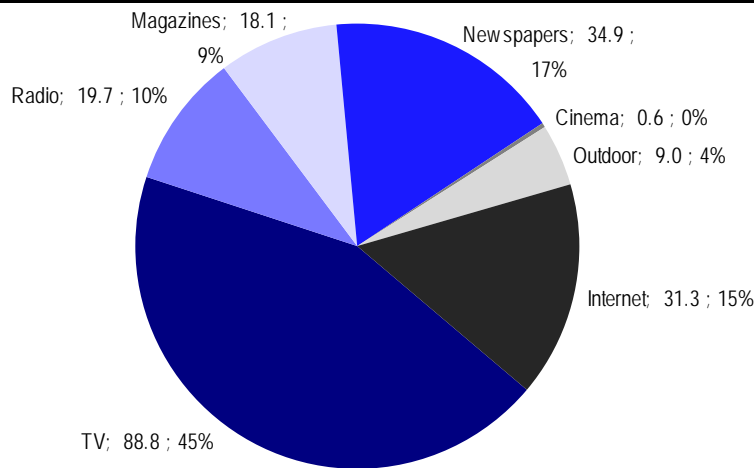
-17%, -1%, +2% is the trend for global advanced nations for 2009E through 2011E. Japanese newspapers (like other Japanese fringe media) should see negative growth in 2009-11 at -22%, -4% and -4%. Australian newspapers: -8%, +1%, +4% for these years.

For major European nations, we expect a decline of 17% in the current year and a mere 2% rise in 2010E and 6% in 2011E. France: -17%, +1%, +3%; Germany: -12%, +2%, +5%; Italy: -23%, +7%, +9%; Spain: -24%, +12%, +11% and the UK: -20%, -2%, +5%

Newspapers in the emerging markets should comprise only 24% of total emerging markets' revenue from advertisements in 2011E. The region should post -4%, +7% and +10% growth in 2009-11E. Within BRIIC, Brazil: -3%, +7%, +2%; Russia: -17%, -3%, +6%; India: +8%, +16%, +16%; Indonesia: +9%, +20%, +20% and China: -6%, +4%, +5% for 2009-11E respectively.

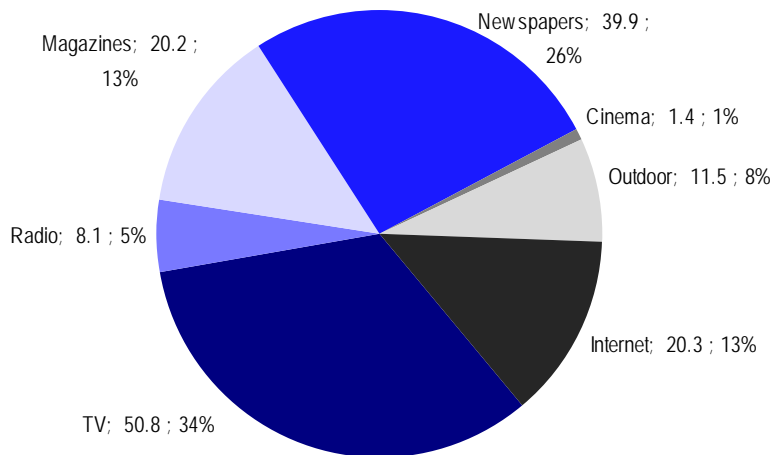
Regional Overview—2011E

Chart 24: Americas (US, Canada, and LatAm), 2011E Ad-Spend (US\$bn; % growth y/y)



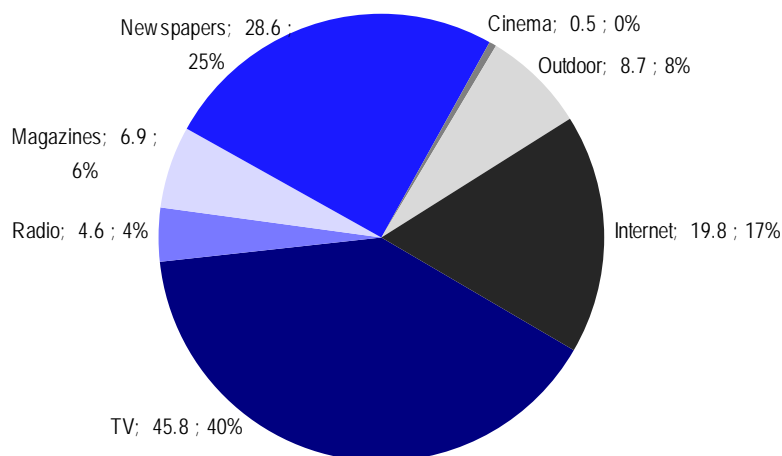
Source: UBS estimates

Chart 25: EMEA (Europe, Middle East, and Africa), 2011E Ad-Spend (US\$bn; % growth y/y)



Source: UBS estimates

Chart 26: APAC (Asia and Australia incl. Japan), 2011E Ad-Spend (US\$bn; % growth y/y)



Source: UBS estimates

Global Fiscal Policy Tracker

Table 24: Global Fiscal Policy Tracker

Country	Specific Measures	Total	On media	% of GDP
South Africa	Increase in government spending on infrastructure announced February 2009. Programme runs over 3 years, part of existing capital investment programme. Additional support for employment, job protection including infrastructure-related. Increase in spending on social grants.	R865bn (USD86.5bn)	Impact on media spending is indirect, but material	10.0%
China	The government announced a CNY 4 trillion investment package for the period until end 2010. Among the CNY 4 trillion, the government is said to contribute 1.18 trillion, and we estimate that would include at least CNY 300 bn (1% of GDP) of extra budgetary spending each year. The composition is: Transport infrastructure and power grid (45% of total stimulus package), post earthquake reconstruction (25%), environmental projects (9%), Rural sector infrastructure (9%), public housing (7%), R&D (4%), healthcare and education (1%).	CNY 4000bn (USD 588bn)	Impact on media spending is material as it could accelerate online display recovery. Stimulus supporting consumption are also included	6.0%
South Korea	Fiscal spending: KRW 11 trillion devoted to Social Overhead Capital Projects, SMEs and Agriculture, Local Government spending, payments to low income households and unemployment and start-ups. Tax cuts: KRW 3 trillion including extension of Temporary Investment Tax Credit until Dec 09.	KRW 14trn (USD 11.3bn)	Impact on media spending, favor online search (SME) and overall consumption	1.5%
USA	Feb 17: Pres Obama signed the "American Recovery and Reinvestment Act of 2009 (fiscal stimulus package). In FY09, the package is estimated to raise outlays by \$87bn and reduce revenues by \$98 bn. In FY10, outlays would increase by \$178bn and revenues would decline by \$222bn. Some of the main features include roughly \$285bn in tax cuts for individuals and businesses, as well as additional spending for food stamps, aid to states, unemployment benefits, and health care subsidies for laid off workers. The Obama Administration expects the package should generate 3-4 mil jobs by the end of 2010.	USD787bn	Impact on media spending is indirect	5.5%
Germany	Oct 08: Cuts in income tax and social security contributions by some €6bn in 2009 and €14bn in 2010 Nov 08: Cuts in income tax (€1bn), corporate tax (€6bn), plus other fiscal measures in 2009 and 10 Jan 09: Infrastructure spending (€18bn), cuts in income tax and soc sec contrib. (€18bn) plus others	€20bn (USD25.6bn) €12bn (USD15.3bn) €50bn (USD64.1bn)	Consumption favors media	3.2%
Canada	The Canadian Federal Budget proposed nearly CAD40 bn stimulus over two years, including CAD12bn in infrastructure spending. In terms of % of GDP, the total stimulus package represents about 2.6% of real GDP. (approximately 1.5% in year 1, approximately 1.1% in year 2)	CAD40 bn (USD31.8bn)	Impact on media spending is indirect	2.6%
Japan	Fiscal stimulus: 8.8trn yen consisting of: — a. 2 trillion yen cash rebates — b. Other household-life-support and tax measures (= 4.6 trillion yen) — c. Employment support measures (= 2.2 trillion yen)	JPY 8.8trn (USD85.1bn)	Impact on media spending is indirect	1.7%
Australia	14/10: endowment funds (infrastructure, education & research; and health & hospitals funds) instructed to start spending from early 2009 (likely spread over a few years; USD6.8bn cash stimulus including USD3.2bn for pensioners; USD2.6bn for families, USD1.0bn for first home buyers, & USD0.1bn for training 5/11: Mid-year budget provided a further USD462mn stimulus. 29/11: Lift to States for health, education, housing & business deregulation over 5 years 29/11: from 2010 car industry package, indirectly supporting 200k jobs over 13 year 12/12: transport & education infrastructure to create 32k jobs over 3 years (new money, pull forward, 20% PAYG tax deferral for business) 27/2: Commercial property liquidity fund to refinance debt if foreign banks withdrawal lending 3/2 USD 27.4bn over 3.5 years: 8.1bn cash handout (7.0bn immediate) and 19.3bn infrastructure (9.7bn education, 4.4bn public housing, 2.5bn housing insulation, 1.8bn business tax breaks, 0.9bn community)	AUD 63.9bn (USD 42.2bn)	Direct impact on consumption, positive for media	5.2%

	Infrastructure plan of EUR10.5bn, but this is four high-speed trains that were announced in December 2003.	EUR10.5bn (USD13.6bn)		
	100k housing units to be built which will give a boost of EUR1.8bn to the construction sector	EUR1.8bn (USD2.3bn)		
France	Help to low-income earners amounting to EUR0.76bn	EUR0.76bn (USD1.0bn)		1.3%
	A EUR1,000 bonus for replacing cars more than 10 years old. Cost EUR 0.22 bn. There is also a loan in two tranches to the financial arms of the car producers	EUR0.22bn (USD0.3bn)	Favor advertising spending	
Indonesia	Tax exemptions and rebates (especially for companies with large employment) feature largely while spending to be targeted towards labour intensive infrastructure in bid to boost employment. Transfers to the public via monthly payout also to continue	72trn rp (USD 6.6 bn)	Minimal impact	1.5%
United Kingdom	The government announced a series of fiscal measures on November 24, 2008 to give the economy a big fiscal boost. These include: 1) Expenditure brought forward; 2) 2.5 % cut in VAT rate (£12 bn); 3) £3bn capital spending brought forward. £3bn worth of capital spending has been brought forward. This money will be used to improve and build new social housing, renovate schools. Increase motorway capacity, and invest in energy-efficiency measures.	GBP25bn (USD31.5bn)	Minimal impact	1.5%
Turkey	Besides a significant increase in discretionary spending in recent months, the government is preparing a comprehensive list of measures – partly concrete, partly abstract – including: tax cuts; interest rate subsidies for companies and consumers; state guarantees; or investment funding through unemployment fund. However, the extent of package is not clear yet, and will depend crucially on Turkey's ongoing discussions with the IMF, which is against a fiscal loosening.	-TRY30bn (-USD20.0bn)	Direct impact on consumption, positive for media	3.0%
Italy	The Italian Government announced on 28th Nov a package which included measures aimed at: (a) boosting consumption through a EUR2.4bn bonus to low income families and EUR1bn in additional resources for unemployment, (b) Increasing infrastructure spending by EUR3.7bn, (c) freezing inflation linked tariffs (motorways, trains, power distribution, etc), (d) recapitalizing the banking sector via subscribing EUR10-12bn of subordinated (T1) or convertible bonds (core T1). The government will also bear the cost of variable rate mortgages exceeding 4% interest in 2009. This is mainly to reassure families with mortgages, rather than to actually inject money into the economy. The plan also includes EUR40bn of infrastructure projects, partly using EU funds, but this should not be included in the fiscal boost, as this money was already in the budget; it is not additional money.	EUR9bn (USD12.0bn)	Direct impact on consumption, positive for media	0.6%
India	Main items: Spending boost Rs200bn this FY, VAT cut by 4%, credit guarantees for SMEs, Infrastructure Finance Co. (IIFCL) to raise Rs100bn in tax free bonds by March. State bank recap worth Rs200bn over 2 yrs, SPV to finance certain NBFCs worth up to Rs250bn), EXIM Bank credit of Rs50bn.	Rs1300bn (USD26.4bn)	Minimal impact	2.4%
Brazil	Government announced intention to boost its Growth Acceleration Program (PAC). Policy action has also focused on selective sector stimulus, via financing lines made available by state-owned banks. Tax cuts to households have also been announced. Items: Increase in the Growth Acceleration Program until 2010 Income tax reduction Decline in the tax on financial operations (IOF) for credit to individuals Additional 2008 spending from 2007 funds set aside in the Brazil Sovereign Fund (FSB)	USD 65.7bn	Direct impact on consumption, positive for media	4.8%

Source: UBS

Glossary

Advertising: We define advertising as the media of “mass persuasion.” Advertising includes television, print, outdoor, radio, cinema, or branded online advertising. We add online search to the overall numbers to allow us to generalize global aggregated numbers. Our Key Global Index uses the extended definition (i.e., including search). One caveat: in the US section, we opened up the definition of advertising to include yellow pages and direct mail to mirror Universal McCann aggregates. However, in our global model, the US is accounted under our KGI methodology.

CPM: It is the cost per thousand or the expense to reach 1,000 potential consumers through an advertising campaign. It was the traditional way of estimating costs in the broadcasting business and used in branded ads for the Internet. However, as targeted ad allows to transition to a “quasi” e-commerce model, CPM as a unit of cost is being replaced by a focus on overall returns with ROI. Targeted technology has allowed more specific cost units for the Internet, such as CPC (cost per click, trending toward fees on sales as queries become more detailed) for search and CPA (cost per acquisition, trending toward direct response costs) when consumer information is gathered.

Marketing: Marketing is the umbrella expense account that includes all activities that would affect top-line figures for a corporation (short term and longer term). The chief marketing officer (CMO) is in charge of managing the account and defines the strategy to achieve such goals. Categories in marketing vary. In the last “Marketing Expenditure Trend” report from the London Business School, it is divided among five categories: media/advertising (print, broadcast, outdoor, and cinema); sale promotion; brand PR/sponsorship; direct mail; and interactive marketing. In other cases, marketing is segmented among advertising/media, consumer promotion, trade promotion, and other.

As we highlighted in this report, there is a grey line among segments. When a company uses part of its television budget for some Internet presence (brand building), it is sometimes included within television spending. The selling of inclusive packages of television and online ad inventories during this year broadcast upfront in the US makes it difficult to quantify separate segments. However, using different sources, we are able to estimate “media/advertising” using our KGI criteria to be around 40-45% of global marketing today. This number was more along 50-55% in the late 1990s. The trends show consumer promotion spending to be trending toward advertising.

Media: See advertising.

Non-media marketing: It includes all marketing spending not related to advertising (again defined as a “mass persuasion” media). Following several surveys, non-media marketing could be growing from upper single digits to mid-double digits since the beginning of the decade. For instance, while US advertising intensity (advertising divided by nominal GDP) declined since 2000, we expect overall marketing intensity to be flat to slightly up.

Emerging markets: In Europe, we consider emerging markets to be all Eastern Europe nations and Russia. In Asia-Pacific, emerging markets are defined as “non”-advanced markets. Advanced markets are Japan, Korea, Taiwan, Hong Kong, Singapore, Australia, and New Zealand. All of Latin America is included in emerging markets for simplicity.

Core media driver: We divided \$625 billion media revenues among three drivers: advertising; consumer spending; and corporate spending. Consumer spending has two components: consumer recurrent and consumer discretionary revenues.

Consumers are driving most of the media sector revenues, not advertising. This is why we believe a simple advertising sensitivity analysis to drive stock picking was inadequate, at best. Consumer spending drives 48% of global media revenues (30% recurrent, 18% discretionary). Advertising follows with 30%. Corporate is last with 22%. That order is also true for Europe and the Americas.

Cyclical elements (advertising, recurrent consumer, and estimated recurrent corporate) represent around 60-65% of media revenues. The US is relatively less cyclical (around 50-55% of media revenues) than Europe and Asia-Pacific (above 70%). Emerging markets, at slightly above 60%, match our global average.

Advertising. We include television, radio broadcasting, cable, print, outdoor, Internet (including search), and most of the yellow pages.

Consumer discretionary spending. We include, among others, box office, DVD sales, PPV, VOD, video games, music, online downloads, newsstand print circulation, amusement parks, books, ancillary revenues (toys, branded products), and retail stores.

Consumer recurrent spending. We include cable operators, video and audio satellite video, broadband, voice, online Internet gaming, print subscription, and book clubs.

Corporate spending. We include market research (and most below-the-line advertising, as well as marketing services), programming sales (including cable networks affiliate fees), financial information, and professional publishing (B2B).

Not allocated. Defense spending and other revenues not connected to our GDP and consumer spending assumptions.

UBS Global Media Team

Americas & Global			Asia and Pacific Rim		
Global Media Strategy			Australia		
Matt Coppet	+1-212-713 4299	matthieu.coppet@ubs.com	Lauren Moran	+61-2-9324 2833	lauren.moran@ubs.com
US Entertainment & Broadcasting			New Zealand		
Michael Morris, CFA	+1-212-713 9028	Michael-C.Morris@ubs.com	Richard Eary	+61-2-9324 2869	richard.eary@ubs.com
US Cable, Satellite & Telecom Services			Martin Byers	+61-2-9324 3174	Martin.Byers@ubs.com
John Hodulik, CFA	+1-212-713 4226	john.hodulik@ubs.com	Ray David (Internet)	+61-2-9324 2192	ray.david@ubs.com
US Internet & Video Gaming			Japan		
Brian Pitz	+1-212-713 9310	brian.pitz@ubs.com	Jason Bloom	+64-9-913 4890	Jason.Bloom@ubs.com
Brian Fitzgerald	+1-212-713 2851	brian.fitzgerald@ubs.com	India		
Latin America			China/Hong Kong		
Gordon Lee	+1-212-713 1094	Gordon.Lee@ubs.com	Shinsuke Iwasa	+81-3-5208 7340	shinsuke.iwasa@ubs.com
Tomás Lajous	+52-55-5282 7761	tomas.lajous@ubs.com	Yuki Nakayasu (Gaming)	+81-3-5208 7151	Yuhki.Nakayasu@ubs.com
Brazil			Sumito Takeda (Internet)	+81-3-5208 6247	Sumito.Takeda@ubs.com
Carlos Sequeira, CFA	+5521 3262 9223	carlos.sequeira@ubs.com	Makio Inui (Internet)	+81-3-5208 6229	Makio.Inui@ubs.com
Canada			Thailand		
Phillip Huang, CFA	+1-416-814 1444	Phillip.Huang@ubs.com	Nupur Agarwal	+91-22-2286 2105	nupur.agarwal@ubs.com
EMEA			Singapore		
Head of European Media Research			Korea		
Polo Tang	+44 20 7568 1286	polo.tang@ubs.com	Heather Lee (Agencies)	+82-2-3702 8809	heather.lee@ubs.com
European Broadcasting & Pay-TV			Seung Shin (Internet)	+82-2-3702 8815	seung.shin@ubs.com
Daniel Kerven	+44 20 7568 1315	daniel.kerven@ubs.com	Equity & Fixed Income Media and Communications Trading		
European Publishing & Agencies			Tim Stepnowsky (Equity)	+1-203-719-7400	tim.stepnowsky@ubs.com
Alastair Reid	+44-20-7568 8011	Alastair.Reid@ubs.com	Glen Sulam (Equity)	+1-203-719-7400	glen.sulam@ubs.com
Isabel Green	+44-20-756 75318	Isabel.Green@ubs.com	Kevin Dooley (Loans)	+1-203-719-8831	kevin.dooley@ubs.com
European Internet			Chad Ritchie (IG)	+1-203-719-1078	Chad.Ritchie@ubs.com
Alex Hugh, CFA	+44-20-7567 5816	Alexander.Hugh@ubs.com	Nicolas Blewitt (CDS)	+1-203-719-1078	nicolas.blewitt@ubs.com
Spain & Portugal			Fixed Income Media and Communications Desk Analyst		
Ignacio Carvajal Cebrian	+34-91-436 9025	Ignacio.Carvajal@ubs.com	US High Yield TMT		
Bosco Ojeda	+44-20-7568 6723	bosco.ojeda@ubs.com	Rob Hopper	+1-203-719 5716	robert.hopper@ubs.com
Italy (Small Caps)					
Valentina Romitelli	+39-02-7210 0257	valentina.romitelli@ubs.com			
South Africa					
John Slettevold, CFA	+27-11-322 7317	john.slettevold@ubs.com			
France & Luxembourg (Small Caps)					
Julie Agnes	+33-1 48 88 33 60	julie.agnes@ubs.com			
Sweden & Norway					
Albin Sandberg	+46-8-453 7330	Albin.Sandberg@ubs.com			
Poland					
Zoltan Palfi	+44-20-7567 1682	Zoltan.Palfi@ubs.com			
UK Cable & Telecom					
Nick Lyall	+44-20-756 86332	Nick.Lyall@ubs.com			
Violeta Katzova	+44-20-756 83264	Violeta.Katzova@ubs.com			

Source: UBS

■ **Statement of Risk**

A weakening of the overall economy could negatively affect media stocks. Most media stocks are vulnerable to an advertising slowdown. Re-regulation of an industry could negatively impact our universe. Key risks include competitive environment among pay-TV operators, programming cost fluctuation, bundle pricing, customer service initiatives becoming increasingly important and event risk

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UBS Investment Research: Global Equity Rating Allocations

UBS 12-Month Rating	Rating Category	Coverage ¹	IB Services ²
Buy	Buy	44%	38%
Neutral	Hold/Neutral	39%	36%
Sell	Sell	17%	25%
UBS Short-Term Rating	Rating Category	Coverage ³	IB Services ⁴
Buy	Buy	less than 1%	33%
Sell	Sell	less than 1%	33%

1:Percentage of companies under coverage globally within the 12-month rating category.

2:Percentage of companies within the 12-month rating category for which investment banking (IB) services were provided within the past 12 months.

3:Percentage of companies under coverage globally within the Short-Term rating category.

4:Percentage of companies within the Short-Term rating category for which investment banking (IB) services were provided within the past 12 months.

Source: UBS. Rating allocations are as of 30 June 2009.

UBS Investment Research: Global Equity Rating Definitions

UBS 12-Month Rating	Definition
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Neutral	FSR is between -6% and 6% of the MRA.
Sell	FSR is > 6% below the MRA.
UBS Short-Term Rating	Definition
Buy	Buy: Stock price expected to rise within three months from the time the rating was assigned because of a specific catalyst or event.
Sell	Sell: Stock price expected to fall within three months from the time the rating was assigned because of a specific catalyst or event.

KEY DEFINITIONS

Forecast Stock Return (FSR) is defined as expected percentage price appreciation plus gross dividend yield over the next 12 months.

Market Return Assumption (MRA) is defined as the one-year local market interest rate plus 5% (a proxy for, and not a forecast of, the equity risk premium).

Under Review (UR) Stocks may be flagged as UR by the analyst, indicating that the stock's price target and/or rating are subject to possible change in the near term, usually in response to an event that may affect the investment case or valuation.

Short-Term Ratings reflect the expected near-term (up to three months) performance of the stock and do not reflect any change in the fundamental view or investment case.

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UBS Securities LLC: Matthieu Coppet; Michael C. Morris, CFA; Brian Pitz. **UBS Limited:** Daniel Kerven; Polo Tang.

Company Disclosures

Company Name	Reuters	12-mo rating	Short-term rating	Price	Price date
CBS Corp. ^{2, 4, 5, 6a, 16, 22}	CBS.N	Buy	N/A	US\$7.99	28 Jul 2009
Google Inc. ^{5, 6b, 6c, 7, 16}	GOOG.O	Not Rated	N/A	US\$439.85	28 Jul 2009
ITV plc ^{3, 4, 13, 14, 22}	ITV.L	Buy	N/A	37p	28 Jul 2009
News Corporation, Inc. ^{6b, 7, 16, 22}	NWSA.O	Neutral	N/A	US\$10.32	28 Jul 2009
ProSiebenSat1	PSMG_p.DE	Buy	N/A	€4.14	28 Jul 2009
Schibsted ASA ^{4, 5}	SBST.OL	Buy	N/A	NKr69.10	28 Jul 2009
Sohu.com Inc. ¹⁶	SOHU.O	Buy	N/A	US\$60.57	29 Jul 2009
WPP	WPP.L	Buy	N/A	449p	28 Jul 2009

Source: UBS. All prices as of local market close.

Ratings in this table are the most current published ratings prior to this report. They may be more recent than the stock pricing date

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Additional Prices: Antena 3 Television, S.A., €6.47 (28 Jul 2009); APN News & Media Holding, A\$1.78 (29 Jul 2009); Belo Corp., US\$2.65 (28 Jul 2009); BSkyB, 518p (28 Jul 2009); Daily Mail & General Trust, 295p (28 Jul 2009); Discovery Communications Inc, US\$24.40 (28 Jul 2009); E.W. Scripps, US\$3.76 (28 Jul 2009); Euromoney Institutional Investor, 224p (28 Jul 2009); Gannett Co., US\$6.48 (28 Jul 2009); General Electric Co., US\$12.52 (28 Jul 2009); Grupo Prisa, €3.73 (28 Jul 2009); Gruppo Editoriale L'Espresso, €1.25 (28 Jul 2009); Hess Corp., US\$53.57 (28 Jul 2009); Impresa, €1.03 (28 Jul 2009); Interpublic Group of Companies, Inc., US\$5.41 (28 Jul 2009); JCDecaux, €12.79 (28 Jul 2009); Journal Communications Inc., US\$2.45 (28 Jul 2009); Lagardere, €27.50 (28 Jul 2009); Lamar Advertising, US\$19.46 (28 Jul 2009); McClatchy Company, US\$1.58 (28 Jul 2009); McGraw-Hill Companies, US\$33.10 (28 Jul 2009); Media General Inc., US\$4.62 (28 Jul 2009); Mediaset, €4.23 (28 Jul 2009); Meredith Corp., US\$30.13 (28 Jul 2009); Metropole TV, €13.00 (28 Jul 2009); New York Times Co., US\$7.56 (28 Jul 2009); Nexstar Broadcasting, US\$0.71 (28 Jul 2009); Omnicom Group Inc., US\$33.73 (28 Jul 2009); Publicis Groupe SA, €23.27 (28 Jul 2009); R.H. Donnelley Corp., US\$0.05 (28 Jul 2009); Sinclair Broadcast Group, Inc., US\$1.66 (28 Jul 2009); Singapore Press, S\$3.44 (29 Jul 2009); Telecinco, €7.18 (28 Jul 2009); Ten Network Holdings, A\$1.29 (29 Jul 2009); TF1, €9.85 (28 Jul 2009); Time Warner Inc., US\$27.01 (28 Jul 2009); Trinity Mirror, 70p (28 Jul 2009); TVB, HK\$34.25 (29 Jul 2009); Viacom Inc., US\$23.75 (28 Jul 2009); Walt Disney Co., US\$26.37 (28 Jul 2009); West Australian Newspapers Holdings Ltd, A\$5.90 (29 Jul 2009); Yahoo Inc., US\$17.22 (28 Jul 2009); Zee Entertainment Enterprises Ltd, Rs174.85 (29 Jul 2009); Source: UBS. All prices as of local market close.

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