

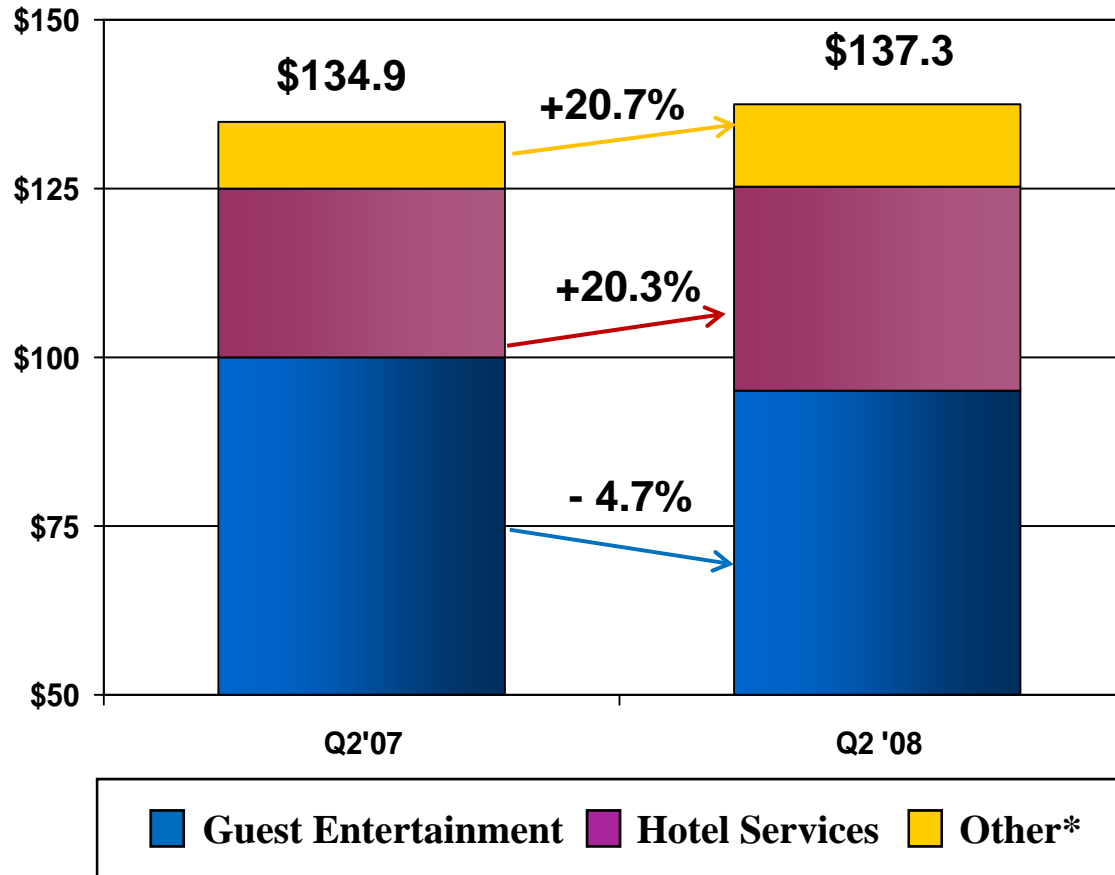
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Second Quarter Highlights

- Results of Strategic Acquisitions and Business Plan Offsetting Impacts of Challenging Economic Environment
 - Total Revenue Per Room Up .8%
 - Hotel Services and System Sales Revenue up 19% (Per Room)
 - Guest Entertainment Revenue Down 5.6% (2.1% Lower Occupancy)
 - Total Operating Expenses Per Room Down 10.4%
 - HDTV Capital Investment Per New Room Down 11.5%

- Substantial Progress in Deleveraging Balance Sheet During Quarter
 - Adjusted Free Cash Flow of \$12.4 Million
 - Long-Term Debt Reduced by \$13.6 Million
 - Debt to AOCF Leverage Ratio Reduced from 4.45x to 4.31x

Diversifying Revenue Composition



- Revenue Up 1.8%
- 30.7% of Revenue from Non-Guest Entertainment Services

Total Revenue Per Room Comparison

	Q2 '08	Q2 '07	Change	
			Q2 '08 vs Q2 '07	
Revenue per Room				
Guest Entertainment				
Movies	\$ 15.80	\$ 16.70	\$ (0.90)	-5.4%
Other Guest Entertainment	1.29	1.41	\$ (0.12)	-8.5%
Total Guest Entertainment	17.09	18.11	\$ (1.02)	-5.6%
Hotel Services				
TV Programming	4.85	4.08	\$ 0.77	18.9%
Broadband	0.55	0.45	\$ 0.10	22.2%
Total Hotel Services	5.40	4.53	\$ 0.87	19.2%
System Sales, Advertising & Other	2.16	1.81	\$ 0.35	19.3%
Total Revenue per Room	\$ 24.65	\$ 24.45	\$ 0.20	0.8%

- **Total Revenue per Room increased 0.8%**
 - Hotel Services and System Sales Offset Decline in Guest Entertainment
- **Guest Entertainment :**
 - Occupancy lower by 2.1%
 - Lackluster Movies– 4 \$100 Million Box Office Titles in Q2 '08 vs. 8 in Q2 '07
 - Very “Cautious Consumers”

Gross Profit Per Room Comparison

	<u>Q2 '08</u>	<u>Q2 '07</u>	<u>Change</u>
Gross Profit Margin			
Guest Entertainment			
Movies	64.4%	63.9%	0.5%
Other Guest Entertainment	30.5%	35.3%	-4.8%
Total Guest Entertainment	61.9%	61.7%	0.2%
Hotel Services			
TV Programming	7.4%	3.2%	4.2%
Broadband	19.8%	25.4%	-5.6%
Total Hotel Services	8.7%	5.4%	3.3%
System Sales, Advertising & Other	21.8%	29.5%	-7.7%
Total Gross Margin	46.7%	48.9%	-2.2%

- **Stable Gross Margin for Movies**
- **Improving TV Programming Margins with Conversion to HD**
- **Broadband and System Sales Margins Impacted by Scale**
 - **Revenue vs. Operating Expense**

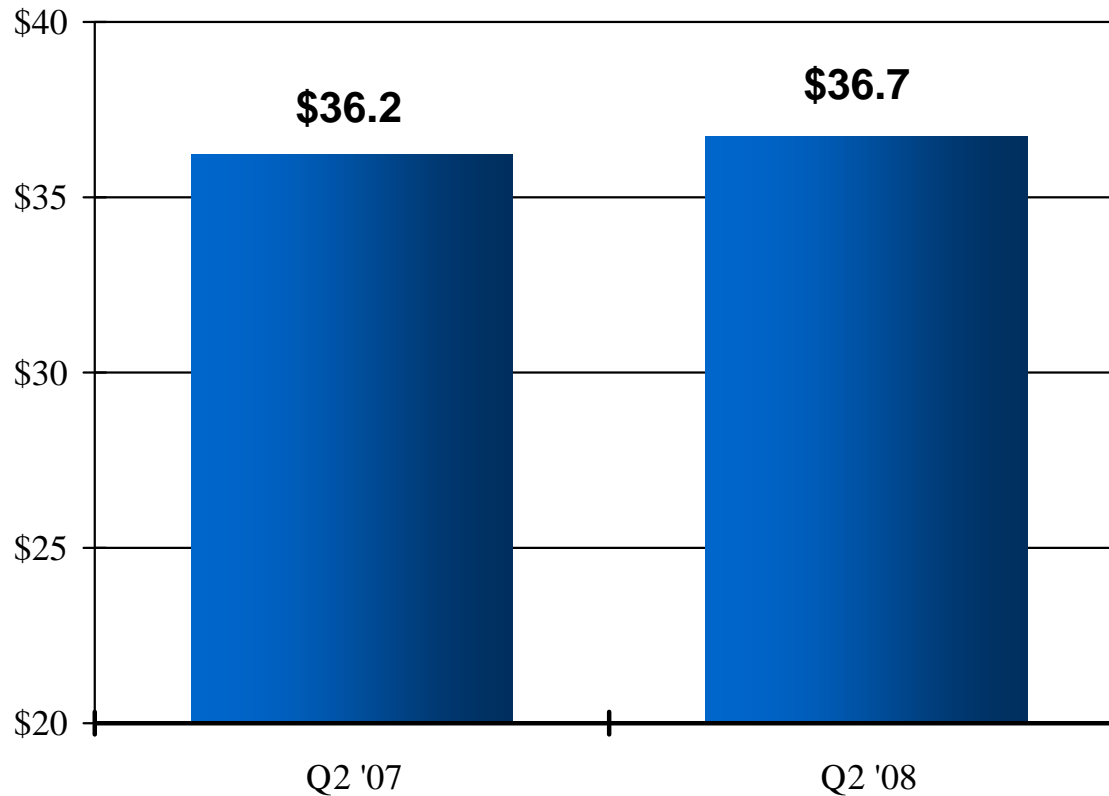
Operational Synergies Being Realized

	2008 <u>Q2 Actual</u>	2007 <u>Q2 Actual</u>	<u>Savings</u>
Operating Expenses per Room per month(1)			
System Operations	\$ 2.66	\$ 2.74	\$ (0.08)
SG&A	\$ 2.39	\$ 2.90	\$ (0.51)
Total	<u>\$ 5.05</u>	<u>\$ 5.64</u>	<u>\$ (0.59)</u>
Non-recurring included in above:			
Operating Costs	<u>\$ (0.08)</u>		<u>\$ (0.08)</u>
Normalized Operating Expenses per room per month	\$ 4.97	\$ 5.64	\$ (0.67)
Number of Rooms	1,865,594		
Annualized Operating Synergies (\$ in Millions)			\$ (15.0)

(1) Excludes Integration Expenses

- **Achieving Planned Synergies (\$12-\$15 Million)**
- **SG&A as a percentage of revenue 9.7% in Q2 '08 vs. 11.9% in Q2 '07⁽¹⁾**

Adjusted Operating Cash Flow (in millions)



- **1.4% Increase over Q2 '07**
- **Operating Savings Offset Reductions in Gross Profit**

Adjusted Net Income Analysis (in millions except per share data)

	<u>Q2 '08</u>	<u>Q2 '07</u>	<u>% Chg</u>
Net Income (Loss)	\$ (7.5)	\$ (34.0)	77.9%
Excluding:			
Integration Expenses	\$ 0.2	\$ 0.3	
Restructuring Expenses	0.8	2.5	
Amort of Purchased Intangibles	2.6	2.6	
Refinancing/Debt Retirement	0.1	22.1	
Adjusted Net Income (Loss)	<u>\$ (3.7)</u>	<u>\$ (6.5)</u>	43.1%
Net Loss Per Share	\$ (0.33)	\$ (1.52)	
Adjusted Net Loss Per Share	\$ (0.17)	\$ (0.29)	41.4%

2008 Financial Guidance (in millions except per share)

	<u>2008</u>	<u>2008 Adjusted*</u>
Revenue	\$ 555.0 – \$570.0	
Adjusted Operating Cash Flow	\$ 145.0 – \$151.0	
Net Loss	\$ (31.0) – \$(25.0)	\$ (15.0) – \$ (9.0)
Net Loss Per Share	\$ (1.39) – \$(1.12)	\$ (0.67) – \$ (0.40)
Net Free Cash Flow	\$ 17.0 – \$ 22.0	\$ 28.0 – \$ 32.0
Net Free Cash Flow Per Share		\$ 1.21 – \$1.43

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

Adjusted Operating Cash Flow Bridge (in millions)

First Half 2008 Adjusted Operating Cash Flow \$ 71.3

Seasonality Factor 49.7%

Adjusted Annualized AOCF Run Rate \$ 143.5

2008 Second Half Incremental AOCF Contributors

Hospitality System Sales 0.5 - 1.0

Additional Operating Synergies 1.0 - 2.0

TV Programming Margin Expansion 1.0 - 1.2

Healthcare System Sales 0.4 - 0.8

Professional Solutions Sales 0.8 - 1.3

Mid-Point 2008 Guidance \$ 148.0

Sensitivity to Changes in Movie Revenue per Room

Compared to 2007 Pro forma (millions)

		Revenue	AOCF
	-1.5%	\$ 568.2	\$ 151.6
upper	-2.5%	\$ 566.3	\$ 150.4
	-3.5%	\$ 564.4	\$ 149.2
Guidance Mid-Point	-4.5%	\$ 562.5	\$ 148.0
	-5.5%	\$ 560.6	\$ 146.8
lower	-6.5%	\$ 558.7	\$ 145.6
	-7.5%	\$ 556.8	\$ 144.4

Adjusted Free Cash Flow Analysis (in millions except per share)

	<u>1st Half 2008</u>	<u>Revised 2008 Guidance</u>	<u>Per Share</u>
Adjusted Operating Cash Flow	\$ 71.3	\$ 148.0	\$ 6.60
Interest Expense (net)	\$ (21.5)	\$ (42.0)	
Working Capital (net) ¹	0.3	(3.0)	
Pre-Investment Cash Flow	\$ 50.1	\$ 103.0	\$ 4.62
Corporate Assets ²	\$ (12.0)	\$ (13.5)	
Minor Extensions	(3.6)	(10.0)	
Major Renewals	\$ (11.6)	(22.0)	
Pre-Expansion Cash Flow	\$ 22.9	\$ 57.5	\$ 2.58
New Rooms	\$ (11.5)	(27.5)	
Adjusted Free Cash Flow	\$ 11.4	\$ 30.0	\$ 1.35

➤ **Generated Adjusted FCF of \$12.4 Million in Q2 '08 vs. \$(1.0) in Q1 '08**

Covenant Analysis (in millions)

	<u>As of 6/30/2008</u>	<u>Mid-Point Guidance '08</u>
Outstanding Debt	\$ 616.3	\$ 613.3
Cash	15.7	28.0
Net Debt	<u>600.6</u>	<u>\$ 585.3</u>
 AOCF (trailing 12 mo)	 \$ 143.2	 \$ 148.0
 Leverage Ratio:		
Outstanding	4.31x	\$ 4.14
Net Debt	4.19x	\$ 3.95
 Covenant	 4.75x	 4.50x

- **Repaid \$6.6 Million on Term B Loan and \$7.0 Million on Revolver in First Half**
- **Debt to AOCF Leverage Ratio Reduced from 4.45x to 4.31x**

Business Strategy: Strengthen and Broaden Relationships

Strengthening Relationships: Owners, Managers, Brands

- **Customer Technology Symposium**
 - Alexandria, VA June 4-6
 - Major Customers and Brands
 - Outlined Technology and Product Direction

- **HITEC: Hospitality Technology Trade Show**
 - Austin, TX June 17-19
 - Unveiled Expanded Product Line
 - Voted One of Top Exhibitors



Business Strategy: Strengthen and Broaden Relationships

Broaden Relationships: Expanded Offerings



FTG



VOD



HD Advanced



IP



Broadband



THE RESORT AT
PELICAN HILLSM
NEWPORT COAST, SOUTHERN CALIFORNIA

Professional Solutions
HDVOD & HDFTG

LA QUINTASM
INNS & SUITES

Broadband Internet

FOUR SEASONSSM
Hotels and Resorts
Macao
International

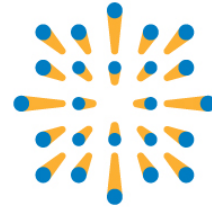
Healthcare

BRIGHAM AND
WOMEN'S HOSPITAL
A Teaching Affiliate of Harvard Medical School

Four Installations
in Q2

2008 Financial Goal: Deliver Free Cash Flow Target

- **Focus on Reducing HD Investment Per Room**
 - Solid Progress in Q2: Components and Customer Contributions
 - Expect Further Reductions Over Next 12 Months
 - VOD: New Server; Simpler Configurations
 - FTG: Lower Cost Equipment; Hotel Purchases
- **Focus on Managing Capital Investment Activity**
 - Moderating Based on Economic Environment: \$15 Million Target for Q3
- **Updated Adjusted FCF Target: \$28 to \$32 Million**
 - Original Target: \$25 to \$35 Million
 - Free Cash Flow Per Share: \$1.21 to \$1.43
 - Focus on Leverage Reduction



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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 Net Loss to Adjusted Net Loss

Net Loss

Plus: Amortization of Acquired Intangibles

Plus: Restructuring Charges and Integration Expenses

Plus: Write-off of Debt Issuance Costs

Equals: Adjusted Net Loss

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