



LodgeNet®

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B. RILEY & CO.
9TH ANNUAL
LAS VEGAS INVESTOR CONFERENCE

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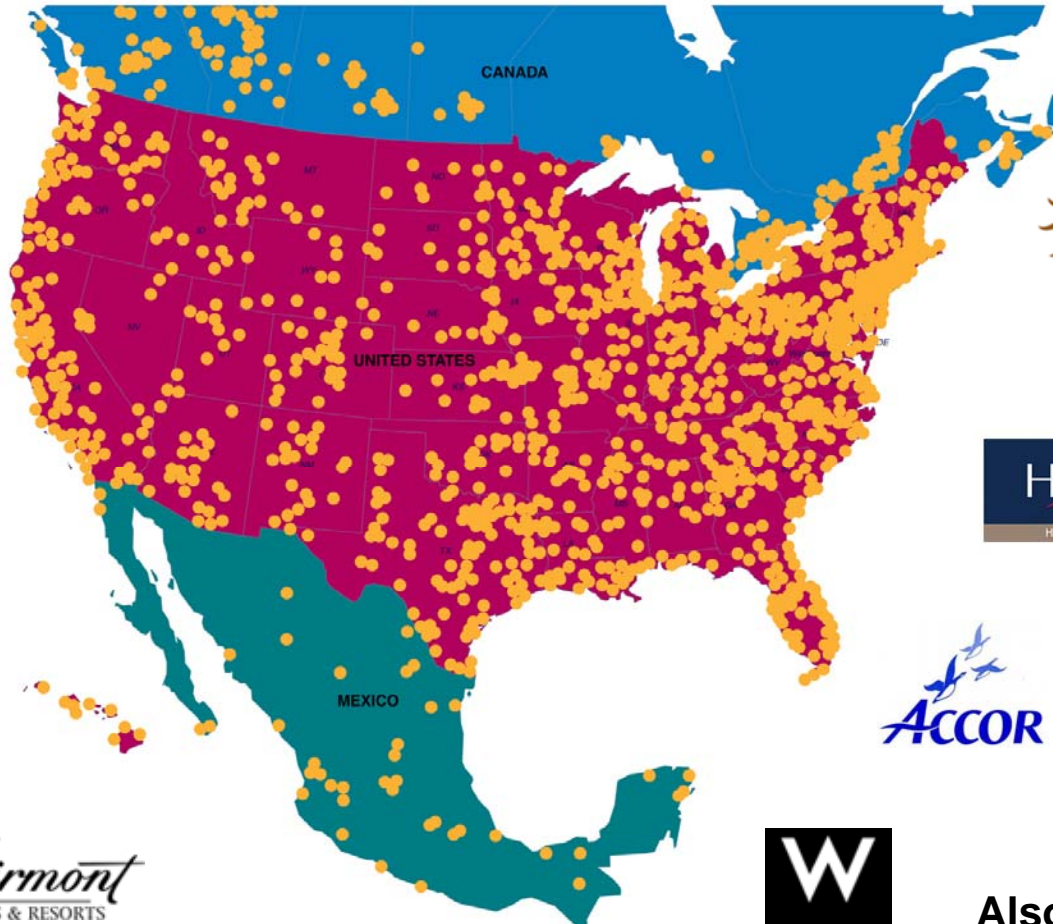
Phenomenal Platform

- **Today: More than Just “Entertainment”**
- **World’s Largest Provider of Media & Connectivity Services to Hospitality Businesses**
 - “Interactive Experiences” to More Than 1.9 Million Rooms at 9,900 Properties
 - Top 10 MSO Equivalent with National Reach in US & Canadian Hotel Markets
- **Connect, Inform, & Entertain over 500 Million Travelers**
 - Highly Interactive Audience
 - 98% of Guests Turn on Television
 - 35% “Go Interactive”
 - 31.5% “Log On” to the Internet*
 - Powerful Guest “Touch Points” in High-Definition TV & Internet

Expanded Resources & Capabilities

- **Broadest Array of Media & Connectivity Solutions**
 - High-Definition Television Solutions
 - Broadband Solutions
 - Professional Solutions
 - Advertising Media Solutions
 - Content Solutions

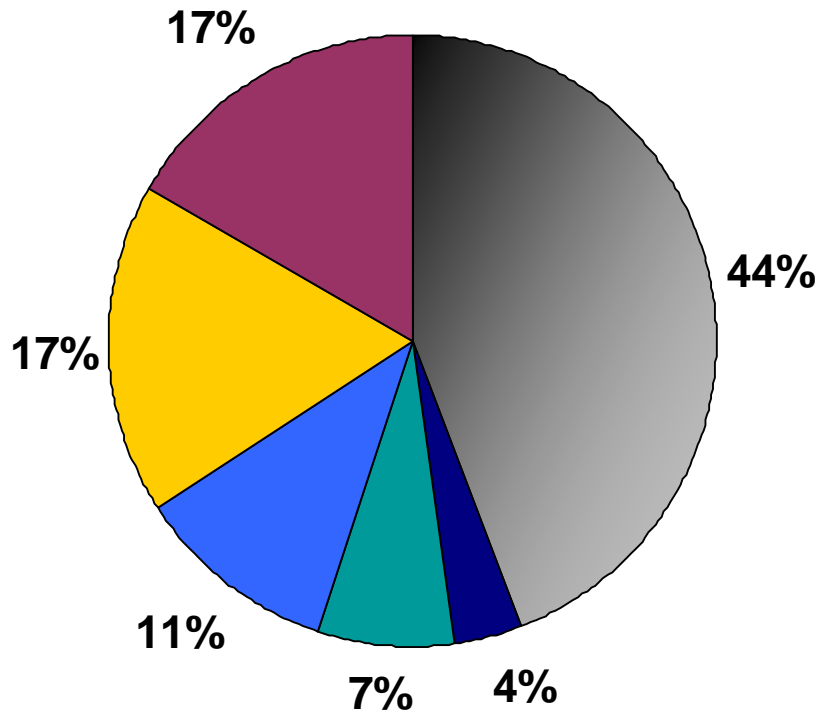
- **The Largest Team Dedicated to the Industry**
 - 1,360 Total Team Members
 - 450 Field Service Technicians, Nationwide
 - 200 Call Center Professionals
 - 80 Person Research & Product Development Engineering Team
 - 70 Account Management Personnel



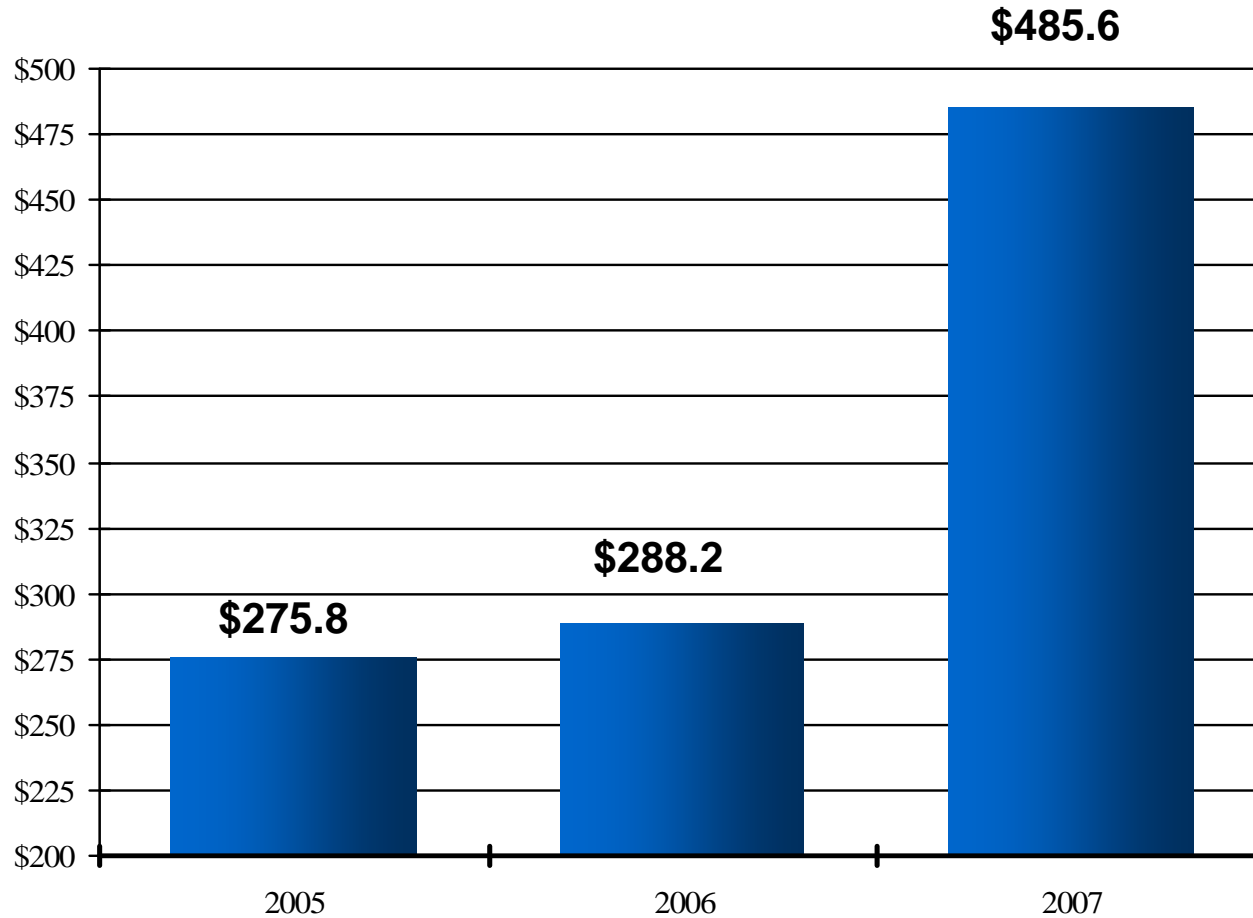
Also: Licensees in 15 International Countries

A Diversified Customer Base

Focused By Brand . . . Diversified By Decision

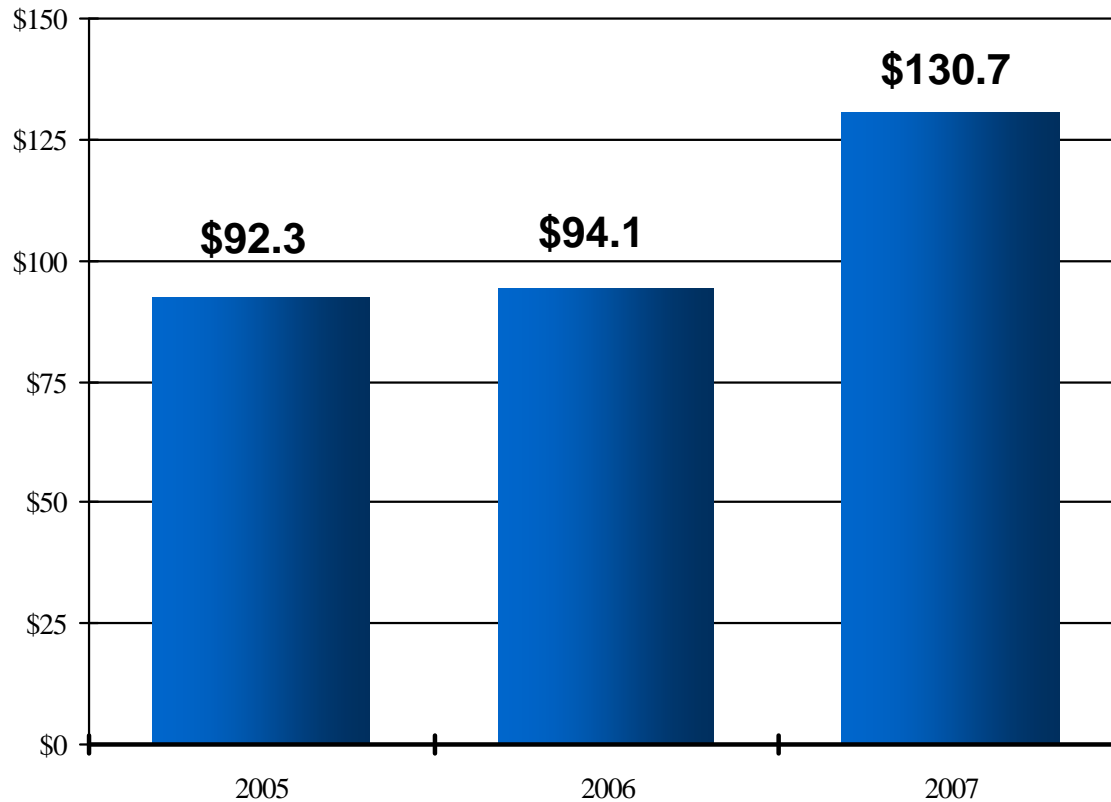


Total Revenue Growth (in millions)



- Revenue increased by 68% in 2007 vs. 2006

Adjusted Operating Cash Flow (in millions)



- Exclusive of restructuring, integration and amortization of acquired intangibles

2008 Strategy: Expand Networks and Solutions

- Multiple Networks: Video, Broadband, Advertising Media
- Expanded Array of Solutions: Diversifying Revenue
- Strategy Resonating With Major Customers:



HDTV Migration in Full Service brands
Broadband Internet in more than 400 Properties



Scene @ Sheraton – Showtime® Season Premiere of
“The Tudors” exclusively in Sheraton Rooms
Brand-specific Starwood Preferred Guest Channels



HDTV Installations through Professional Services Group
Special weekend SportsNet Promotions



2008 Program Determined
Supporting Expansion of Their Strategic Programs
HDTV Terms Established for Franchisees

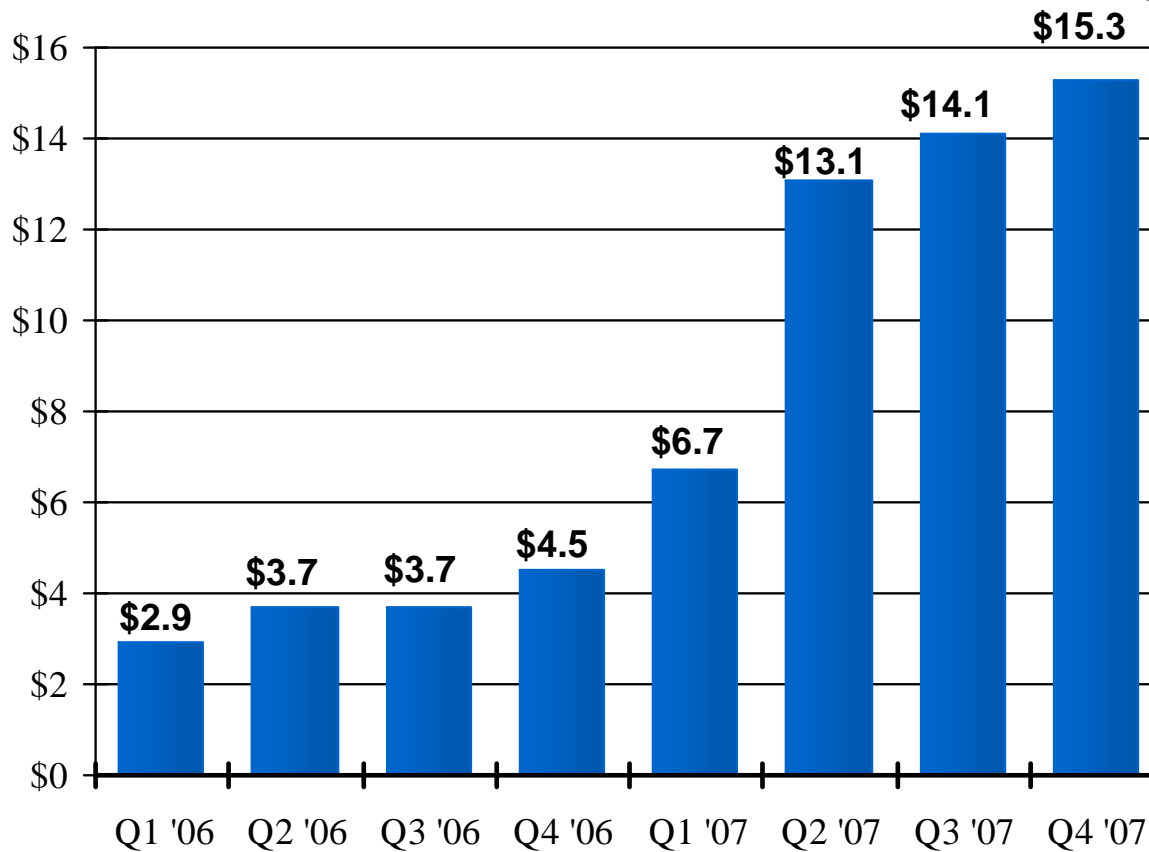
New & Diversified Hospitality Revenue

Revenue Drivers:

- High Definition Television
 - Professional Solutions
 - Broadband Internet
 - Advertising Media
-

Meaningful Contributions from Diversified Revenue*

(in millions)



Amount Represents 11.5% of Total Revenue In Q4 '07

* Includes Broadband, Advertising, Healthcare and Sales of System Equipment

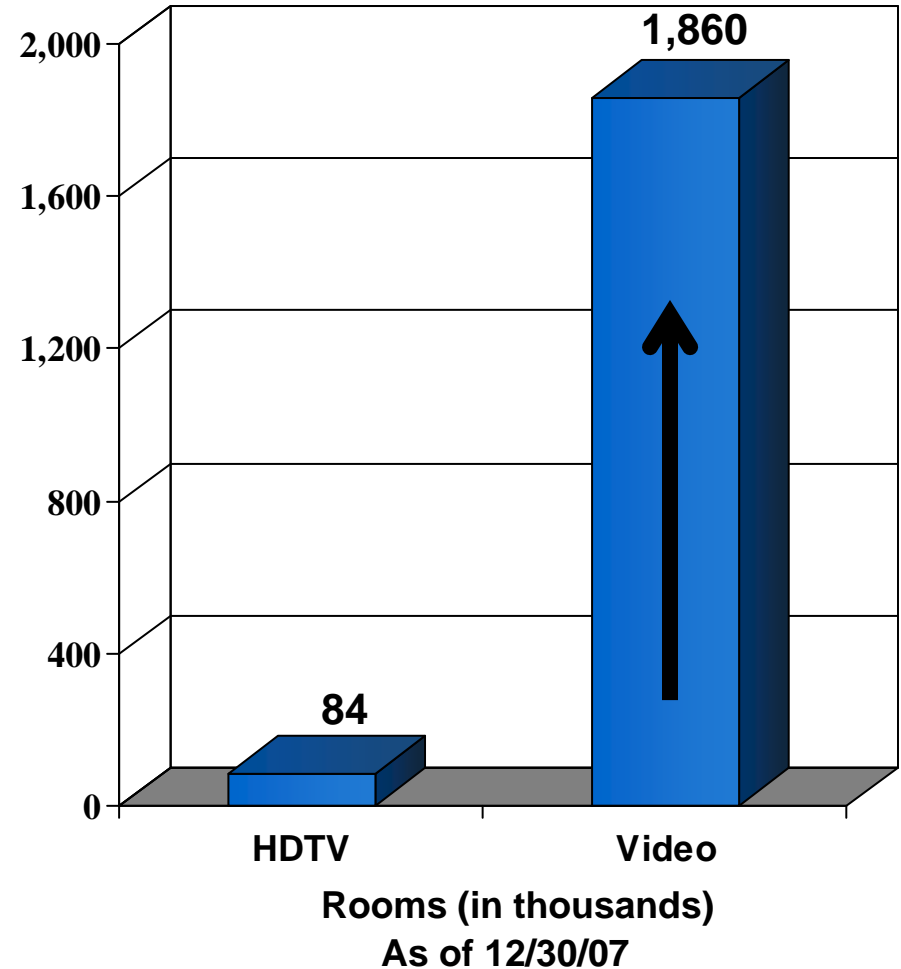
New & Diversified Hospitality Revenue

High Definition Television

- **30% Higher Revenue @ +\$34**
 - **HD Basic Cable**
 - More Channels
 - Higher Percentage of Hotels
 - **HD Video On-Demand**
 - Increased Guest Interest

Professional Solutions

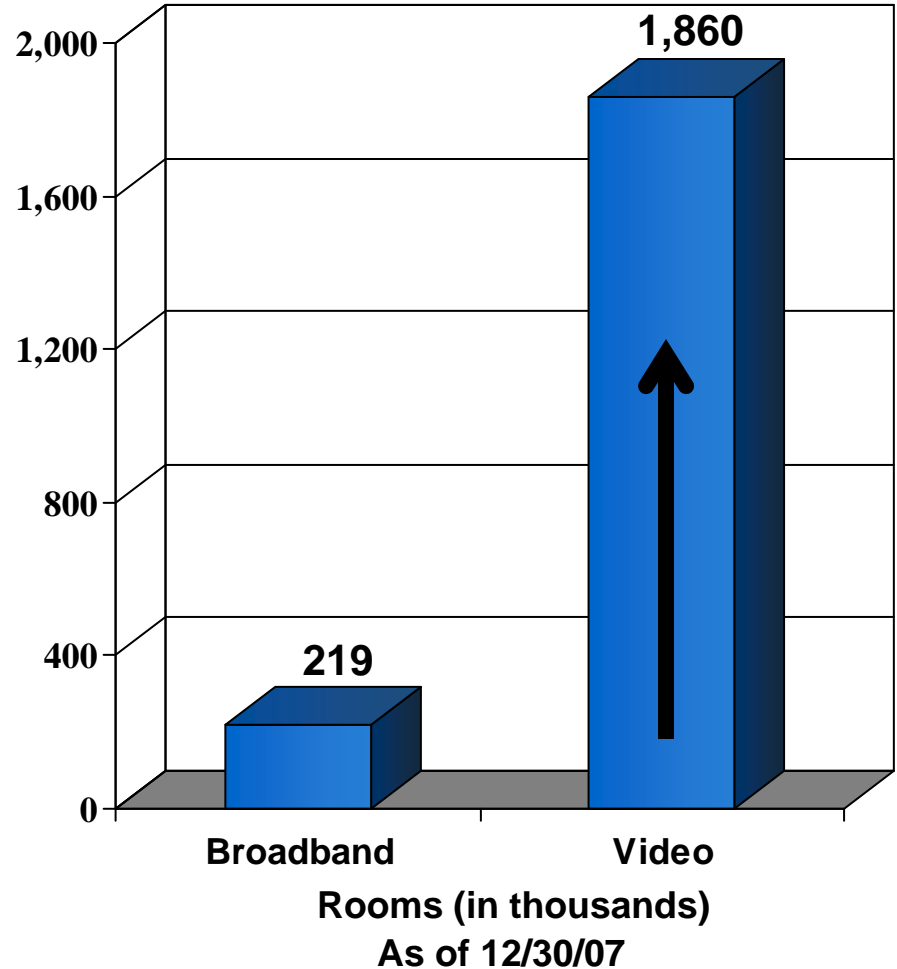
- **Program Consultation**
- **Project Management**
- **Installation Services**



New & Diversified Hospitality Revenue

Broadband Internet

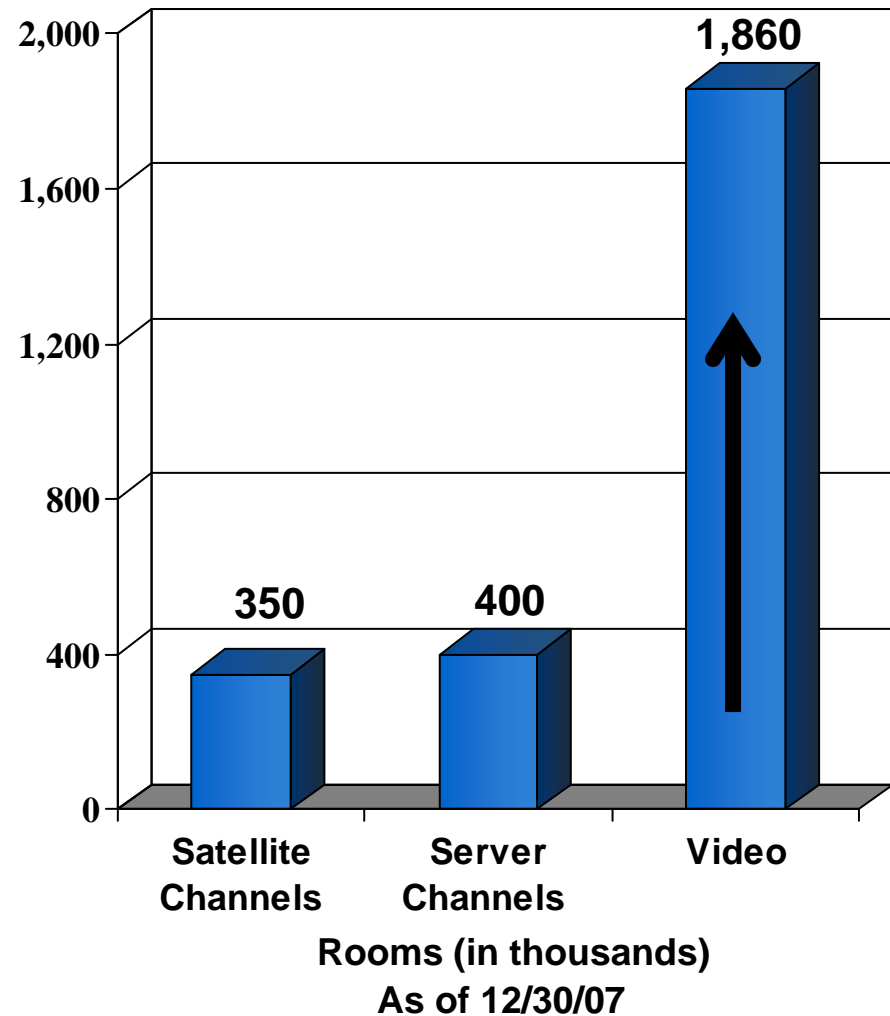
- Sell More to Hotels
 - Help Desk Services
 - Recurring Revenue
 - \$3 to \$4 per room/month
 - Equipment Sales
 - Hotel Purchased
 - 10% to 20% Margin
 - Technical Service
 - Time & Materials
 - Maintenance Agreements
- 2007 Revenue = \$20.7 Million
 - Equipment Sales = \$10.8 Million
 - Help Desk = \$9.9 Million



New & Diversified Hospitality Revenue

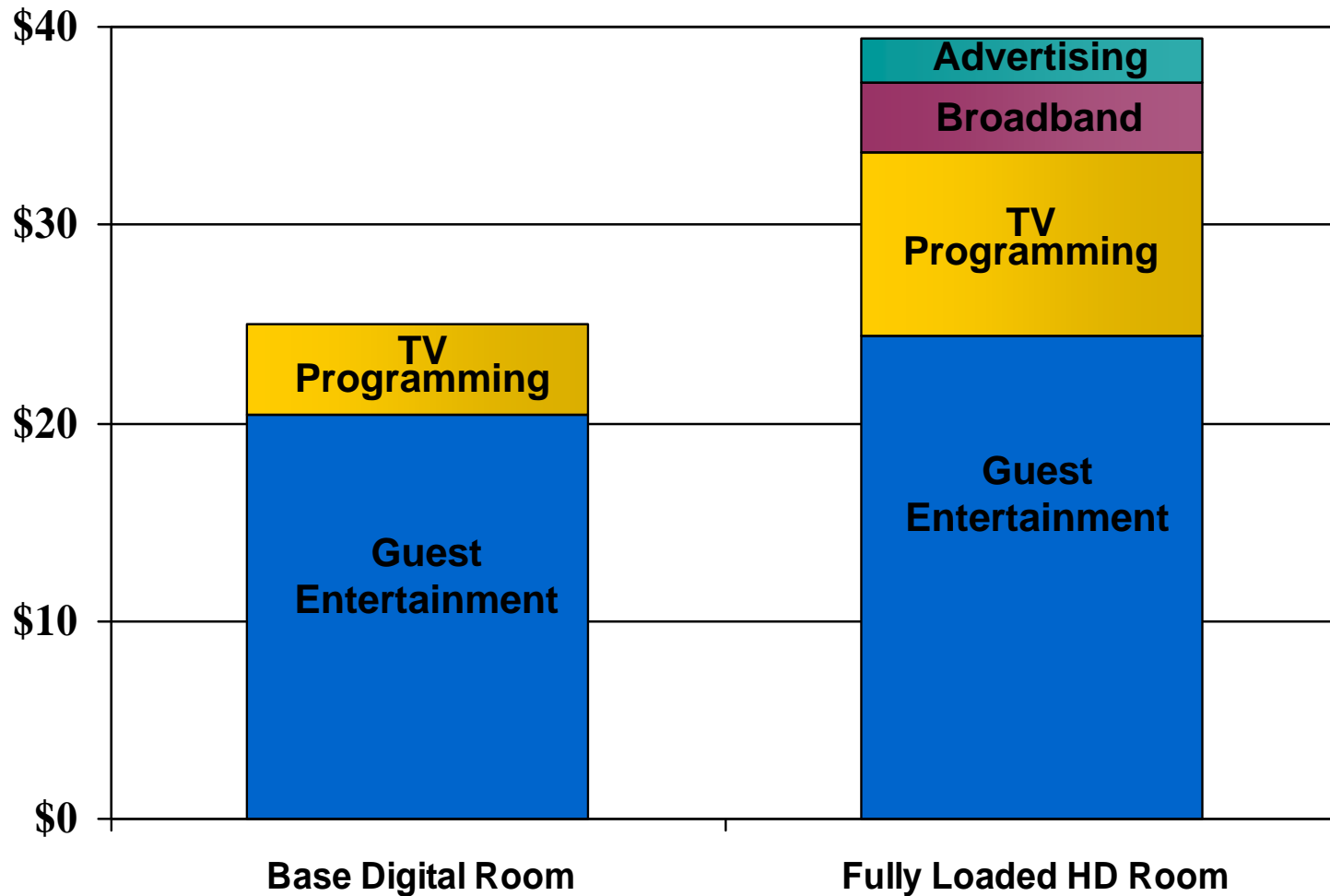
Advertising Media

- Multiple Platforms
 - Satellite Channels
 - Interactive Server Channels
- Outstanding Demographic
 - Income, Profession
- Out of Home Increasing
 - Twice the Percentage Growth of Traditional Advertising
- 2007 Revenue = \$8.5 Million



Total Revenue Opportunity Expansion

Rev per Room



First Quarter 2008 Update

The Strategy is Working

- **Total Per-Room Revenue Up From Q1 2007**
 - Percentage Change of Movie Revenue at Mid-Point of Guidance Range
 - Increased Revenues From Hotel Services, Advertising and Other Sales
- **Reaffirmed 2008 Guidance**
- **Focused On Delivering Targeted Free Cash Flow**
 - Moderating Operating Costs and Capital Investment Plans
 - Balance Between Investment Opportunities and Free Cash Flow Goals

2008 Financial Guidance (in millions except per share)

	<u>2008</u>	<u>2008 Adjusted*</u>
Revenue	\$ 570.0 – \$585.0	
Adjusted Operating Cash Flow	\$ 150.0 – \$160.0	
Net Loss	\$ (28.0) – \$(18.0)	\$ (14.0) - \$ (4.0)
Net Loss Per Share	\$ (1.22) – \$(0.78)	\$ (0.61) - \$ (0.17)
Free Cash Flow	\$ 17.0 – \$ 27.0	\$ 25.0 - \$ 35.0
Free Cash Flow Per Share		\$ 1.09 - \$1.52

* Adjusted guidance excludes integration and restructuring expenses and amortization of purchased intangibles.



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Reconciliation of Operating Income to Adjusted Operating Cash Flow

Operating Income

Plus: Depreciation & Amortization

Plus: Amortization of Purchased Intangibles

Plus: Restructuring Charges and Integration Expenses

Plus: Share-based Compensation

Equals: Adjusted Operating Cash Flow

Reconciliation of Adjusted Free Cash Flow

Cash from Operations

Less: Cash Used for Investing Activities

Plus: Restructuring Charges and Integration Expenses

Plus: One -Time Cash Charge Associated with Debt Tender

Plus: One-Time Working Capital

Plus: Acquisition Investment

Equals: Adjusted Free Cash Flow