

Media & Entertainment
U.S. & Canada
Special Report

Liquidity Focus: U.S. Media & Entertainment

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Related Research

- *Fitch Comment: Bank Agreements and Revolving Credit Draws*, Sept. 22, 2008
- *Credit Encyclo-Media: Fitch's Comprehensive Review of the U.S. Media & Entertainment Sector*, Sept. 16, 2008
- *Corporate Liquidity: Bank Agreements and Refinancing Risk*, Aug. 22, 2008
- *U.S. Telecom Liquidity Strength Remains Solid*, July 7, 2008
- *U.S. Consumer Magazines: Weakness to Continue*, July 9, 2008
- *U.S. Media & Entertainment Sector — Recovery Rating Methodology*, Feb. 22, 2008
- *U.S. Media & Entertainment Sector — Recovery Rating Review — 2008*, Feb. 22, 2008
- *US MEDIA & ENTERTAINMENT: Ratings Stable in 2008 Amid Secular Challenges and Weakening Economy*, Dec. 6, 2007
- *Liquidity Focus: U.S. Media & Entertainment Well Positioned*, Oct. 17, 2007
- *U.S. Corporate Liquidity Fundamentals: Solid for Most Sectors*, Sept. 10, 2007
- *Corporate Research Initiative: Liquidity Risks Rising*, July 31, 2007

Overview

On Aug. 22, 2008, Fitch Ratings published a special report entitled “Corporate Liquidity: Bank Agreements and Refinancing Risk,” which discusses Fitch’s view of the current credit market environment. The report emphasizes that Fitch’s ratings and analysis of corporate liquidity are weighted more heavily toward internal sources of funds: cash holdings and cash generated from operations. In addition, the report reminds investors that Fitch will continue to highlight potential covenant violations in its rating actions and commentary, and will likely be more aggressive in taking actions where liquidity over the near term is reliant upon the forbearance of banks. While Fitch performs comprehensive ongoing liquidity surveillance as a function of our core rating process, this report provides a more in-depth analysis of media & entertainment sector liquidity.

Key Conclusions

- Liquidity for the media & entertainment sector is generally healthy, with latest 12 months (LTM) free cash flow, as of June 30, 2008, of \$18.1 billion and balance-sheet cash of \$21.0 billion. This internal liquidity compares to 2008, 2009 and 2010 maturities of \$6.2 billion (includes any commercial paper borrowings), \$10.2 billion and \$12.4 billion, respectively.
- Not surprisingly, the major conglomerates — including The Walt Disney Company (Disney), News Corporation (News Corp.), Time Warner Inc. (Time Warner) and Viacom Inc. (Viacom) — are currently the best positioned to weather the current financial market conditions, as these companies benefit from strong and stable operating liquidity, non-advertising revenues, meaningful amounts of capacity in the form of cash on hand and revolver availability, as well as longer-dated maturities.
- There is no significant exposure in bank facility commitments from Lehman Brothers. When present, Lehman’s commitments were typically lower than 10% of a company’s total bank revolver. While it is possible that other banks assume at least a portion of Lehman’s commitments, the failure of such does not result in a material credit event for the portfolio.
- There is limited overlap between Wachovia/Citibank and Bank of America/Merrill Lynch on most bank facilities in our portfolio. Importantly, the limited instances of overlap occur on facilities that we expect to have sufficient availability when they come due for re-financing.
- The tightening of the commercial paper (CP) market does not cause a material concern for Fitch as the media and entertainment sector is not a major CP issuer. Importantly, the majority of CP balances outstanding in our portfolio are covered by balance sheet cash at June 30, 2008. In addition, the majority of CP issuers have material availability under their revolving credit facilities with material commitments from banks such as Bank of America, JP Morgan, Citibank, Deutsche Bank, Barclays, HSBC, Royal Bank of Scotland, Mizuho and Bank of Tokyo-Mitsubishi.

- Belo Corp. (Belo) and Hearst-Argyle Television, Inc. (Hearst-Argyle) are both likely to rely on their bank facilities to redeem maturities over the next 15 months, which will result in limited remaining availability. Specifically, we expect Belo to use its bank facility to redeem \$350 million in senior notes due November 2008, resulting in \$119 million remaining availability on its facility. This is partially mitigated by a relatively favorable maturity schedule in 2009–2010. Fitch expects Hearst-Argyle to use its bank facility to redeem its \$90 million note amortization due in December 2008, which should result in \$75 million of availability. The company has an additional \$90 million amortization payment in December 2009, which Fitch expects to be accommodated through a combination of remaining bank facility availability and internal free cash flow generation. Fitch notes that HTV's bank facility expires in April 2010; however, we do not believe there to be any material overlap between recently merged lenders.
- Tribune Company (Tribune) has a very limited margin of error in relation to its debt covenants. Fitch estimates that (assuming all else equal), an 8% drop in EBITDA for Tribune would place them out of compliance with their secured leverage ratio. Recent amendments to McClatchy's interest coverage covenant (reduced to 2.25x from 2.75x) provide additional short-term flexibility at the expense of revolver capacity, pricing and other restrictions (security, dividends, etc.). Fitch expects Warner Music Group Corp. (Warner) to be in compliance with all of its financial covenants, as the recent dividend elimination will allow the company to build up cash in support of its net leverage and net interest coverage covenants. For other companies in the U.S. media & entertainment portfolio, Fitch is generally comfortable that there is adequate cushion within the covenants to absorb the level of decline in EBITDA we would expect in an economic downturn. (See page 7 for further analysis).
- Although facing both cyclical and secular threats, the media & entertainment industry is characterized by relatively predictable revenue streams and high margins. High free cash flow conversion is supported by limited working-capital swings, low capital expenditure, and (sometimes) low cash taxes. Fitch believes these factors make media companies attractive borrowers for banks and bondholders, even under more selective market conditions.
- In addition, while media portfolios do not provide ready access to liquidity, Fitch notes that these portfolios often have components that are easily separable. Recognizing that the pool of potential bidders has diminished significantly, in the past 24 months Cox Communications Inc. (Cox) has sold its stake in a cable network; CBS and others have sold TV stations; McClatchy sold SP Newsprint Co. and ShopLocal LLC; Tribune sold Newsday and a partial stake in CareerBuilder; Disney sold most of its radio assets; Six Flags, Inc. (Six Flags) sold theme parks; Thomson Reuters Corp. sold Thomson Learning; and Clear Channel sold radio stations and other media assets. Fitch believes the potential to deconsolidate media portfolios to pay down debt could further support creditors in a downturn.
- Finally, media companies that do have meaningful capital expenditures often have a high degree of discretion over that spending, where non-maintenance capital expenditures could be pulled back if needed to support their liquidity positions.

Background on Fitch's Corporate Liquidity Research

As discussed in "Corporate Liquidity: Bank Agreements and Refinancing Risk," the impact of the credit crunch on bank balance sheets and behavior is not expected to abate in the near term, thus affecting the ability of corporations that rely on bank debt to access this capital. Recent examples of how banks are responding to tighter credit

conditions require that Fitch take a much more circumspect view of unused bank revolving capacity. In addition, greater emphasis will be placed on internal sources of liquidity versus external sources of liquidity (debt markets, credit facilities).

This analytical emphasis has been present for some time, and has been compounded, rather than solely caused, by recent events. This trend has accelerated following recent events, and has highlighted the following issues:

- The ultimate providers of capital continue to change. Banks, as originators, have been active in off-loading originated loans to hedge funds and collateralized loan obligations (CLOs) over the past cycle. Market reports indicate that CLOs may have represented 65% of leveraged loan demand at the peak of the cycle, and now account for 10% or less. Lower demand for loans from these investors has resulted in lower availability of capital to corporations.
- Regarding their own balance sheets, banks are highly focused on conserving capital, limiting on- and off-balance-sheet exposures and exiting customer relationships that do not meet required hurdle rates. Internal capital charges for putting on loan assets have significantly increased.
- The recent market re-pricing of risk indicates that banks' ability to hedge originated exposures will not only entail capital costs, but hedging has also become less available and more expensive. The exit of financial guarantors and credit derivatives products companies has contributed to the decline of this industry capacity.

Key Liquidity Considerations for Media & Entertainment

Fitch's analysis relies heavily on each company's internal capacity to generate liquidity from its operations (operating liquidity) and from various components of its balance sheet (cash, working capital, maturity schedules and revolver availability). The following sections summarize key conclusions of the analysis as it specifically relates to the media & entertainment sector.

Operating Liquidity

The media & entertainment industry is generally characterized by adequate operating liquidity due to relatively predictable revenue bases, high margins, low maintenance capital expenditures and limited working-capital fluctuations.

The few companies noted in the table below with weak operating liquidity generally face this situation due to self-inflicted financial policy decisions, which have resulted in a significant portion of cash flows being dedicated to interest expense.

The media & entertainment sector's revenue base is predominantly drawn from advertising. While this revenue source typically correlates with the overall economy, its fluctuations are relatively predictable. The companies noted below as having strong operating liquidity generally have some revenue diversification away from advertising (carriage fees, subscriptions, licensing), which can further stabilize total revenue, while many of the companies classified as having intermediate operating liquidity are "pure play" businesses that rely more heavily on secularly and cyclically challenged

Operating Liquidity

Strong	CBS, Disney, McGraw-Hill, News Corp., Omnicom, Thomson Reuters Corp, Time Warner Inc., Viacom
Intermediate	Belo, Cox Enterprises ^a , Cox Radio, Dun & Bradstreet, Hearst-Argyle Television, Interpublic Group, Liberty Media, Warner Music, R.R. Donnelley
Weak	AMC Entertainment, McClatchy, Regal Entertainment, R.H. Donnelley, Six Flags, Tribune, Univision

^aConsolidated, including Cox Communications.
Source: Fitch Ratings.

advertising revenues.

In recent years, media management teams have been relatively tight on the costs over which they have the most discretion, which may make it difficult to boost free cash flow from existing levels with further cost cuts. Newspapers (such as McClatchy and Tribune) have made extensive staff reductions and other cost cuts in order to offset declining revenues. In addition, McGraw-Hill has made staff reductions in response to the significant declines in bond issuances (particularly the securitization market), impacting its Financial Services Segment. Fitch does not expect these cost reductions to drive an increase in free cash flow in the near term, but rather assist in stemming the loss of liquidity as a result of revenue declines. If and when revenue declines reverse, the resulting cost cuts and increased efficiency could lead to better-positioned companies, allowing them to take advantage of the improved environment.

With companies that have made significant acquisitions and are in the process of rationalizing cost and integrating the acquired entity, Fitch would expect to see improvements in free cash flow over a short to intermediate time frame (Thomson Reuters Corp., Dun & Bradstreet, R.R. Donnelley).

Claims on cash flows are relatively low for media companies, as working-capital drains can be relatively immaterial, capital expenditures are generally low for non-cable businesses (particularly for broadcast radio and TV) and cash taxes typically benefit from Federal Communications Commission (FCC) license amortization. This means that these sub-sectors convert a substantial amount of EBITDA into free cash flow, providing significant internal liquidity which can be used to pay down debt and improve attractiveness to external credit providers.

Cash

Within the media & entertainment sector, Fitch generally does not use net-debt ratios, as cash balances have historically been used for high cash flow multiple acquisitions (e.g., Internet properties) and/or shareholder-friendly initiatives. Nevertheless, Fitch takes into account a company's cash position when assessing liquidity.

Disney, Time Warner, News Corp., Thomson Reuters Corp. and Liberty Media Corp. all maintained cash balances, at June 30, 2008, in excess of \$750 million. Omnicom Group Inc. (OMC) and Interpublic Group of Companies, Inc. (IPG) also carried similarly high cash balances when including client deposits for media buys. (See the Working Capital section below for additional detail).

Due to their large asset portfolios, several companies in the media & entertainment space have also been able to finance acquisitions, fund share repurchases or reduce debt through the sale of non-core assets, which are not as readily liquid as cash. Furthermore, some of these have been limited-cash-flow producing assets that may still achieve attractive multiples (such as Tribune's Chicago Cubs). Most recently, Tribune's sale of Newsday and McClatchy's sale of SP Newsprint and ShopLocal LLC were able to generate sale proceed to de-lever and for Tribune, satisfy upcoming mandatory debt repayments.

Cash Position

Strong	CBS, Disney, Liberty Media, News Corp., Time Warner Inc., Viacom, Univision
Intermediate	AMC Entertainment, Cox Enterprises ^a , Dun & Bradstreet, Interpublic Group, McGraw-Hill, Omnicom, Regal Entertainment, R.R. Donnelley, Thomson Reuters Corp, Warner Music
Weak	Belo, Cox Radio, Hearst-Argyle Television, McClatchy, R.H. Donnelley, Six Flags, Tribune

^aConsolidated, including Cox Communications.
Source: Fitch Ratings.

Working Capital

Working capital does not generally pose a material drain on cash flow for media companies, as inventories are generally modest compared to other industries. Theme parks and educational publishing are seasonal and must keep flexibility for material working-capital uses in the offseason. Also film studios have meaningful cash outlays well in advance of revenue collection. Two subsectors — movie exhibitors and advertising agencies — can benefit from positive working-capital dynamics.

Liquidity for movie exhibitors — AMC Entertainment (AMC) and Regal Entertainment Group (RGC) — can be supported by working-capital days that are typically negative. Theater operators carry limited inventory and sales are settled immediately, making receivables very short while payables are extended on traditional business practice terms. These features allow exhibitors to reap the benefits of growth without the risk of depleting working capital and without having to write inventories down during a slowdown.

Advertising agencies benefit from positive working-capital dynamics, as there is typically a positive carry from the time they receive clients' cash and when they distribute it for media purchases. Therefore, these companies will typically hold high levels of cash (IPG at approximately \$1.8 billion and OMC at approximately \$0.9 billion in cash), the client portion of which is taken into account under our cash analysis described above.

Secured accounts receivable facilities are not a material financing tool within the sector. CBS, Viacom, Cox Enterprises, Time Warner and Tribune, among others, use some form of facility to accelerate payment on a portion of their receivables; however, none are material in relation to their capital structures.

Refinancing (i.e., Maturity Schedules)

Media companies face limited maturities over the next several years, as they have used the

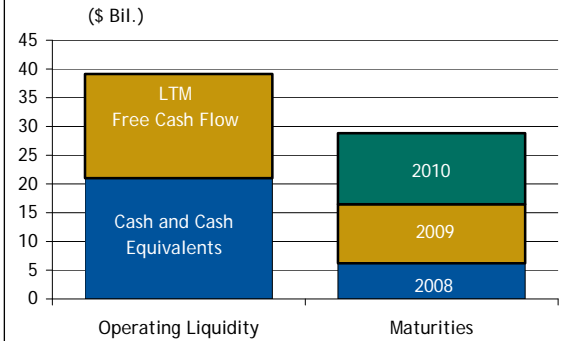
Working Capital Dynamic

Strong	AMC Entertainment, Interpublic Group, Omnicom, Regal Entertainment
Intermediate	Belo, Cox Enterprises ^a , CBS, Cox Radio, Dun & Bradstreet, Disney, Hearst-Argyle Television, Liberty Media, McClatchy, McGraw-Hill, News Corp., R.R. Donnelley, Six Flags, Thomson Reuters Corp., Time Warner Inc., Tribune, Univision, Warner Music, Viacom
Weak	NA

^aConsolidated to include Cox Communications. NA – Not applicable.

Source: Fitch Ratings.

**U.S. Media & Entertainment
Free Cash Flow and Cash to Maturities
(As of June 2008)**



Note: Does not include Liberty Media's available-for-sale securities. This chart makes an assumption that June 2008 latest 12 months (LTM) free cash flow (FCF) is a proxy of future annual FCF.

Source: Company filings, Fitch Ratings.

Favorable Near-Term Maturity Schedule

Strong	Dun & Bradstreet, McGraw-Hill, News Corp., Time Warner, Warner Music Group
Intermediate	AMC, Cox Enterprises ^a , CBS, Interpublic Group, Liberty Media, McClatchy, Omnicom, Regal, R.R. Donnelley, Thomson Reuters Corp., Viacom, Walt Disney
Weak	Belo, Hearst-Argyle Television, Six Flags, R.H. Donnelley, Tribune, Univision ^b

^aConsolidated to include Cox Communications. ^bUnivision has a committed delayed-draw facility in place for its October 2008 maturity.

Source: Fitch Ratings.

recent credit-friendly environment (2005 through mid-2007) to extend maturities and improve terms and expirations on their revolvers.

Six Flags PIERS (\$287 million) mature on August 2009, and \$141 million in senior unsecured notes are due February 2010. The weak category reflects the material refinancing risks posed by these maturities.

Tribune has significant maturities in June 2009 (\$593 million). It has satisfied its 2008 year-end maturities with proceeds from the sale of Newsday and the establishment of an accounts receivable securitization facility. The company is in the process of selling the Chicago Cubs, and the resulting proceeds are expected to be used to repay debt.

Univision has a \$350 million second-lien loan due March 2009. Fitch believes the company has alternatives in place to satisfy this maturity, including cash on hand, marketable securities and non-core stations (Las Vegas, San Diego, etc.).

Also, R.H. Donnelley, Belo and Hearst-Argyle Television each face material refinancing in the upcoming years.

Revolving Credit Facilities

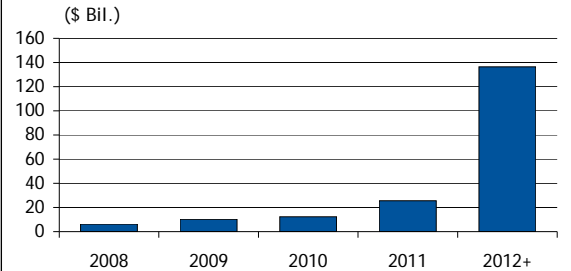
The investment-grade companies in our coverage have weak covenant packages, which can allow companies to increase debt and dispose of assets without triggering a default. The lack of restrictions on increased debt levels and asset sales obviously provides creditors limited protections but gives the companies the opportunity to prolong operating as a going-concern and the flexibility to seek alternatives before default. Most non-investment grade companies under our coverage have fairly significant covenant packages, which could reduce financial flexibility for them under a stress event.

The covenant analysis table below illustrates the covenants for the high yield companies within Fitch's U.S. media & entertainment portfolio, and the percentage decline in EBITDA needed (assuming all else remains equal) to breach the covenant. Several of the companies below have multiple financial covenants; we have presented the covenant around which the company has the least room. The estimated percent decline in EBITDA to breach the company's covenant is based on Fitch's calculation of EBITDA and interpretation of the covenant calculation and as such, material differences could exist from the actual legal obligation.

As the table shows, Tribune has the least flexibility within its existing covenants. Both Tribune and McClatchy have seen material revenue declines due to the secular challenges

U.S. Media & Entertainment Debt Maturities

(As of June 30, 2008)



Note: Includes all U.S. Media & Entertainment companies rated by Fitch.

Source: Company filings and Fitch Ratings.

Revolver Capacity and Limited Covenants

Strong	CBS, McGraw-Hill, News Corp, Omnicom, Time Warner, Viacom, Walt Disney
Intermediate	AMC Entertainment, Cox Enterprises ^a , Cox Radio, Dun & Bradstreet, Interpublic Group, Liberty Media ^b , Regal Entertainment, R.H. Donnelley, R.R. Donnelley, Thomson Reuters Corp, Six Flags, Tribune, Warner Music
Weak	Belo, Hearst-Argyle Television, McClatchy Univision

^aConsolidated to include Cox Communications. ^bVia QVC subsidiary facility. Note: The weak assessment on Belo and Hearst-Argyle takes into account expected capacity usage for 2008 maturities.

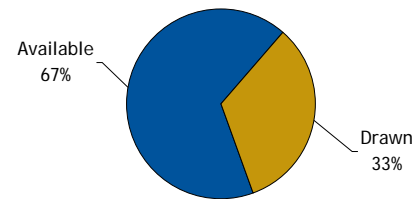
Source: Fitch Ratings.

faced by the newspaper industry and compounded by the current economic climate. If these negative trends continue for both companies (and in Tribune's case, a sale of the Cubs/SportsNet is not completed), they could be at risk of breaching their financial covenant thresholds in the future. Even with the Cubs sale, Tribune faces a material risk of breaching the covenant threshold when it steps down in first-quarter 2009 to 8.75x.

Fitch expected McClatchy to seek a waiver and/or amendment from the banks, and was uncertain and cautious regarding the terms of such a potential negotiation for such entities with deteriorating prospects and high leverage. The amendment McClatchy agreed to on Sept. 26, 2008, provides flexibility, as the coverage ratio steps down from 2.25 to 2.0x after December 2008, and the leverage ratio steps up from the first quarter of 2009 through the third quarter of 2010 from 6.25x to 7.0x. However, the flexibility did come at a cost, as the capacity was reduced by \$25 million (with an additional \$25 million step down at year-end 2009 and a further step down if the Miami land sale is completed), the maximum spread (based on a leverage grid) increased to 425 basis points from 200 basis points (until the company executes the Miami land sale), a security interest was granted in certain assets and a further restriction on dividends was implemented.

Fitch notes that for both Tribune and McClatchy, the receipt of a waiver or amendment without an upturn in business prospects is not likely to have a positive impact on ratings. However, failure to receive additional covenant relief, if needed, would likely further pressure ratings.

**U.S. Media & Entertainment
Average Revolver Availability**
(As of June 30, 2008)



Note: Includes U.S. Media & Entertainment companies rated by Fitch.
Source: Company filings, Fitch Ratings.

Covenant Analysis

	Covenant	Covenant Level (x)	% Decline in EBITDA to Breach Covenant
AMC Entertainment	Secured Leverage Ratio	3.25	(48.8)
Belo Corp.	Leverage Ratio	5.75	(27.8)
Interpublic Group of Companies	Leverage Ratio	3.50	(17.0)
QVC Inc. (Liberty Media)	Leverage Ratio	4.00	(32.8)
McClatchy	Interest Coverage Ratio	2.25	(19.0)
Regal Entertainment Group	Leverage Ratio	3.75	(15.2)
R.H. Donnelley Corp.			
R.H. Donnelley Inc. (RHDI)	Secured Leverage Ratio	3.50	(14.7)
Dex Media East, Inc. (DEX-E)	Leverage Ratio	5.00	(43.5)
Dex Media West, Inc. (DEX-W)	Leverage Ratio	5.25	(23.7)
Six Flags	Secured Leverage Ratio	5.75	(35.0)
Tribune	Secured Leverage Ratio	9.00	(8.0)
Univision	First-Lien Leverage Ratio	13.25 ^a	(27.6)
Warner Music Group	Leverage Ratio	4.25	(9.5)

^aUnivision covenant decreases to 11.75 after Sept. 30, 2008, in which case EBITDA could decline by approximately 18% before breaching. Covenant is only applicable if the revolver is drawn.
Source: Company filings, Fitch Ratings.

U.S. Media & Entertainment Liquidity Profiles

(\$ Mil., For the Most-Recent Quarter Ended June 30, 2008)

	LTM		Credit Facility			Total Liquidity	Long-Term CY Debt Maturities ^a				
	Free Cash Flow	Cash and Cash Equivalents	Capacity	Availability ^b	Expiration		2008		2009	2010	2011
							CP	Other Debt			
AMC Entertainment Inc. (Marquee Holdings) ^c	82.6	176.8	200.0	186.0	1/2012	362.8	—	19.0	37.3	49.0	41.9
Belo Corp.	57.7	6.4	600.0	468.8	6/2011	475.2	—	350.0	—	—	131.2
CBS Corp.	1,125.3	813.9	3,000.0	2,780.0	12/2010	3,593.9	—	3.8	0.9	1,585.5	950.1
Clear Channel Communications ^d	815.9	200.0	2,000.0	1,920.0	2014	2,120.0	—	—	—	274.0	1,187.0
Cox Enterprises, Inc. (Consolidated)	769.9	216.1	5,850.0	2,749.5	7/2011	2,965.6	25.0	450.0	635.0	2,600.0	3,600.0
Cox Communications (CCI)	694.0	116.4	2,500.0	1,900.0	7/2011	2,016.4	—	450.0	410.0	2,100.0	1,100.0
Cox Radio Inc. (CXR)	107.8	1.6	600.0	245.0	7/2011	246.6	—	—	—	—	355.0
Cox Ent. (excluding CCI and CXR)	(31.9)	98.1	2,750.0	604.5	7/2011	702.6	25.0	—	225.0	500.0	2,145.0
D&B Corporation (Dun & Bradstreet)	263.7	245.5	650.0	518.6	4/2012	764.1	—	—	—	—	299.6
Hearst-Argyle Television, Inc.	79.5	9.2	500.0	165.0	4/2010	174.2	—	90.0	90.0	425.0	—
Interpublic Group of Companies, Inc. ^e	581.2	1,831.0	1,085.0	902.1	6/2009 and 7/2011	2,733.1	—	91.8	252.3	244.1	500.6
Liberty Media Corp. ^f	614.0	25,076.0	5,250.0	764.0	3/2011	25,840.0	—	52.0	1,034.0	241.6	4,732.6
McClatchy Company (The) ^g	274.3	9.2	600.0	159.0	6/2011	168.2	—	—	50.0	—	1,159.7
McGraw-Hill Companies, Inc.	545.3	355.3	1,200.0	1,200.0	7/2009	1,555.3	526.2	—	—	—	—
News Corporation	2,109.0	4,662.0	2,250.0	2,250.0	5/2012	6,912.0	—	228.0	77.0	205.0	56.0
Omnicom Group Inc. ^h	1,144.9	915.8	2,500.0	2,500.0	6/2011	3,415.8	—	26.0	1,574.0	483.8	0.3
					RHDI — 6/2011						
					DEXE — 10/2013						
					DEXW — 10/2013						
R.H. Donnelley Corp. ⁱ	583.2	82.0	365.0	360.3	10/2013	442.3	—	40.7	116.0	1,500.0	713.0
R.R. Donnelley & Sons Co.	484.8	435.3	2,000.0	1,660.9	1/2012	2,096.2	486.7	8.0	405.0	501.1	1.0
Regal Entertainment	2.7	223.8	100.0	97.5	10/2011	321.3	—	23.0	34.0	34.0	234.0
Six Flags, Inc.	(133.1)	66.3	275.0	86.8	3/2013	153.1	—	—	295.4	290.0	9.4
Thomson Reuters Corporation	724.0	789.0	2,500.0	2,500.0	8/2012	3,289.0	—	398.0	764.0	1,083.0	1,001.0
Time Warner Inc. (Excluding Time Warner Cable) ^j	3,588.0	1,336.0	7,000.0	3,180.0	2/2011	4,516.0	—	—	2,000.0	—	7,754.0
Tribune Co. ^k	(98.8)	160.9	750.0	685.0	6/2013	845.9	—	688.0	857.2	563.1	78.3
Univision Communications Inc. ^l	127.5	1,042.7	750.0	54.0	3/2014	1,096.7	—	250.0	385.3	139.7	686.3
Viacom Inc.	637.0	737.0	3,250.0	2,150.0	12/2010	2,887.0	666.0	105.0	815.0	1,191.0	1,500.0
					1/2010 and 1/2011						
Walt Disney Company (The)	3,575.0	2,589.0	4,500.0	4,279.0	1/2011	6,868.0	1,239.0	442.8	809.9	933.0	870.0
Warner Music Group Corp.	186.0	240.0	250.0	246.0	2/2010	486.0	—	4.0	17.0	17.0	1,345.0
Total	18,139.6	42,219.2	47,425.0	31,862.8		74,081.9	2,942.9	3,270.1	10,249.3	12,359.9	26,851.0

^aUnless otherwise noted, 2008 maturities represent the remaining balance for the year. Fitch has estimated these maturities based on year-end maturity schedules, as reported in the 10-Ks, and any financing transactions that occurred between Jan. 1, 2008–June 30, 2008. ^bCredit Facility Availability represents available funds to borrow, including funds available to refinance any commercial paper borrowings. ^cAMC Entertainment fiscal year end is on or about March 30. The maturities are for an April 1 to March 30 fiscal year (i.e., 2008 = April 2008–March 2009, 2009 = April 2009–March 2010). ^dFitch estimate of Clear Channel post privatization transaction. ^eIn July of 2008, Interpublic Group of Companies entered into a \$335 Mil., three-year credit agreement. \$750 Mil. Enhanced Liquidity Facility (ELF) expires in June 2009, and the new \$335 Mil. bank credit facility expires in July 2011. ^fLiberty Media cash includes \$21.2 Bil. in available-for-sale securities. Revolver capacity and availability refer to QVC's bank facilities. ^gMcClatchy revolving credit facility will be reduced by \$125 Mil. to \$475 Mil. upon the closing of the sale of land in Florida and further reduced by \$25 Mil. in December 2009. Free cash flow excludes \$185 Mil. Tax refund. ^hMaturities include notes puttable for cash in 2009 and 2010. ⁱRHDI's credit facility maturity: \$75 Mil. matures in December 2009, and the remaining \$100 Mil. matures in June 2011. ^jTime Warner does not breakout CP from its revolver balances, Fitch classified all short term borrowings as revolver borrowings. ^k\$807 Mil. of the Tranche X term loan was repaid in the third quarter of 2008, leaving \$593 Mil. due in June 2009. ^lUnivision has a committed delayed draw facility in place for 2008 maturities (which was drawn earlier this year). CY – Calendar year. LTM – Latest 12 months.

Source: Company filings, Fitch Ratings.

Appendix: Summary of Fitch's U.S. Corporate Liquidity Approach

(Excerpted from a special reports, "Corporate Research Initiative: Liquidity Risks Rising," July 31, 2007, and "Corporate Liquidity: Bank Agreements and Refinancing Risk," Aug. 22, 2008)

Operating Liquidity

Fitch's corporate analysis and credit ratings rely on cash-based metrics (FFO, FFO fixed-charge coverage, FCF/total adjusted debt, etc.), and sensitivity analyses are geared toward determining cash self-sufficiency or the probability and degree of reliance on accessing external capital markets under stressed conditions. Fitch focuses on a company's exposure to various revenue and cost factors that impact its ability to generate cash, and the extent and volatility of potential of expected cash flows in relation to operating costs, capital expenditures and investments, and various fixed, on- and off-balance sheet obligations and contingencies. Fitch also recognizes that although free cash flow is defined as being after dividends, in those cases where companies are paying dividends, the potential elimination of dividends could supplement liquidity.

Cash

In periods of market volatility and uncertain access to capital markets, many corporations that have built cash positions have enhanced liquidity and reduce any reliance on external sources. Fitch also analyzes whether the cash is fully available or may be restricted in some manner. Limiting factors could include cash that is necessary to finance working capital swings, cash that may be located overseas and therefore tax-disadvantaged, or cash that may be earmarked for other purposes (pension contributions, environmental or legal liabilities, taxes, etc.).

Working Capital

Working capital assets, liabilities and corresponding cash flows are a critical component of liquidity management. Liquidity at companies with strong working capital positions benefits not only from having readily-monetizable assets, but also by serving to mitigate any risks from short-term creditors. Receivables facilities are also incorporated as a subset of working capital analysis. For those companies that rely on the sale of receivables as a financing tool, Fitch will identify the triggers that would result in the facility being restricted, but in any case will evaluate the capacity and impact of migrating the receivables back onto the balance sheet in the event of a termination.

Revolving Credit Facilities

As mentioned, bank facilities are an important source of operating liquidity to finance working capital, seasonal requirements, one-off needs, short-term event risks, required letter-of-credit capacity and other purposes, both in the normal course of business and due to unforeseen events. However, unused revolving credit capacity is not viewed by Fitch as a long-term source of liquidity or as interchangeable with more permanent sources of capital. Relying on revolving credit capacity outside of short-term bridge purposes is often an indication that the impact of operating and financial stresses (and the corresponding lack of access to external capital), are not readily surmountable.

As in Fitch's recovery ratings and the associated analysis, covenants play an important role in liquidity analysis. Fitch focuses on identifying financial or other covenants (including Material Adverse Change [MAC] or Effect [MAE] clauses), the violation of which could result in ceding flexibility to a bank group or other investors. The preponderance of non-bank investors in leveraged loans may change the historical bank-company dynamic, raising uncertainties and risks on the path to resolution of covenant defaults. Fitch focuses on structural issues and scenarios under which liquidity may be restricted among entities where there may be multiple levels of obligors and debt.

Refinancing (i.e., Maturity Schedules)

The current bank environment also augments refinancing risk for corporate issuers over the near term. With the decline in demand from CLOs, the rise in leveraged loan maturities through 2010 indicates that issuers will have to find other providers of capital to meet refinancing requirements. With banks unwilling to place all this on their own balance sheets, and the high yield market lacking the size to meet this demand, the lack of refinancing capacity will be felt in higher pricing and higher default rates.

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