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We calculate 8 forms of valuation for each company we cover. These quantitative metrics can underestimate the impact of investor sentiment shifts on the cost of capital. This monthly research report attempts to gauge sentiment shifts for about 30 media companies in 7 Media & Internet industries using changes in short positions and trading liquidity as proxies. We believe that rising short positions imply a negative sentiment shift and that higher trading volumes are a positive indicator.

Table 1 shows best and worst sentiment shifts in August.

Covered Company	Ticker	Price (9/27/06)	Rating
CBS	CBS	\$28.45	Buy
Clear Chl Outdoor	CCO	\$20.93	Buy
Clear Channel	CCU	\$29.05	Hold
Comcast	CMCSA	\$36.52	Buy
Disney	DIS	\$31.04	Buy
Ebay	EBAY	\$27.12	Sell
Google	GOOG	\$402.92	Hold
Mediacom	MCCC	\$7.16	Hold
NewsCorp	NWS	\$20.51	Hold
Time Warner	TWX	\$18.36	Buy
Viacom	VIAB	\$37.55	Buy
Warner Music	WMG	\$25.90	Hold
Yahoo	YHOO	\$24.65	Hold

Table 1 Month/Month Change in Short Positions, August 2006					
Worst Sentiment Shifts			Best Sentiment Shifts		
Charter	CHTR	163%	Omnicom	OMC	-68%
Viacom	VIAB	72%	NewsCorp	NWS	-51%
			Yahoo	YHOO	-50%
			Scripps	SSP	-50%

Sources: Yahoo Finance, Media Metrics calculations.

Media Industry Sentiment Shifts were Negative in August

Short Positions Rise (Negative). In August, 5 media industries reported higher short positions (negative sentiment shifts) and only 2 media sectors reported lower short positions (positive sentiment shift).

Table 2 Media Industry Sentiment Shifts: July vs. August 2006			
Negative Sentiment Shift		Positive Sentiment Shift	
Short Position	Chg	Short Position	Chg
Television	29%	Advertising	-7%
Internet	19%	Cable	-4%
Newspapers	16%		
Entertainment	5%		
Radio	2%		

Sources: Yahoo Finance, Media Metrics calculations.

Trading Liquidity Falls (Negative). Another negative sentiment shift in August compared with July was that trading liquidity fell in most media categories. 5 of the 7 media industries we track reported lower trading volume in August compared with July 2006.

Industry Conclusions

A. Best

- **Cable:** Short position down 4%. Liquidity up 119%.
- **Ad Agencies:** Short position down 7%. Trading liquidity up 11%.

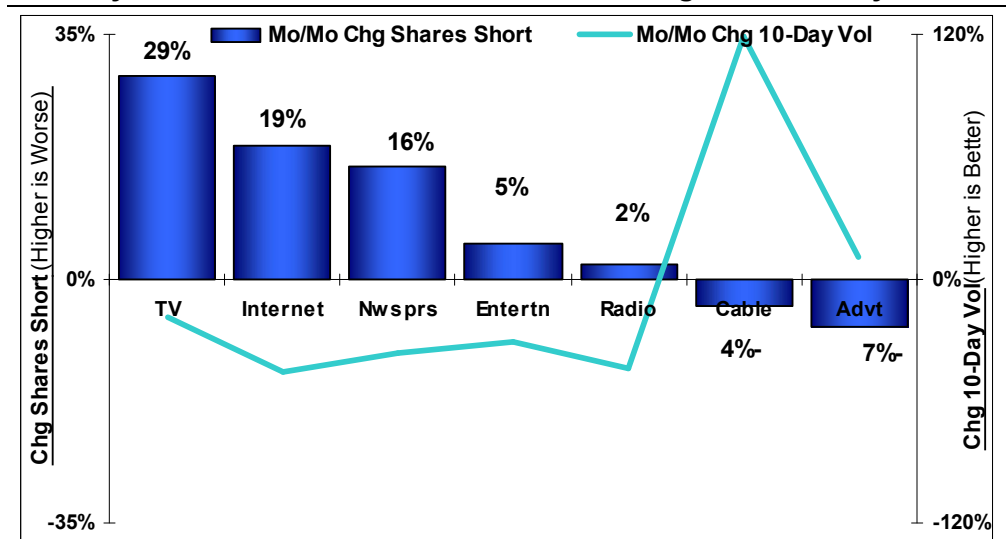
B. Mixed: None

C. Worst

- **TV:** Short position up 29%. Trading liquidity down 19%.
- **Internet:** Short interest up 19%. Trading liquidity down 46%.
- **Newspapers:** Short position up 16%. Trading liquidity down 37%.
- **Entertainment:** Short position up 5%. Liquidity down 31%.
- **Radio:** Short positions up 2%. Liquidity down 44%.

Chart 1 illustrates the month/month change in each media industry's short position and 10-day average trading volume.

Chart 1
Industry Conclusions for 7 Media Industries, August 06 vs July 06



Sources: Yahoo Finance data, Media Metrics calculations.

Additional Data

Graphs of the detailed data for individual stocks making up each industry included in Chart 1 above can be found throughout this report, alphabetized by industry.

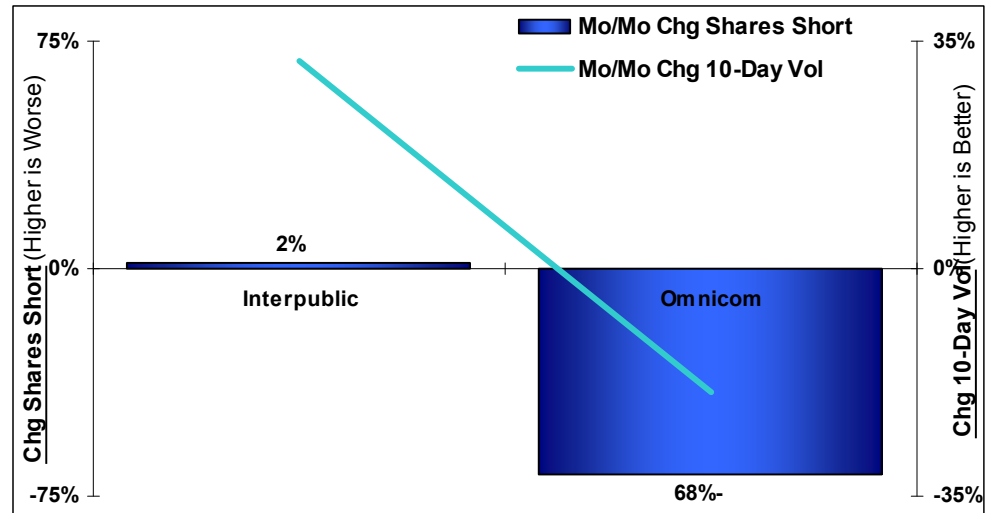
Advertising Agency Industry Conclusions

The Advertising Agency sector experienced a mixed sentiment shift in August, with OMC and IPG both mixed.

- **Omnicom:** Short position down 68%. Trading liquidity down 19%.
- **Interpublic:** Short interest up 2%. Trading liquidity up 32%.

Chart 2 illustrates the changes in each stock's short position and 10-day average trading volume in August 2006 compared with the prior month.

Chart 2
Ad Agency Industry Sentiment Shifts, August 06 vs July 06



Sources: Yahoo Finance data, Media Metrics calculations.

Cable Industry Conclusions

The Cable sector experienced a strongly mixed sentiment shift last month:

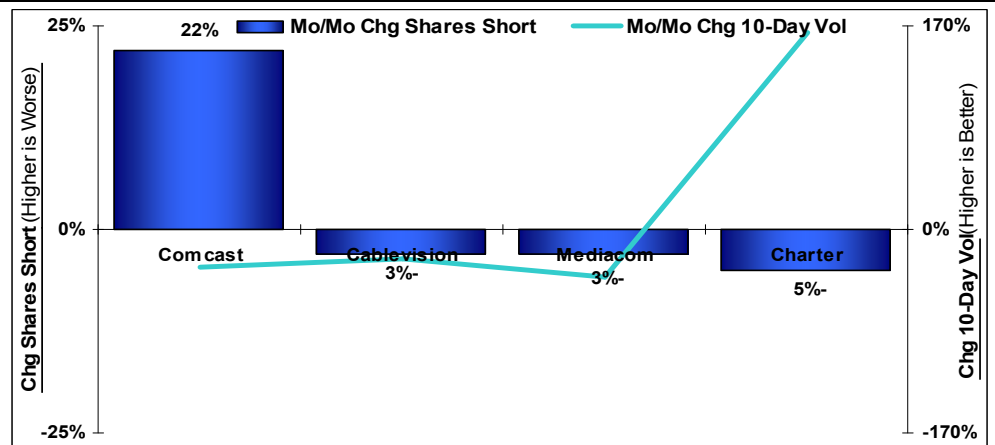
A. Best

- **Charter:** Short position down 5%. Trading liquidity up 164%.

C. Worst

- **Comcast:** Short position up 22%. Trading liquidity down 32%.
- **Cablevision:** Short position down 3%. Trading liquidity down 25%.
- **Mediacom:** Short position down 3%. Trading liquidity down 40%.

Chart 3
Cable Industry Sentiment Shifts, August 06 vs July 06



Sources: Yahoo Finance data, Media Metrics calculations.

Entertainment Industry Conclusions

The Entertainment sector reported a negative sentiment shift last month,

driven by strong declines in trading volume (other than Viacom).

A. Best: None

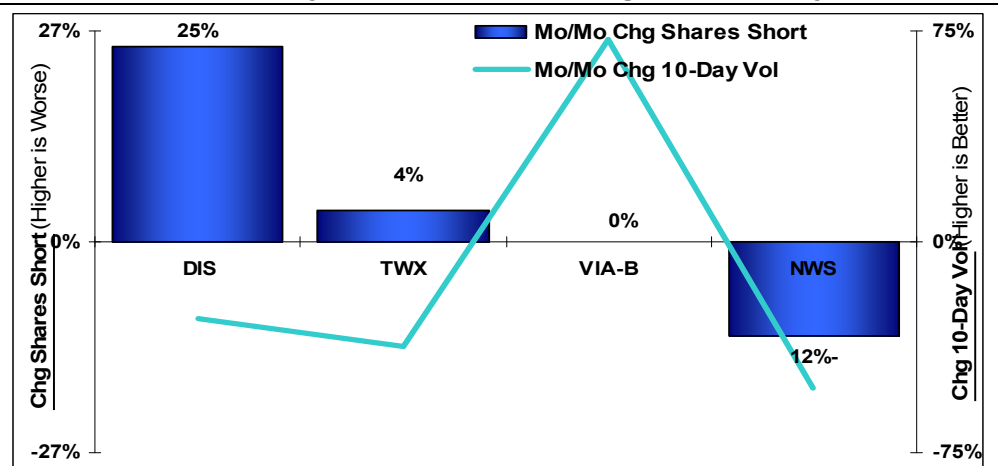
B. Mixed

- **Viacom:** Short interest flat. Trading liquidity up 72%.
- **NWS:** Short interest down 12%. Trading liquidity down 52%.

C. Worst

- **Disney:** Short interest up 25%. Trading liquidity down 27%.
- **Time Warner:** Short position up 4%. Trading liquidity down 37%.

Chart 4
Entertainment Industry Sentiment Shifts, August 06 vs July 06



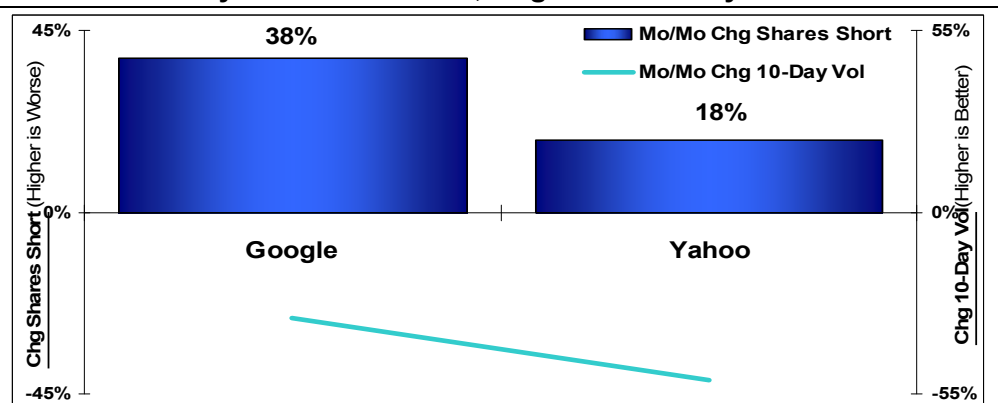
Sources: Yahoo Finance data, Media Metrics calculations.

Internet Industry Conclusions

The Internet sector experienced a mixed sentiment shift this month:

- **Yahoo:** Short interest up 18%. Trading liquidity down 51%.
- **Google:** Short position up 38%. Trading liquidity down 32%.

Chart 5
Internet Industry Sentiment Shifts, August 06 vs July 06



Sources: Yahoo Finance data, Media Metrics calculations.

Newspapers Industry Conclusions

August was generally negative for Newspaper companies.

A. Best

- **WPO:** Short interest down 29%. Trading liquidity up 11%.
- **MNI:** Short interest down 49%. Trading liquidity up 33%.

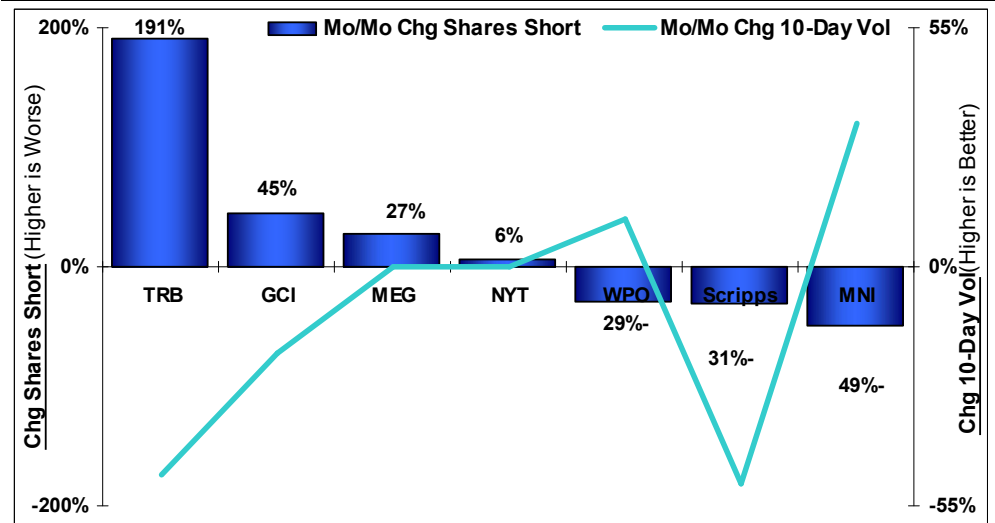
B. Mixed

- **SSP:** Short interest down 31%. Trading liquidity down 50%

C. Worst

- **TRB:** Short interest up 191%. Trading liquidity down 48%.
- **Gannett:** Short position up 45%. Trading liquidity down 20%.
- **MEG:** Short interest up 27%. Trading liquidity flat.
- **NYT:** Short interest up 6%. Trading liquidity flat.

Chart 6
Newspaper Industry Sentiment Shifts, August 06 vs July 06



Sources: Yahoo Finance data, Media Metrics calculations.

Radio Industry Conclusions

August was strongly negative for Radio companies.

A. Best: None

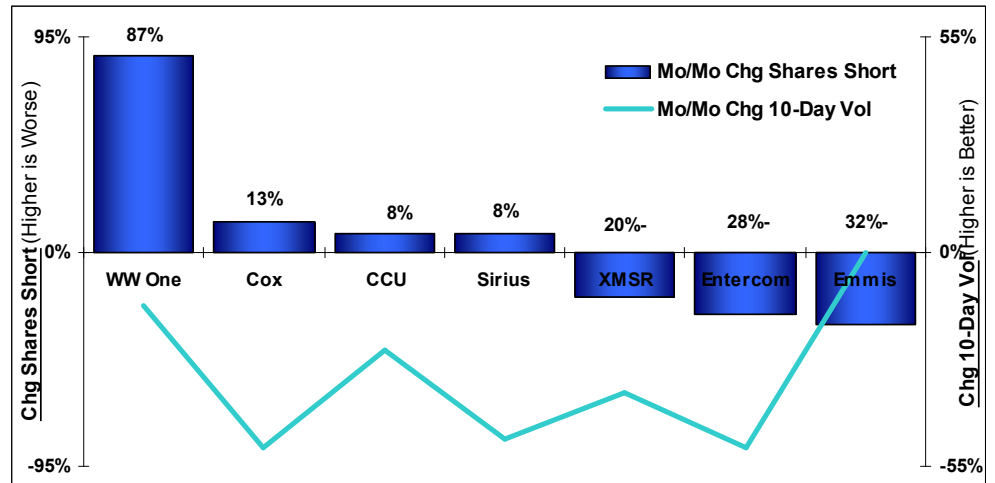
B. Mixed

- **XMSR:** Short position down 20%. Trading liquidity down 36%.
- **Entercom:** Short position down 28%. Trading liquidity down 50%.
- **Emmis:** Short position down 32%. Trading liquidity flat.

C. Worst

- **WW1:** Short interest up 87%. Trading liquidity down 14%.
- **Cox:** Short position up 13%. Trading liquidity down 50%.
- **Clear Channel:** Short position up 8%. Trading liquidity down 25%.
- **SIRI:** Short position up 8%. Trading liquidity down 48%.

Chart 7
Radio Industry Sentiment Shifts, August 06 vs July 06



Sources: Yahoo Finance data, Media Metrics calculations.

TV Industry Conclusions

A. Best

➤ **Hearst:** Short interest down 26%. Trading liquidity flat.

B. Mixed

➤ **Univision:** Short position up 41%. Trading liquidity up 48%.

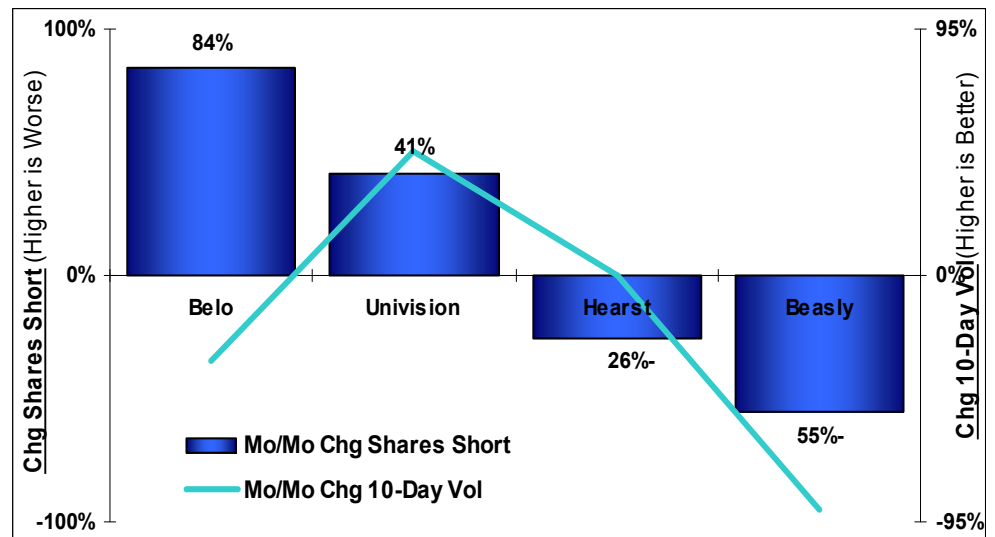
➤ **Beasley:** Short position down 55%. Trading liquidity down 90%.

C. Worst

➤ **Belo:** Short Interest up 84%. Trading liquidity down 33%.

Chart 8

TV Industry Sentiment Shifts, August 06 vs July 06



Sources: Yahoo Finance data, Media Metrics calculations.

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Rating	IB Serv./Past 12 Mos.		Media		IB Serv./Past 12 Mos.	
	Count	Percent	Count	Percent	Count	Percent
BUY [BUY]	173	47.66	0	0.00	15	40.54
HOLD [HOLD]	162	44.63	0	0.00	10	27.03
SELL [SELL]	28	7.71	0	0.00	1	2.70

Additional Disclosures

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Companies Mentioned:

- Belo (BLC, \$15.69, NR, NYSE)
- Cablevision (CVC, \$23.01, NR, NYSE)
- Charter Communication (CHTR, \$1.52, NR, Nasdaq)
- Clear Channel (CCU, \$29.05, Hold, NYSE)
- Comcast (CMCSA, \$36.52, Buy, Nasdaq)
- Cox Radio (CXR, \$15.25, NR, NYSE)
- Gannett (GCI, \$56.29, NR, NYSE)
- Emmis Communication (EMMS, \$12.55, NR, Nasdaq)

Entercom (ETM, \$25.84, NR, NYSE)
Google (GOOG, \$402.92, Hold, Nasdaq)
Hearst (HTV, \$23.16, NR, NYSE)
Interpublic (IPG, \$9.90, NR, NYSE)
McClatchy (MNI, \$41.83, NR, NYSE)
Mediacom (MCCC, \$7.16, Hold, Nasdaq)
Media General (MEG, \$38.10, NR, NYSE)
News Corp (NWS, \$20.51, Hold, NYSE)
New York Times (NYT, \$22.53, NR, NYSE)
Omnicom (OMC, \$94.10, NR, NYSE)
Scripps (SSP, \$47.64, NR, NYSE)
Sirius Satellite (SIRI, \$3.97, NR, Nasdaq)
Time Warner (TWX, \$18.36, Buy, NYSE)
Tribune (TRB, \$32.49, NR, NYSE)
Univision (UVN, \$34.40, Hold, NYSE)
Viacom (VIAB, \$37.55, Buy, NYSE)
Walt Disney (DIS, \$31.04, Buy, NYSE)
Washington Post (WPO, \$718.51, NR, NYSE)
XM Satellite Radio (XMSR, \$13.56, NR, Nasdaq)
Yahoo! (YHOO, \$24.65, Hold, Nasdaq)

Price/Performance Charts for Rated Companies Discussed in this Report are available from:
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