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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549**

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**SCHEDULE 13E-3**

**RULE 13e-3 TRANSACTION STATEMENT UNDER SECTION 13(e)  
OF THE SECURITIES EXCHANGE ACT OF 1934  
AMENDMENT NO. 1**

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**STARZ**

(Name of the Issuer)

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**Starz  
Lions Gate Entertainment Corp.  
Orion Arm Acquisition Inc.  
Dr. John C. Malone**  
(Name of Person(s) Filing Statement)

**Series A Common Stock, par value \$0.01 per share and  
Series B Common Stock, par value \$0.01 per share**  
(Title of Class of Securities)

**Series A common stock: 85571Q102  
Series B common stock: 85571Q201**  
(CUSIP Number of Class of Securities)

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12300 Liberty Boulevard  
Englewood, Colorado 80112  
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(Name, Address, and Telephone Numbers of Person Authorized to Receive Notices and Communications on Behalf of the Persons Filing Statement)

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This statement is filed in connection with (check the appropriate box):

- a. The filing of solicitation materials or an information statement subject to Regulation 14A (17 CFR 240.14a-1 to 240.14b-2), Regulation 14C [17 CFR 240.14c-1 to 240.14c-101] or Rule 13e-3(c) [§240.13e-3(c)] under the Securities Exchange Act of 1934.
- b. The filing of a registration statement under the Securities Act of 1933.
- c. A tender offer.
- d. None of the above.

Check the following box if the soliciting materials or information statement referred to in checking box (a) are preliminary copies:

Check the following box if the filing is a final amendment reporting the results of the transaction:

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## INTRODUCTION

This Amendment No. 1 to this Rule 13e-3 Transaction Statement on Schedule 13E-3, together with the exhibits hereto (as amended, this “Transaction Statement”), is being filed with the Securities and Exchange Commission (the “SEC”) by (a) Starz, a Delaware corporation and the issuer of the Starz common stock that is the subject of the Rule 13e-3 transaction; (b) Lions Gate Entertainment Corp., a corporation organized and existing under the corporate laws of British Columbia (“Lions Gate”); (c) Orion Arm Acquisition Inc., a Delaware corporation and a wholly owned subsidiary of Lions Gate (“Merger Sub”); and (d) Dr. John C. Malone (collectively, the “Filing Persons”).

On June 30, 2016, Lions Gate entered into an Agreement and Plan of Merger (the “merger agreement”) with Starz and Merger Sub. The merger agreement provides that Merger Sub will merge with and into Starz, with Starz continuing as the surviving corporation and becoming an indirect wholly owned subsidiary of Lions Gate (the “merger”).

Under the terms of the merger agreement, immediately prior to consummation of the proposed merger, Lions Gate will effect a reorganization of its outstanding share capital (the “reclassification”), pursuant to which each existing Lions Gate common share, without par value (the “Lions Gate common shares”), will be converted into 0.5 shares of newly issued Class A voting shares, without par value, of Lions Gate (the “Lions Gate voting shares”) and 0.5 shares of newly issued Class B non-voting shares, without par value, of Lions Gate (the “Lions Gate non-voting shares”) and together with the Lions Gate voting shares, the “Lions Gate post-reclassification shares”), subject to the terms and conditions of the merger agreement.

Following the reclassification, in the proposed merger, (a) each share of Starz Series A common stock, par value \$0.01 (the “Starz Series A common stock”), will be converted into the right to receive \$18.00 in cash and 0.6784 Lions Gate non-voting shares, and (b) each share of Starz Series B common stock, par value \$0.01 (the “Starz Series B common stock,” and together with the Starz Series A common stock as the “Starz common stock”), will be converted into the right to receive \$7.26 in cash, 0.6321 Lions Gate non-voting shares and 0.6321 Lions Gate voting shares, in each case, subject to the terms and conditions of the merger agreement and, in each case, except for (i) any shares of Starz common stock held by Lions Gate or any of its wholly owned subsidiaries including Merger Sub, (ii) in the event that the Lions Gate minority approval as defined and required under Ontario Securities Commission Rule 56-501 – *Restricted Shares* or an exemption therefrom is not obtained, Lions Gate will issue Lions Gate non-voting shares issuable to Starz stockholders resident in the province of Ontario in connection with the merger to a trustee who will sell such shares and distribute the proceeds to such Ontario resident Starz stockholders, pursuant to the terms and conditions of the merger agreement and (iii) any shares of Starz common stock held by any Starz stockholder who is entitled to demand and properly demands appraisal of such shares in accordance with Section 262 of the General Corporation Law of the State of Delaware (and who does not fail to perfect or otherwise effectively withdraw their demand or waive or lose the right to appraisal). These exchange ratios are fixed and will not be adjusted to reflect stock price changes prior to the closing of the merger, except in certain limited circumstances reflecting changes to the stock of Lions Gate or Starz.

At the effective time of the merger, upon the terms and subject to the conditions of the merger agreement, outstanding Starz equity awards will be adjusted as follows: (a) each Starz stock option that is outstanding and unexercised immediately prior to the effective time, whether vested or unvested, will be converted into an option, on substantially the same terms and conditions as were applicable to such Starz stock option immediately prior to the effective time (including vesting terms), to purchase the number of Lions Gate non-voting shares (rounded down to the nearest whole share) determined by multiplying the number of shares of Starz common stock subject to the Starz stock option by the equity award exchange ratio, at an exercise price per share determined by dividing the per-share exercise price of the Starz stock option by the equity award exchange ratio and rounding the resulting quotient up to the nearest whole cent; (b) each Starz restricted stock unit award that is outstanding immediately prior to the effective time will be converted into a restricted stock unit award (subject to vesting, repurchase or other lapse restrictions), on the same terms and conditions as were applicable to such Starz restricted stock unit award immediately prior to the effective time (including time- and performance-based vesting terms), relating to the number of Lions Gate non-voting shares determined by multiplying the number of shares of Starz common stock subject to the Starz restricted stock unit award immediately prior to the effective time by the equity award exchange

ratio, rounded to the nearest whole share; and (c) each Starz restricted stock award that is outstanding immediately prior to the effective time will be converted into a restricted stock award (subject to vesting, repurchase or other lapse restrictions), on the same terms and conditions as were applicable to such Starz restricted stock award immediately prior to the effective time (including vesting terms), relating to the number of Lions Gate non-voting shares determined by multiplying the number of shares of Starz common stock subject to the Starz restricted stock award immediately prior to the effective time by the equity award exchange ratio, rounded to the nearest whole share.

Concurrently with the filing of this Transaction Statement, Lions Gate is filing with the SEC Amendment No. 3 to its registration statement on Form S-4 (Registration No. 333-212792), which includes a joint proxy statement/prospectus of Lions Gate and Starz (the “joint proxy statement/prospectus”) relating to the special meeting of Lions Gate common shareholders and the special meeting of Starz common stockholders.

At the special meeting of Lions Gate common shareholders, Lions Gate common shareholders will be asked to consider and vote upon (1) a series of four proposals to implement the reclassification (collectively, the “Lions Gate reclassification proposals”); (2) a proposal to approve the issuance of Lions Gate non-voting shares and Lions Gate voting shares to holders of Starz Series A common stock and Starz Series B common stock in connection with the merger agreement (the “Lions Gate merger issuance proposal”); (3) a proposal to approve the issuance of Lions Gate common shares to John C. Malone, Robert R. Bennett and certain of their respective affiliates (collectively the “M-B stockholders”), in connection with the stock exchange agreement, dated as of June 30, 2016 (the “exchange agreement”), by and between Lions Gate, Merger Sub and the M-B stockholders, pursuant to which, if the merger agreement is terminated (a) by Lions Gate because the Starz board of directors changes its recommendation in favor of the transactions contemplated by the merger agreement, (b) by Starz in order to enter into a superior transaction or (c) by either party because Starz’s stockholders fail to approve the Starz merger proposal (as defined within this joint proxy statement/prospectus), then the M-B stockholders will sell to Merger Sub all shares of Starz Series B common stock held by them (the “Lions Gate exchange issuance proposal”); (4) a proposal to approve all issuances by Lions Gate of New Issue Securities (as defined in the investor rights agreement, dated as of November 10, 2015 and amended as of June 30, 2016 (the “investor rights agreement”), by and among Lions Gate and certain of its stockholders, including Liberty Global plc (“LGP”), Discovery Communications, Inc. (“Discovery”), MHR Fund Management, LLC (“MHR”) and certain of their respective affiliates), to LGP, Discovery and MHR in connection with their exercise of preemptive rights of first offer under the investor rights agreement during the five-year period following the receipt of such stockholder approval (the “Lions Gate preemptive rights proposal”); (5) a proposal to approve the amendment of the Articles of Lions Gate to extend indemnities currently provided for in the Articles of Lions Gate in favor of directors and former directors of Lions Gate to also apply to officers and former officers of Lions Gate (the “Lions Gate indemnity proposal”); and (6) a proposal to approve the adjournment of the Lions Gate special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Lions Gate merger issuance proposal and each of the Lions Gate reclassification proposals if there are insufficient votes at the time of such adjournment to approve such proposals (the “Lions Gate adjournment proposal”). Approval of each of the Lions Gate reclassification proposals by Lions Gate shareholders, and consummation of the reclassification by Lions Gate, are conditions to the closing of the merger. In addition, approval of the Lions Gate merger issuance proposal by Lions Gate shareholders is a condition to the closing of the merger. Approval of the Lions Gate exchange issuance proposal, the Lions Gate preemptive rights proposal, the Lions Gate indemnity proposal and the Lions Gate adjournment proposal are not conditions to the consummation of the merger. The Lions Gate merger issuance proposal is conditioned on the approval of each of the Lions Gate reclassification proposals, and each of the Lions Gate reclassification proposals are conditioned on the approval of the Lions Gate merger issuance proposal, but no other proposal is conditioned on the approval of any other proposal. The reclassification will occur immediately prior to completion of the merger only if all other conditions to the merger have been satisfied, and the merger will only occur if the reclassification occurs. The exchange will not occur if the merger occurs.

At the special meeting of Starz common stockholders, Starz common stockholders will be asked to consider and vote upon the proposals to (1) approve the adoption of the merger agreement (the “Starz merger proposal”); (2) approve, by advisory (nonbinding) vote, the compensation that may be paid or become payable to the named executive officers of Starz in connection with the merger (the “Starz compensation proposal”); and (3) approve the adjournment of the Starz special meeting, if necessary or appropriate, to solicit additional proxies in favor of the Starz merger proposal, if there are insufficient votes at the time of such adjournment to approve such proposal (the “Starz adjournment proposal”). The merger will not occur unless Starz stockholders approve the Starz merger

proposal. Approval of the Starz compensation proposal and Starz adjournment proposal are not conditions to the consummation of the merger.

The cross-references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the joint proxy statement/prospectus of the information required to be included in responses to the items of Schedule 13E-3. Pursuant to General Instruction F to Schedule 13E-3, the information contained in the joint proxy statement/prospectus, including all annexes, exhibits and appendices thereto, is incorporated in its entirety herein by reference, and the responses to each item in this Transaction Statement are qualified in their entirety by the information in the joint proxy statement/prospectus. As of the date hereof, the joint proxy statement/prospectus is in preliminary form and is subject to completion or amendment.

Each of PJT Partners LP, LionTree Advisors LLC, and Raine Securities LLC has consented to the inclusion of its respective materials filed as Exhibits under Item 16 of this Transaction Statement.

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**Item 1. Summary Term Sheet (Regulation M-A, Item 1001)**

The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

**Item 2. Subject Company Information (Regulation M-A Item 1002)**

(a) **Name and Address.**

Starz  
8900 Liberty Circle  
Englewood, Colorado 80112  
(720) 852-7700

(b) **Securities.** The subject classes of equity securities to which this Transaction Statement relates are (i) the Series A Common Stock, par value \$0.01 per share (the “Starz Series A common stock”), of Starz and (ii) the Series B Common Stock, par value \$0.01 per share, of Starz (the “Starz Series B common stock”). As of October 25 , 2016, 87,562,247 shares of Starz Series A common stock and 9,858,316 shares of Starz Series B common stock were outstanding.

(c) **Trading Market and Price.** The information set forth in the joint proxy statement/prospectus under the caption “Comparative Stock Prices and Dividends” is incorporated herein by reference.

(d) **Dividends.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Comparative Stock Prices and Dividends”

“The Merger Agreement—Dividends”

(e) **Prior Public Offerings.** None.

(f) **Prior Stock Purchases.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Agreements with Shareholders of Lions Gate and Stockholders of Starz—The 2015 Stock Exchange Agreement”

**Item 3. Identity and Background of Filing Persons (Regulation M-A Item 1003)**

(a)-(c) **Name and Address, Business and Background of Entities, Business and Background of Natural Persons.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Summary—Information About the Companies”

“Information About the Companies”

“Other Important Information Regarding the Parties”

“Where You Can Find More Information”

**Item 4. Terms of the Transaction (Regulation M-A Item 1004)**

(a) **Material Terms.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“The Lions Gate Special Meeting”

“The Starz Special Meeting”

“Comparison of Rights of Lions Gate Shareholders and Starz Stockholders”

“Special Factors”

“Special Factors—Accounting Treatment”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

“Certain Tax Consequences of the Transactions”

Annex A—Agreement and Plan of Merger

(c) **Different Terms.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Interests of Starz Directors and Executive Officers in the Merger”

“Special Factors—The Merger Agreement—Consideration to Starz Stockholders in the Merger”

“Special Factors—The Merger Agreement—Treatment of Starz Stock Options and Other Equity-Based Awards in the Merger”

“Special Factors—Agreements with Shareholders of Lions Gate and Stockholders of Starz”

“Special Factors—Agreements with Shareholders of Lions Gate and Stockholders of Starz—The 2015 Stock Exchange Agreement”

(d) **Appraisal Rights.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary—Appraisal Rights”

“Special Factors—Appraisal Rights”

(e) **Provisions for Unaffiliated Security Holders.** The information set forth in the joint proxy statement/prospectus under the caption “Provisions for Unaffiliated Security Holders” is incorporated herein by reference.

(f) **Eligibility for Listing or Trading.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Special Factors—Listing of Lions Gate Voting Shares and Lions Gate Non-Voting Shares in the Merger”

“Description of Lions Gate Capital Stock”

**Item 5. Past Contacts, Transactions, Negotiations and Agreements (*Regulation M-A Item 1005*)**

(a) **Transactions.** None.

(b)-(c) **Significant Corporate Events, Negotiations or Contracts.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Summary”

“Special Factors—Background of the Merger”

“Special Factors—Agreements with Shareholders of Lions Gate and Stockholders of Starz”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”



“Special Factors— Interests of Starz Directors and Executive Officers in the Merger”

(e) **Agreements Involving the Subject Company’s Securities.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors— The Merger Agreement”

“Special Factors—Agreements with Shareholders of Lions Gate and Stockholders of Starz”

“Special Factors— Interests of Starz Directors and Executive Officers in the Merger”

“Special Factors— The Merger Agreement—Consideration to Starz Stockholders in the Merger”

“Special Factors— The Merger Agreement—Treatment of Starz Stock Options and Other Equity-Based Awards in the Merger”

“Where You Can Find More Information”

Annex A—Agreement and Plan of Merger

Annex E—Lions Gate Voting Agreements

Annex F—Starz Voting Agreement

Annex G—Exchange Agreement

Annex H—Investor Rights Agreement

Annex I—Amendment to Investor Rights Agreement

Annex K—Voting and Standstill Agreement

Annex L—Amendment to Voting and Standstill Agreement

**Item 6. Purposes of the Transaction and Plans or Proposals (*Regulation M-A Item 1006*)**

(b) **Use of Securities Acquired.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors— The Merger Agreement—Consideration to Starz Stockholders in the Merger”

“Special Factors— The Merger Agreement—Treatment of Starz Stock Options and Other Equity-Based Awards in the Merger”

“Special Factors—Delisting and Deregistration of Starz Common Stock and Lions Gate Common Shares”

“Special Factors— Exchange of Shares in the Merger”

(c)(1)-(8) **Plans.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors— The Merger Agreement”

“Special Factors—Agreements with Shareholders of Lions Gate and Stockholders of Starz”

“Special Factors—Interests of Starz Directors and Executive Officers in the Merger”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

“Special Factors—Delisting and Deregistration of Starz Common Stock and Lions Gate Common Shares”

“Special Factors—Listing of Lions Gate Voting Shares and Lions Gate Non-Voting Shares in the Merger”

“Special Factors— The Merger Agreement—Directors and Management Following the Merger”

“Special Factors— The Merger Agreement—Organizational Documents”

“Special Factors—Source and Amount of Funds”

“Special Factors—Plans for Starz after the Merger”

**Item 7. Purposes, Alternatives, Reasons and Effects (Regulation M-A Item 1013)**

(a) **Purposes.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors— The Merger Agreement”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

“Special Factors—Plans for Starz after the Merger”

(b) **Alternatives.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

(c) **Reasons.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

(d) **Effects.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors— The Merger Agreement”

“Special Factors—Agreements with Shareholders of Lions Gate and Stockholders of Starz”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

“Special Factors—Delisting and Deregistration of Starz Common Stock and Lions Gate Common Shares”

“Special Factors—Listing of Lions Gate Voting Shares and Lions Gate Non-Voting Shares in the Merger”

“Special Factors— The Merger Agreement—Directors and Management Following the Merger”

“Special Factors— The Merger Agreement—Organizational Documents”

“Special Factors—Plans for Starz after the Merger”

“Security Ownership of Certain Beneficial Owners and Management”

“Certain Tax Consequences of the Transactions”

**Item 8. Fairness of the Transaction (Regulation M-A Item 1014)**

(a)-(b) **Fairness; Factors Considered in Determining Fairness.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

“Special Factors—Opinions of Starz’s Financial Advisors”

“Special Factors—Position of Lions Gate and Merger Sub as to the Fairness of the Merger”

“Special Factors—Position of Dr. John C. Malone as to the Fairness of the Merger”

Annex C—Opinion of LionTree Advisors LLC

Annex D—Opinion of Raine Securities LLC

(c) **Approval of Security Holders.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“The Lions Gate Special Meeting—Required Vote”

“The Starz Special Meeting—Required Vote”

“Special Factors—The Merger Agreement”

(d) **Unaffiliated Representatives.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Summary”

“Questions and Answers”

“Special Factors—Background of the Merger”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

“Special Factors—Opinions of Starz’s Financial Advisors—Opinion of Raine Securities LLC”

“The Starz Special Meeting—Recommendation of the Starz Board of Directors; Fairness of the Merger”

Annex D—Opinion of Raine Securities LLC

(e) **Approval of Directors.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

(f) **Other Offers.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Special Factors—Background of the Merger”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

**Item 9. Reports, Opinions, Appraisals and Negotiations (*Regulation M-A Item 1015*)**

(a)-(b) **Report, Opinion or Appraisal; Preparer and Summary of the Report, Opinion or Appraisal.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Summary”

“Special Factors—Background of the Merger”

“Special Factors—Opinion of Lions Gate’s Financial Advisor”

“Special Factors—Opinions of Starz’s Financial Advisors”

Annex B—Opinion of PJT Partners LP

Annex C—Opinion of LionTree Advisors LLC

Annex D —Opinion of Raine Securities LLC

The materials dated May 23, 2016 and June 23, 2016, each prepared by PJT Partners LP and reviewed by the board of directors of Lions Gate, are attached hereto as Exhibits (c)(1) through (c)(3) and are incorporated by reference herein.

The materials dated June 14, 2016, June 20, 2016, June 22, 2016 and June 29, 2016, each prepared by LionTree Advisors LLC and reviewed by the board of directors of Starz, are attached hereto as Exhibits (c)(4) through (c)(9) and are incorporated by reference herein.

The materials dated June 15, 2016, June 22, 2016, June 23, 2016 and June 29, 2016, each prepared by Raine Securities LLC and reviewed by the Starz Special Committee, are attached hereto as Exhibits (c)(10) through (c)(16) and are incorporated by reference herein.

(c) **Availability of Documents.** The reports, opinions or appraisals referenced in this Item 9 will be made available for inspection and copying at the principal executive offices of

Starz during its regular business hours by any interested holder of Starz common stock or representative who has been designated in writing.

**Item 10. Source and Amounts of Funds or Other Consideration (Regulation M-A Item 1007)**

(a)-(b) **Source of Funds; Conditions.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Summary”

“Special Factors—Source and Amount of Funds”

Annex A—Agreement and Plan of Merger

(c) **Expenses.** The information set forth in the joint proxy statement/prospectus under the following caption “Special Factors—Merger Fees and Expenses” is incorporated herein by reference.

(d) **Borrowed Funds.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Summary”

“Special Factors—Source and Amount of Funds”

Annex A—Agreement and Plan of Merger

**Item 11. Interest in Securities of the Subject Company (Regulation M-A Item 1008)**

(a) **Securities Ownership.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Security Ownership of Certain Beneficial Owners and Management”

(b) **Securities Transactions.** The information set forth in the joint proxy statement/prospectus under the caption “Transactions in Starz Common Stock” is incorporated herein by reference.

**Item 12. The Solicitation or Recommendation (Regulation M-A Item 1012)**

(d) **Intent to Tender or Vote in a Going Private Transaction.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”;

“Special Factors—Agreements with Shareholders of Lions Gate and Stockholders of Starz”

“The Starz Special Meeting”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

(e) **Recommendation of Others.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

“The Starz Special Meeting”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

“The Lions Gate Special Meeting”

### **Item 13. Financial Statements (Regulation M-A Item 1010)**

(a) **Financial Information.** The audited financial statements set forth in Starz’s Annual Report on Form 10-K for the year ended December 31, 2015 and the unaudited financial statements set forth in Starz’s Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2016 and June 30, 2016 are incorporated by reference herein. The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Summary—Selected Historical Financial Data of Starz”

“Summary—Ratio of Earnings to Fixed Charges of Starz”

“Summary—Equivalent and Comparative Per Share Information”

“Where You Can Find More Information”



(b) **Pro Forma Information.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Summary—Equivalent and Comparative Per Share Information”

“Unaudited Pro Forma Condensed Combined Financial Statements”

**Item 14. Persons/Assets, Retained, Employed, Compensated and Used (Regulation M-A Item 1009)**

(a)-(b) **Solicitations and Recommendations; Employees and Corporate Assets.** The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“Questions and Answers”

“Summary”

“Special Factors—Background of the Merger”

“Special Factors—Starz’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Starz Special Committee and Starz Board of Directors; Fairness of the Merger”

“Special Factors—Agreements with Shareholders of Lions Gate and Stockholders of Starz”

“The Starz Special Meeting”

“Special Factors—Lions Gate’s Purpose and Reasons for the Merger and Other Proposals; Recommendations of the Lions Gate Board of Directors”

“Special Factors—Fees and Expenses”

**Item 15. Additional Information (Regulation M-A Item 1011)**

(b) The information set forth in the joint proxy statement/prospectus under the following captions is incorporated herein by reference:

“The Starz Special Meeting—Proposal 2: The Starz Compensation Proposal”

“Special Factors—Interests of Starz Directors and Executive Officers in the Merger”

(c) **Other Material Information.** The information set forth in the joint proxy statement/prospectus, including all annexes, exhibits and appendices thereto, is incorporated herein by reference.

**Item 16. Exhibits (*Regulation M-A Item 1016*)**

(a)(1) The preliminary joint proxy statement/prospectus of Lions Gate (incorporated herein by reference to Amendment No. 2 to Form S-4 filed by Lions Gate on October 5, 2016 (Registration No. 333-212792)).

(a)(2) Form of Proxy Card (incorporated herein by reference to the joint proxy statement/prospectus)

(a)(3) Letter to Starz Stockholders and Lions Gate Shareholders (incorporated herein by reference to the joint proxy statement/prospectus)

(a)(4) Notice of Special Meeting of Stockholders of Starz (incorporated herein by reference to the joint proxy statement/prospectus)

(a)(5) Joint Press Release, dated June 30, 2016 (incorporated herein by reference to Exhibit 99.1 to Lions Gate's Current Report filed on Form 8-K with the SEC on June 30, 2016)

(a)(6) Investor Presentation, dated June 30, 2016 (incorporated herein by reference to Exhibit 99.2 to Lions Gate's Current Report filed on Form 8-K with the SEC on June 30, 2016)

(a)(7) Transcript of Conference Call, held on June 30, 2016 (incorporated herein by reference to Lions Gate's filing on June 30, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(8) Employee Communication of Lions Gate, issued on June 30, 2016 (incorporated herein by reference to Lions Gate's filing on June 30, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(9) Letter to Lions Gate Shareholders (incorporated herein by reference to Lions Gate's filing on July 29, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(10) Press Release of Starz, dated July 28, 2016 (incorporated herein by reference to Exhibit 99.1 to Starz's Current Report filed on Form 8-K with the SEC on August 1, 2016)

(a)(11) Excerpts of communications relating to the proposed merger (incorporated herein by reference to Exhibit 99.2 to Starz's Current Report filed on Form 8-K with the SEC on August 1, 2016)

(a)(12) Press Release of Lions Gate, dated August 4, 2016 (incorporated herein by reference to Lions Gate's filing on August 4, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(13) Transcript of Conference Call, held on August 4, 2016 (incorporated herein by reference to Lions Gate's filing on August 4, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(14) Employee Communication of Lions Gate, issued on August 19, 2016 (incorporated herein by reference to Lions Gate's filing on August 19, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(15) Employee Communication of Lions Gate, issued on September 1, 2016 (incorporated herein by reference to Lions Gate's filing on September 1, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(16) Transcript of Presentation, given on September 15, 2016 (incorporated herein by reference to Lions Gate's filing on September 19, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(17) Press Release dated September 22, 2016 (incorporated herein by reference to Exhibit 99.1 to Lions Gate's Current Report filed on Form 8-K with the SEC on September 22, 2016)

(a)(18) Excerpts of communications relating to the proposed merger (incorporated herein by reference to Starz's filing on September 27, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(19) Excerpts from Preliminary Financing Materials (incorporated herein by reference to Exhibit 99.1 to Lions Gate's Current Report filed on Form 8-K with the SEC on September 27, 2016)

(a)(20) Excerpts from Preliminary Offering Memorandum (incorporated herein by reference to Exhibit 99.1 to Lions Gate's Current Report filed on Form 8-K with the SEC on September 30, 2016)

(a)(21) Press Release dated October 13, 2016 (incorporated herein by reference to Exhibit 99.1 to Lions Gate's Current Report filed on Form 8-K with the SEC on October 13, 2016)

(a)(22) Employee Communication of Lions Gate, issued on October 28, 2016 (incorporated herein by reference to Lions Gate's filing on October 28, 2016 with the SEC pursuant to Rule 425 of the Securities Act of 1933)

(a)(23) Letter to Starz employees, dated October 28, 2016 (incorporated herein by reference to Exhibit 99.1 to Starz's Current Report filed on Form 8-K with the SEC on October 28, 2016)

(b)(1) Commitment Letter, dated as of June 27, 2016, among Lions Gate Entertainment Corp., and JPMorgan Chase Bank, N.A., Bank of America, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank AG New York Branch, Deutsche Bank AG Cayman Islands Branch, and Deutsche Bank Securities Inc. (incorporated herein by reference to Exhibit 10.9 of Lions Gate's Current Report filed on Form 8-K with the SEC on August 1, 2016)

(b)(2) Indenture, dated October 27, 2016, by and between LG FinanceCo Corp. and Deutsche Bank Trust Company Americas, as trustee (incorporated herein by reference to Exhibit 4.1 to Lions Gate's Current Report filed on Form 8-K with the SEC on October 27, 2016)

(c)(1)\* † Materials prepared by PJT Partners LP and presented to the Lions Gate board of directors on May 23, 2016

(c)(2)\* † Materials prepared by PJT Partners LP and presented to the Lions Gate board of directors on June 23, 2016

(c)(3) Opinion of PJT Partners LP presented to the Lions Gate board of directors on June 30, 2016 (incorporated herein by reference to Annex B of the joint proxy statement/prospectus)

(c)(4) Preliminary presentation of LionTree Advisors LLC prepared for the Starz board of directors, dated June 14, 2016

(c)(5)\* Preliminary presentation of LionTree Advisors LLC prepared for the Starz board of directors, dated June 20, 2016

(c)(6) † Preliminary presentation of LionTree Advisors LLC prepared for the Starz board of directors, dated June 22, 2016

(c)(7) † Presentation of LionTree Advisors LLC prepared for the Starz board of directors, dated June 29, 2016

(c)(8) † Preliminary opinion of LionTree Advisors LLC prepared for the Starz board of directors, dated June 22, 2016

(c)(9) Opinion of LionTree Advisors LLC prepared for the Starz board of directors, dated June 29, 2016 (incorporated herein by reference to Annex C of the joint proxy statement/prospectus)

(c)(10)\* Preliminary Financial Presentation of Raine Securities LLC prepared for the Starz Special Committee, dated June 15, 2016

(c)(11)\* † Financial Presentation of Raine Securities LLC prepared for the Starz Special Committee, dated June 22, 2016

(c)(12)\* † Financial Presentation of Raine Securities LLC prepared for the Starz Special Committee, dated June 23, 2016

(c)(13)\* † Financial Presentation of Raine Securities LLC prepared for the Starz Special Committee, dated June 29, 2016

(c)(14) † Preliminary opinion of Raine Securities LLC prepared for the Starz Special Committee, dated June 22, 2016

(c)(15) † Preliminary opinion of Raine Securities LLC prepared for the Starz Special Committee, dated June 23, 2016

(c)(16) Opinion of Raine Securities LLC presented to the Starz Special Committee, dated June 29, 2016 (incorporated herein by reference to Annex D of the joint proxy statement/prospectus)

(d)(1) Agreement and Plan of Merger, dated as of June 30, 2016, by and among Lions Gate Entertainment Corp., Starz, and Orion Arm Acquisition Inc. (incorporated herein by reference to Annex A of the joint proxy statement/prospectus)

(d)(2) Stock Exchange Agreement, dated as of June 30, 2016, by and among Lions Gate Entertainment Corp., Orion Arm Acquisition Inc., and the stockholders listed on Schedule 1 thereto (incorporated herein by reference to Annex H of the joint proxy statement/prospectus)

(d)(3) Voting Agreement, dated as of June 30, 2016, by and among Lions Gate Entertainment Corp., Starz, Liberty Global plc, and Liberty Global Incorporated Limited (incorporated herein by reference to Annex E-1 of the joint proxy statement/prospectus)

(d)(4) Voting Agreement, dated as of June 30, 2016, by and among Lions Gate Entertainment Corp., Starz, Discovery Communications, Inc., and Discovery Lightning Investments Ltd. (incorporated herein by reference to Annex E-2 of the joint proxy statement/prospectus)

(d)(5) Stock Exchange Agreement, dated as of February 10, 2015, by and among Lions Gate Entertainment Corp., LG Leopard Canada LP and the stockholders listed on Schedule 1 thereto (incorporated by reference to Exhibit 10.1 of Lions Gate's Current Report filed on Form 8-K with the SEC on February 11, 2015)

(d)(6) Voting Agreement, dated as of June 30, 2016, by and among Lions Gate Entertainment Corp., Starz, and the stockholders listed on Schedule A thereto, including certain affiliates of Dr. John C. Malone (incorporated herein by reference to Annex E-3 of the joint proxy statement/prospectus)

(d)(7) Voting Agreement, dated as of June 30, 2016, by and among Lions Gate Entertainment Corp., Starz, and the stockholders listed on Schedule A thereto, including certain affiliates of Mark H. Rachesky, M.D. (incorporated herein by reference to Annex E-4 of the joint proxy statement/prospectus)

(d)(8) Voting Agreement, dated as of June 30, 2016, by and among Lions Gate Entertainment Corp., Starz, LG Leopard Canada LP and the stockholders listed on Schedule A thereto (incorporated herein by reference to Annex F of the joint proxy statement/prospectus)

(d)(9) Voting and Standstill Agreement, dated as of November 10, 2015, by and among Lions Gate Entertainment Corp., Liberty Global plc, Discovery Communications, Inc., Liberty Global Incorporated Limited, Discovery Lightning Investments Ltd., Dr. John C. Malone and affiliates of MHR Fund Management, LLC (incorporated herein by reference to Annex K of the joint proxy statement/prospectus)

(d)(10) Amendment to Voting and Standstill Agreement, dated as of June 30, 2016, by and among Lions Gate Entertainment Corp., Liberty Global plc, Discovery Lightning Investments Ltd., Dr. John C. Malone, MHR Fund Management, LLC, Liberty Global Incorporated Limited, Discovery Communications, Inc. and certain affiliates of MHR Fund Management, LLC (incorporated herein by reference to Annex L of the joint proxy statement/prospectus)

(d)(11) Investor Rights Agreement, dated as of November 10, 2015, by and among Lions Gate Entertainment Corp., Liberty Global plc, Discovery Communications, Inc., Liberty Global Incorporated Limited, Discovery Lightning Investments Ltd. and affiliates of MHR Fund Management, LLC (incorporated herein by reference to Annex F of the joint proxy statement/prospectus)

(d)(12) Amendment No 1. to Investor Rights Agreement, dated as of June 30, 2016, by and among Lions Gate Entertainment Corp., MHR Fund Management, LLC, Liberty Global Incorporated Limited, Discovery Lightning Investments Ltd., Liberty Global plc, Discovery Communications, Inc., and the affiliated funds of MHR Fund Management, LLC party thereto (incorporated herein by reference to Annex I of the joint proxy statement/prospectus)

(f)(1) Section 262 of the General Corporation Law of the State of Delaware (incorporated herein by reference to Annex J of the joint proxy statement/prospectus)

(f)(2) Statutory merger dissenters' rights as described under "Special Factors—Appraisal Rights" (incorporated herein by reference to the joint information statement/prospectus)

(g) None

\* Certain portions of this exhibit have been redacted and separately filed with the Securities and Exchange Commission pursuant to a request for confidential treatment.

† Previously filed.

## SIGNATURES

After due inquiry and to the best of each of the undersigned's knowledge and belief, each of the undersigned certifies that the information set forth in this statement is true, complete and correct.

Dated as of October 28 , 2016

STARZ

By: /s/ David I. Weil  
Name: David I. Weil  
Title: Chief Legal Officer

LIONS GATE ENTERTAINMENT CORP.

By: /s/ Wayne Levin  
Name: Wayne Levin  
Title: General Counsel and Chief Strategic Officer

ORION ARM ACQUISITION, INC.

By: /s/ Wayne Levin  
Name: Wayne Levin  
Title: President, General Counsel and Secretary

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DR. JOHN C. MALONE

By: /s/ Dr. John C. Malone

Name: Dr. John C. Malone

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# Project Galaxy

## *Board of Directors Discussion Materials*



June 14<sup>th</sup>, 2016

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

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## Section 1

### Executive Summary



Process Update

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- Saturn has received two proposals for a potential acquisition of the Company:
  - ▶ [REDACTED]
  - ▶ A cash and stock proposal from Luna
- [REDACTED]
- JCM, who controls 33% of the vote of Saturn, has expressed strong desire to see a deal announced in short order
  - ▶ [REDACTED]
  - ▶ As a reminder, Luna controls just under 15% of the vote in Saturn
- Both [REDACTED] Luna are working to be in a position to announce a potential transaction as soon as possible
  - ▶ [REDACTED]
  - ▶ [REDACTED]
  - ▶ [REDACTED]
  - ▶ Luna is finishing diligence, negotiating the merger agreement, and working hard to get financing commitments in place



Saturn Offer Comparison

	Saturn @ Market	Current Value of Luna Offer	
		Luna @ Market	@ 3.0% Discount
<i>(\$mm, unless indicated)</i>			
<b>Current Acquiror Stock Price:</b>		<b>\$21.25</b>	<b>\$21.25</b>
Exchange Ratio		0.566x	0.566x
<b>Stock Per Share</b>		<b>\$12.03</b>	<b>\$11.67<sup>2</sup></b>
<b>Cash Per Share</b>		<b>\$20.00</b>	<b>\$20.00</b>
<b>Price / Total Offer Value Per Class A Share (\$)</b>	<b>\$26.01</b>	<b>\$32.03</b>	<b>\$31.67</b>
<i>Implied Premium to Current Class A Price of \$26.01</i>	-	23.1%	21.7%
<i>Implied Premium to 30-Day VWAP of \$26.74</i>	(2.7%)	19.8%	18.4%
<b>Equity Value<sup>1</sup></b>	<b>2,687</b>	<b>3,381</b>	<b>3,343</b>
Plus: Net Debt & Other	1,096	1,096	1,096
<b>Enterprise Value</b>	<b>3,783</b>	<b>4,477</b>	<b>4,439</b>
	<b>Metric (\$mm)</b>	<b>Implied Multiples</b>	
<b><u>EV / EBITDA (Pre-SBC)</u></b>			
CY 2016E EBITDA - Management Case	490	7.7x	9.1x
CY 2017E EBITDA - Management Case	543	7.0x	8.2x
CY 2016E EBITDA - Research Case	466	8.1x	9.5x
CY 2017E EBITDA - Research Case	521	7.3x	8.5x
<b><u>EV / EBITDA (Post-SBC)</u></b>			
CY 2016E EBITDA - Management Case	460	8.2x	9.7x
CY 2017E EBITDA - Management Case	511	7.4x	8.7x
CY 2016E EBITDA - Research Case	435	8.7x	10.2x
CY 2017E EBITDA - Research Case	490	7.7x	9.1x

Source: Saturn management projections as of June 2016, public company filings, Wall Street research

Note: Prices as of June 13, 2016

1) Includes 93.5mm Series A and 9.9mm Series B shares; for purpose of calculating equity value, 10% premium is applied to Series B shares

2) Discount of non voting to voting shares, please see page 35 for detail

3) JCM has 0.1mm shares of Series A Saturn stock and 6.2mm shares of Series B Saturn stock for a total voting stake of 33.1%, economic stake of 6.1% and a value of \$164mm; JCM has 4.4mm shares of Luna common stock for a total voting stake of 2.9%, economic stake of 2.9% and a value of \$94mm

4) Luna has 2.1mm shares of Series A Saturn stock and 2.6mm shares of Series B Saturn stock for a total voting stake of 15.0%, economic stake of 4.6% and a value of \$122mm



Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Comparison of Offers

	Luna
Price / Value	<ul style="list-style-type: none"> <li>\$20.00 per share in cash + 0.566x shares of Luna implies \$31.67 per share (based on Luna Monday closing share price of \$21.25)<sup>1</sup></li> <li>As part of the transaction, Luna will recapitalize its shares into voting and non-voting structure</li> <li>Consideration received by Saturn A shareholders will be in the form of non-voting stock</li> </ul>
Consideration	<ul style="list-style-type: none"> <li>~ 63% cash / 37% non-voting stock</li> <li>10% premium and voting stock to Class B                             <ul style="list-style-type: none"> <li>B Counter: \$22.00 in cash + 0.623x shares of Luna voting stock</li> </ul> </li> <li>PF Saturn ownership of 27.1% pre-equity raise and 24.4% post-equity raise</li> <li>Resulting in PF net leverage of ~5.6x pre-equity raise excluding synergies and ~4.9x including synergies<sup>3</sup></li> <li>Post-equity raise PF net leverage of ~5.3x excluding synergies and ~4.7x including synergies<sup>3</sup></li> <li>Expect to need \$500mm of equity financing (terms, timing and structure still need to be worked through – ideally we would want a backstopped commitment on the equity)</li> </ul>
Tax Treatment	Taxable to shareholders
Financing Certainty	Expect fully committed financing; but papers still TBD
Timing to Close	4-6 months (US) - TBD whether Canadian restructuring has any implications to timing

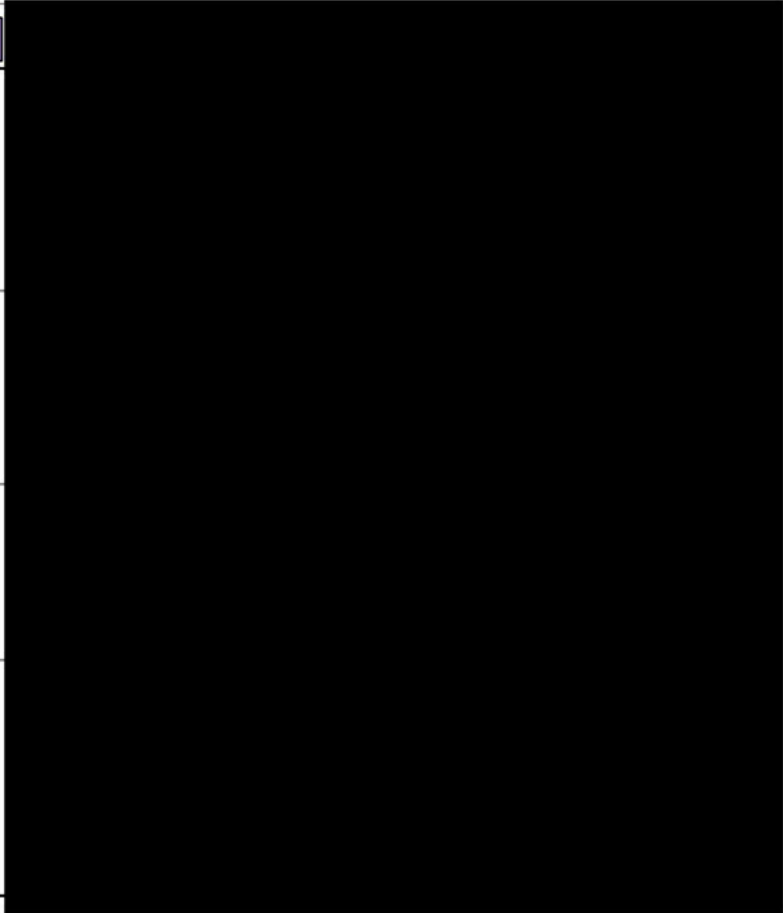


Note:  
 1) Assumes 3% discount for non-voting stock  
 2) Based on current prices as of market close on June 13, 2016  
 3) Leverage excludes production loans; EBITDA excludes startup cost adjustments which would add an additional ~0.4x

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Comparison of Offers (cont.)

	Luna
Key Considerations	<ul style="list-style-type: none"> <li>■ [REDACTED]</li> <li>■ [REDACTED]</li> <li>■ [REDACTED]</li> <li>■ Timing to complete 3 – 5 days</li> </ul>
Buyer Stockholder Approval	<ul style="list-style-type: none"> <li>■ Statutory approval to create new class of non-voters (66-2/3% of present/voting)</li> <li>■ NYSE vote (majority of present/voting)</li> <li>■ MOM vote likely required to create non-voting stock</li> <li>■ Luna offered expenses for naked no vote/market fee for rec pull                             <ul style="list-style-type: none"> <li>▶ Open: Requested RBF if vote fails</li> </ul> </li> </ul>
Saturn Stockholder Approval	<ul style="list-style-type: none"> <li>■ Statutory stockholder approval (majority of voting power)</li> <li>■ MOM vote TBD</li> <li>■ Voting agreement requested from JCM</li> <li>■ Voting agreement from MHR and Luna requested</li> </ul>
Regulatory	<ul style="list-style-type: none"> <li>■ HSR: Second request possible, but ultimately should go through (may attract interest of FTC)                             <ul style="list-style-type: none"> <li>▶ Low risk of business restrictions as condition to approval</li> </ul> </li> <li>■ FCC: [Approval for CIC of uplink license but should not present a problem – TBD]</li> </ul>



Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## Section 2

### Preliminary Saturn Standalone Perspectives





Saturn Trading Update

Summary Trading Valuation (as of 6/13/2016)

(\$mm, unless indicated)

Current Share Price @ Market (\$) <sup>1</sup>	\$26.01
Fully Diluted Shares <sup>2</sup>	103.4
<b>Equity Value</b>	<b>2,687</b>
Plus: Debt @ 3/31/16	1,131
Less: Cash @ 3/31/16	(10)
Less: Market Value of Equity Investments	(25)
<b>Enterprise Value</b>	<b>3,783</b>

EY / (Management Case)	Metric (\$mm)	Multiple
CY 2016E EBITDA (Pre-SBC)	490	7.7x
CY 2017E EBITDA (Pre-SBC)	543	7.0x
CY 2016E EBITDA (Post-SBC)	460	8.2x
CY 2017E EBITDA (Post-SBC)	511	7.4x

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**Leverage Statistics**

Net Debt / 2016E EBITDA	2.3x
Credit Ratings	BB / Ba2

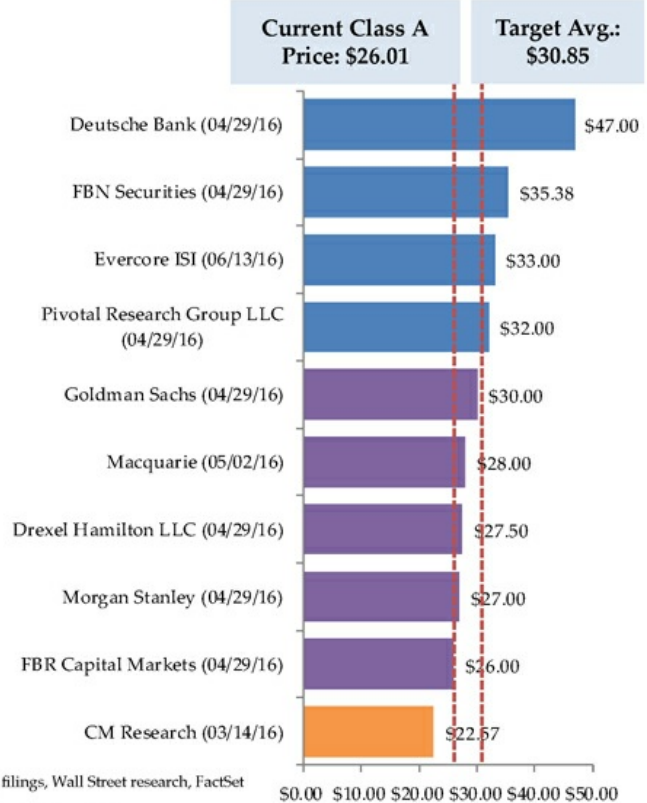
Recent Stock Price Performance



Notes:  
 1) Based on A and B shares, blended based on proportion of shares outstanding in each class  
 2) Based on fully diluted shares using treasury stock method; consists of 98.4mm basic shares outstanding, 10.8mm in-the-money options (at WAEP of \$18.95), and 1.0mm RSUs

Research Analyst Price Targets

Saturn currently trades at a 15.7% discount to the average analyst price target



Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## Draft Working Materials - Subject to Change

### Saturn Projected Financials<sup>1</sup>

(\$mm)		Fiscal Year Ended December 31,					'15A-'20E CAGR	
		2015A	2016E	2017E	2018E	2019E		2020E
Revenue	<b>Management Case (as of June 2016)</b>	<b>1,700</b>	<b>1,700</b>	<b>1,789</b>	<b>1,868</b>	<b>1,930</b>	<b>1,995</b>	<b>3.3%</b>
	<i>% Growth</i>	-	0.0%	5.2%	4.4%	3.3%	3.4%	
	<b>Sensitivity Case</b>	<b>1,700</b>	<b>1,660</b>	<b>1,749</b>	<b>1,828</b>	<b>1,890</b>	<b>1,955</b>	<b>2.8%</b>
	<i>% Growth</i>	-	(2.3%)	5.3%	4.5%	3.4%	3.4%	
	<b>Research Case<sup>2</sup></b>	<b>1,700</b>	<b>1,694</b>	<b>1,707</b>	<b>1,723</b>	<b>1,739</b>	<b>1,755</b>	<b>0.6%</b>
	<i>% Growth</i>	-	(0.4%)	0.8%	0.9%	0.9%	0.9%	
EBITDA	<b>Management Case (as of June 2016)</b>	<b>462</b>	<b>490</b>	<b>543</b>	<b>612</b>	<b>633</b>	<b>654</b>	<b>7.2%</b>
	<i>% Growth</i>	-	6.2%	10.7%	12.9%	3.3%	3.4%	
	<i>% Margin</i>	27.1%	28.8%	30.3%	32.8%	32.8%	32.8%	
	<b>Sensitivity Case</b>	<b>462</b>	<b>450</b>	<b>503</b>	<b>572</b>	<b>593</b>	<b>614</b>	<b>5.9%</b>
	<i>% Growth</i>	-	(2.4%)	11.6%	13.9%	3.6%	3.6%	
	<i>% Margin</i>	27.1%	27.1%	28.7%	31.3%	31.4%	31.4%	
	<b>Research Case<sup>2</sup></b>	<b>462</b>	<b>466</b>	<b>521</b>	<b>558</b>	<b>563</b>	<b>568</b>	<b>4.2%</b>
	<i>% Growth</i>	-	0.8%	12.0%	7.0%	0.9%	0.9%	
	<i>% Margin</i>	27.2%	27.5%	30.5%	32.4%	32.4%	32.4%	



Source: Saturn management projections, Wall Street research

1) EBITDA shown pre stock based compensation

2) Research case represents research projections through 2018E and extrapolation thereafter (revenue growth and EBITDA margin held constant post 2018E)

Selected Publicly Traded Companies

Company	Closing Price 6/13/2016	% of 52-Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	EV /		'16E-'18E CAGR	
					EBITDA <sup>1</sup> 2016E	2017E	Revenue	EBITDA
Walt Disney	\$97.57	79.9%	160,709	180,306	10.0x	9.6x	5.1%	4.8%
Time Warner Inc.	\$73.13	80.1%	58,932	78,160	9.2x	8.6x	5.5%	7.1%
Fox	\$28.91	83.3%	55,168	59,372	8.2x	7.5x	5.6%	8.4%
██████████	██████████	██████████	██████████	██████████	██████████	██████████	██████████	██████████
Viacom	\$41.24	60.2%	16,679	28,120	7.3x	7.1x	2.6%	3.0%
Discovery Communications	\$25.97	74.3%	15,939	23,048	9.3x	8.9x	5.9%	5.4%
Scripps Networks	\$62.89	91.9%	8,154	11,922	8.3x	8.0x	4.3%	3.5%
AMC Networks	\$60.05	68.9%	4,470	6,821	7.6x	7.2x	5.6%	3.1%
<b>Mean</b>					<b>8.6x</b>	<b>8.2x</b>	██████████	██████████
<b>Median</b>					<b>8.5x</b>	<b>8.3x</b>	██████████	██████████
<b>Saturn @ Market</b>								
Management Case <sup>2</sup>	\$26.01	55.8%	2,687	3,783	7.7x	7.0x	4.8%	11.8%
Sensitivity Case					8.4x	7.5x	4.9%	12.7%
Research Case					8.1x	7.3x	0.9%	9.5%
<b>Saturn @ Offers Based on Management Case<sup>2</sup></b>								
Luna Offer @ 3.0% Discount	\$31.67	68.0%	3,343	4,439	9.1x	8.2x		
██████████ Offer at Fixed Ex. Ratio	██████████	██████████	██████████	██████████	9.0x	8.1x		
██████████ Offer at Fixed Price	██████████	██████████	██████████	██████████	9.4x	8.5x		



Source: Public company filings, Wall Street research

Notes:

1) EBITDA shown pre stock based compensation

2) Based on Saturn management plan as of June 2016

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## Draft Working Materials - Subject to Change

### Saturn Discounted Cash Flow Analysis – Based on Management Case<sup>1,2</sup>

Based on Saturn management plan as of June 2016

(\$mm)	Fiscal Year Ended December 31,				
	9 Mos '16E	2017E	2018E	2019E	2020E
<b>EBITDA (Before SBC)</b>	363	543	612	633	654
Less: Stock Based Compensation	(22)	(31)	(30)	(34)	(35)
Less: Depreciation & Amortization	(18)	(24)	(26)	(25)	(26)
<b>EBIT</b>	<b>323</b>	<b>488</b>	<b>557</b>	<b>574</b>	<b>593</b>
Less: Taxes @ 35%	(113)	(171)	(195)	(201)	(208)
<b>After-Tax EBIT</b>	<b>210</b>	<b>317</b>	<b>362</b>	<b>373</b>	<b>386</b>
Plus: Depreciation and Amortization	18	24	26	25	26
Less: Capex	(22)	(19)	(13)	(20)	(21)
Plus: Amortization of Programming Rights	443	605	599	619	639
Less: Program Rights Payments	(256)	(267)	(310)	(321)	(331)
Plus: Amortization of Investments in Films and TV Programs	100	145	146	151	156
Less: Investments in Film and TV Programs	(323)	(429)	(434)	(449)	(464)
Less: (Increase) / Decrease in Working Capital and Other	53	(43)	(52)	(57)	(63)
<b>Unlevered Free Cash Flows</b>	<b>223</b>	<b>333</b>	<b>323</b>	<b>321</b>	<b>328</b>

Present Value of Cash Flows	1,244
Present Value of Terminal Value	3,223
<b>Present Value of Enterprise</b>	<b>4,467</b>
Less: Net Debt & Other	(1,096)
<b>Present Value of Equity</b>	<b>3,371</b>
Shares	104.6
<b>Price Per Share</b>	<b>\$32.22</b>

DCF Equity Value Per Share					
WACC	LTM Terminal EBITDA Multiple				
	7.00x	7.25x	7.50x	7.75x	8.00x
8.75%	\$30.99	\$31.98	\$32.98	\$33.97	\$34.95
9.00%	30.63	31.61	32.60	33.58	34.55
9.25%	30.27	31.24	32.22	33.19	34.15
9.50%	29.92	30.88	31.85	32.81	33.77
9.75%	29.57	30.52	31.48	32.43	33.38



Source: Historical and projected financial information per Saturn management

Notes:

1) Assumes mid-year convention, discounted back to 3/31/16; based on balance sheet as of 3/31/16 (net debt of \$1,121mm), equity in affiliates of \$25mm  
 2) Based on Saturn management plan as of June 2016

## Draft Working Materials - Subject to Change

### Saturn Discounted Cash Flow Analysis – Based on Sensitivity Case<sup>1,2</sup>

(\$mm)	Fiscal Year Ended December 31,				
	9 Mos '16E	2017E	2018E	2019E	2020E
<b>EBITDA (Before SBC)</b>	363	503	572	593	614
Less: Stock Based Compensation	(22)	(31)	(30)	(34)	(35)
Less: Depreciation & Amortization	(18)	(24)	(26)	(25)	(26)
<b>EBIT</b>	<b>323</b>	<b>448</b>	<b>517</b>	<b>534</b>	<b>553</b>
Less: Taxes @ 35%	(113)	(157)	(181)	(187)	(194)
<b>After-Tax EBIT</b>	<b>210</b>	<b>291</b>	<b>336</b>	<b>347</b>	<b>360</b>
Plus: Depreciation and Amortization	18	24	26	25	26
Less: Capex	(22)	(19)	(13)	(20)	(21)
Plus: Amortization of Programming Rights	443	605	599	619	639
Less: Program Rights Payments	(256)	(267)	(310)	(321)	(331)
Plus: Amortization of Investments in Films and TV Programs	100	145	146	151	156
Less: Investments in Film and TV Programs	(323)	(429)	(434)	(449)	(464)
Less: (Increase) / Decrease in Working Capital and Other	53	(43)	(52)	(57)	(63)
<b>Unlevered Free Cash Flows</b>	<b>223</b>	<b>307</b>	<b>297</b>	<b>295</b>	<b>302</b>

Present Value of Cash Flows	1,162
Present Value of Terminal Value	3,026
<b>Present Value of Enterprise</b>	<b>4,188</b>
Less: Net Debt & Other	(1,096)
<b>Present Value of Equity</b>	<b>3,092</b>
Shares	104.1
<b>Price Per Share</b>	<b>\$29.69</b>

DCF Equity Value Per Share					
WACC	LTM Terminal EBITDA Multiple				
	7.00x	7.25x	7.50x	7.75x	8.00x
8.75%	\$28.53	\$29.46	\$30.40	\$31.34	\$32.27
9.00%	28.19	29.11	30.04	30.97	31.89
9.25%	27.85	28.77	29.69	30.60	31.52
9.50%	27.52	28.43	29.34	30.24	31.15
9.75%	27.20	28.09	28.99	29.89	30.78



Source: Historical and projected financial information per Saturn management

Notes:

1) Assumes mid-year convention, discounted back to 3/31/16; based on balance sheet as of 3/31/16 (net debt of \$1,121mm), equity in affiliates of \$25mm

2) Sensitivity Case assumes \$40mm reduction in revenue flowing through EBITDA

## Draft Working Materials - Subject to Change

### Saturn Discounted Cash Flow Analysis – Based on Research Case<sup>1,2</sup>

(\$mm)	Fiscal Year Ended December 31,				
	9 Mos '16E	2017E	2018E	2019E	2020E
<b>EBITDA (Before SBC)</b>	349	521	558	563	568
Less: Stock Based Compensation	(22)	(31)	(30)	(34)	(35)
Less: Depreciation & Amortization	(18)	(24)	(26)	(25)	(26)
<b>EBIT</b>	<b>309</b>	<b>466</b>	<b>502</b>	<b>504</b>	<b>507</b>
Less: Taxes @ 35%	(108)	(163)	(176)	(176)	(178)
<b>After-Tax EBIT</b>	<b>201</b>	<b>303</b>	<b>326</b>	<b>328</b>	<b>330</b>
Plus: Depreciation and Amortization	18	24	26	25	26
Less: Capex	(22)	(19)	(13)	(20)	(21)
Plus: Amortization of Programming Rights	443	605	599	619	639
Less: Program Rights Payments	(256)	(267)	(310)	(321)	(331)
Plus: Amortization of Investments in Films and TV Programs	100	145	146	151	156
Less: Investments in Film and TV Programs	(323)	(429)	(434)	(449)	(464)
Less: (Increase) / Decrease in Working Capital and Other	53	(43)	(52)	(57)	(63)
<b>Unlevered Free Cash Flows</b>	<b>214</b>	<b>319</b>	<b>287</b>	<b>275</b>	<b>272</b>

Present Value of Cash Flows	1,121
Present Value of Terminal Value	2,800
<b>Present Value of Enterprise</b>	<b>3,921</b>
Less: Net Debt & Other	(1,096)
<b>Present Value of Equity</b>	<b>2,825</b>
Shares	103.6
<b>Price Per Share</b>	<b>\$27.26</b>

DCF Equity Value Per Share						
WACC	LTM Terminal EBITDA Multiple					
	7.00x	7.25x	7.50x	7.75x	8.00x	
8.75%	\$26.18	\$27.06	\$27.92	\$28.79	\$29.66	
9.00%	25.87	26.73	27.59	28.45	29.30	
9.25%	25.55	26.41	27.26	28.11	28.96	
9.50%	25.24	26.09	26.93	27.78	28.61	
9.75%	24.94	25.77	26.61	27.45	28.28	



Source: Historical and projected financial information per Saturn management

Notes:

1) Assumes mid-year convention, discounted back to 3/31/16; based on balance sheet as of 3/31/16 (net debt of \$1,121mm), equity in affiliates of \$25mm

2) Research case represents research revenue and EBITDA projections through 2018E and extrapolation thereafter; FCF items based on Saturn management plan

## Section 3

### Preliminary Luna Transaction Overview



## Overview of Luna Proposal

Luna Proposal	
■ Class A consideration:	
▶ \$20.00 in cash per share	
▶ 0.566x shares of newly created Luna non-voting common stock	
■ Class B consideration:	
▶ 10% premium relative to Saturn Class A for each component of the offer	
• \$22.00 in cash per share	
• 0.623x shares of newly created Luna non-voting common stock	
■ ~63% cash consideration and ~37% stock consideration	

Value of Offer @ 3.0% Discount		
	Class A	Class B
Cash	\$20.00	\$22.00
Stock	\$11.67	\$12.83
<b>Total</b>	<b>\$31.67</b>	<b>\$34.83</b>

Source: Based on Saturn management projections as of June 2016, company filings  
 Note:  
 1) Assumes equity raised at current Luna price of \$21.25  
 2) Excludes production loans  
 3) Adjusting Luna EBITDA for startup costs, leverage excluding synergies would be 6.1x pre-equity raise and 5.3x post-equity raise; leverage including synergies would be 5.7x pre-equity raise and 5.0x post-equity raise



Pro Forma Ownership		
	Class A	Class B
Luna Offer Exchange Ratio	0.566x	0.623x
Saturn Shares Today	94.7	9.9
Luna Shares in Saturn	2.1	2.6
<b>Saturn Shares Acquired</b>	<b>92.6</b>	<b>7.3</b>
<b>New Luna Shares Issued to Saturn Shareholders</b>	<b>52.4</b>	<b>4.5</b>
	Shares	Ownership
<b>Excl. Equity Raise</b>	<b>(mm)</b>	<b>(%)</b>
Current Fully Diluted Luna Shares Outstanding	153	72.9%
<b>New Shares Issued to Saturn</b>	<b>57</b>	<b>27.1%</b>
<b>Pro Forma Shares Outstanding</b>	<b>210</b>	<b>100.0%</b>
	Shares	Ownership
<b>Incl. \$500mm Equity Raise<sup>1</sup></b>	<b>(mm)</b>	<b>(%)</b>
Current Fully Diluted Luna Shares Outstanding	153	65.5%
<b>New Shares Issued to Saturn</b>	<b>57</b>	<b>24.4%</b>
New Shares Issued in Equity Raise based on Luna Current Price of \$21.25	24	10.1%
<b>Pro Forma Shares Outstanding</b>	<b>233</b>	<b>100.0%</b>
Pro Forma Luna Leverage		
Luna Current Net Debt @ 3/31/2016 <sup>2</sup>		788
Saturn Current Net Debt @ 3/31/2016		1,121
Cash Consideration Paid to Saturn		2,012
Transaction Costs (preliminary and subject to change)		125
<b>Pro Forma Net Debt</b>		<b>4,047</b>
Less: Cash Proceeds from Equity Raise		(500)
<b>Implied Pro Forma Net Debt</b>		<b>3,547</b>
Luna CY 2016E EBITDA (incl. equity income) <sup>3</sup>		229
Saturn CY 2016E EBITDA		490
<b>Pro Forma CY 2016E EBITDA</b>		<b>719</b>
<b>Implied Pro Forma Net Leverage (Pre-Equity Raise &amp; Excluding Synergies)</b>		<b>5.6x</b>
<b>Implied Pro Forma Net Leverage (Post-Equity Raise &amp; Excluding Synergies)</b>		<b>4.9x</b>
<b>Implied Pro Forma Net Leverage (Pre-Equity Raise &amp; Including \$40mm of Synergies)</b>		<b>5.3x</b>
<b>Implied Pro Forma Net Leverage (Post-Equity Raise &amp; Including \$40mm of Synergies)</b>		<b>4.7x</b>



## Draft Working Materials - Subject to Change

### Preliminary Transaction Financing Structure

Luna will require ~\$4bn of new capital commitment to finance the proposed transaction

Overview of Current Capital Structure							Sources & Uses	
<b>Luna<sup>1</sup></b>							<b>Sources</b>	
Tranche	Amount (\$mm)	Maturity	Coupon	Price	Refi?	Estimated Breakage Costs	Sources	\$mm
Senior Notes	225	Aug-18	5.25%	102.75	Yes	11	New 6-Year Bank Debt @ L+[300]	2,605
Term Loan	400	Mar-22	L+400		Yes	8	New 8-Year Notes @ [7.00%]	850
Revolver	161	Sep-17	L+250		Yes	-	New Equity <sup>2</sup>	500
Converts	60	Apr-18	1.25%	98.50	No	-	Luna Equity Issues to Saturn Shareholders	1,210
<b>Total</b>	<b>846</b>					<b>19</b>	<b>Total</b>	<b>5,165</b>
<b>Saturn</b>							<b>Uses</b>	
Tranche	Amount (\$mm)	Maturity	Coupon	Price	Refi?	Estimated Breakage Costs	Uses	\$mm
Term Loan	391	Apr-20	L+150-225		Yes	-	Saturn Equity Purchased With Cash	2,012
Senior Notes	677	Sep-19	5.00%	101.95	Yes	7	Saturn Equity Purchased With Stock	1,174
Cap Leases	63				No	-	Luna Senior Notes	225
<b>Total</b>	<b>1,131</b>					<b>7</b>	Luna Term Loan	400
							Luna Revolver	161
							Saturn Term Loan	391
							Saturn Senior Notes	677
							Transaction Costs	125
							<b>Total</b>	<b>5,165</b>



Source: Bloomberg

Note:

1) Excludes production loans

2) Assumes equity raised at current Luna price of \$21.25

Luna Snapshot

Summary Trading Valuation (as of 6/13/2016)

*(\$mm, unless indicated)*

Share Price @ Market (\$)	\$21.25
Equity Value	3,250
Plus: Net Debt @ 3/31/16 <sup>2</sup>	788
Plus: Minority Interests @ 3/31/16	91
Less: Equity Investments @ 3/31/16 <sup>3</sup>	(634)
Gross Enterprise Value	3,495
Less: Value of Tax Attributes <sup>4</sup>	(769)
Adj. Enterprise Value	2,726

	Metric (\$mm)	Gross Multiple	Adjusted Multiple
FY 2016A EBITDA (Pre-SBC)	118	29.6x	23.1x
FY 2017E EBITDA (Pre-SBC)	192	18.2x	14.2x
FY 2016A EBITDA (Post-SBC)	40	86.9x	67.8x
FY 2017E EBITDA (Post-SBC)	106	33.0x	25.7x

Leverage<sup>5</sup>

Net Debt / FY 2017E EBITDA	3.1x
Net Debt / FY 2017E EBITDA (Adjusted for Startup Costs)	4.8x
Credit Ratings	BB- / Ba3

Top 10 Shareholders in Luna

Holder Name	Shares	Mkt Value (\$mm)	% OS
MHR	30.2	643	19.8%
Capital Research & Manag. Co. (World Investors)	8.8	188	5.8%
Fidelity	8.5	180	5.5%
Capital Research & Manag. Co. (Global Investors)	7.8	167	5.1%
The Vanguard Group	7.4	158	4.8%
Naya Capital Management UK Ltd.	5.4	116	3.6%
Discovery Communications	5.0	106	3.3%
Liberty Global	5.0	106	3.3%
Kornitner	4.6	98	3.0%
JCM	4.4	94	2.9%
Top 10 Holders	87.2	1,856	57.0%

Source: Public company filings, Wall Street research

Notes:

1) Based on fully diluted shares outstanding using treasury stock method; convertible debt treated on an as-if converted basis with appropriate dilutive impact to shares outstanding for in the money converts; based on 147.2mm basic shares outstanding, 16.0mm in-the-money options outstanding (at WAEP of \$23.83) and 1.6mm RSUs

2) Net debt excludes the value of production loans

3) Equity in affiliates assumes Epix valued at 10.0x multiple based on assumed 2016E EBITDA of \$104mm, implying a \$322mm value for Luna's 31% stake; assumes TVGN valued at cost of \$125mm; Defy Media / Celestial Tiger stake valued at \$65mm; Saturn stake based on market prices

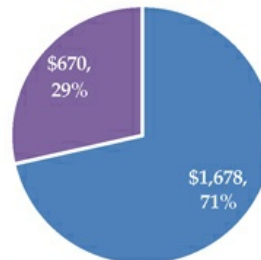
4) Includes net present value of difference between Luna actual tax rate given Canadian incorporation vs. peer normalized tax rate, incorporating value of existing NOLs

5) Includes equity income for leverage purposes

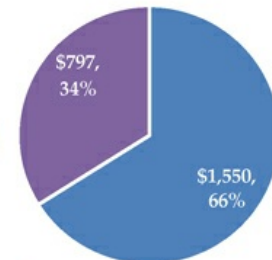


FY 2016A Revenue Breakdown (\$mm)

FY 2016A Revenue by Segment



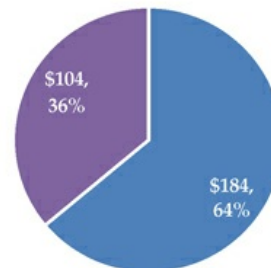
FY 2016A Revenue by Geography



■ Motion Pictures  
■ Television Production

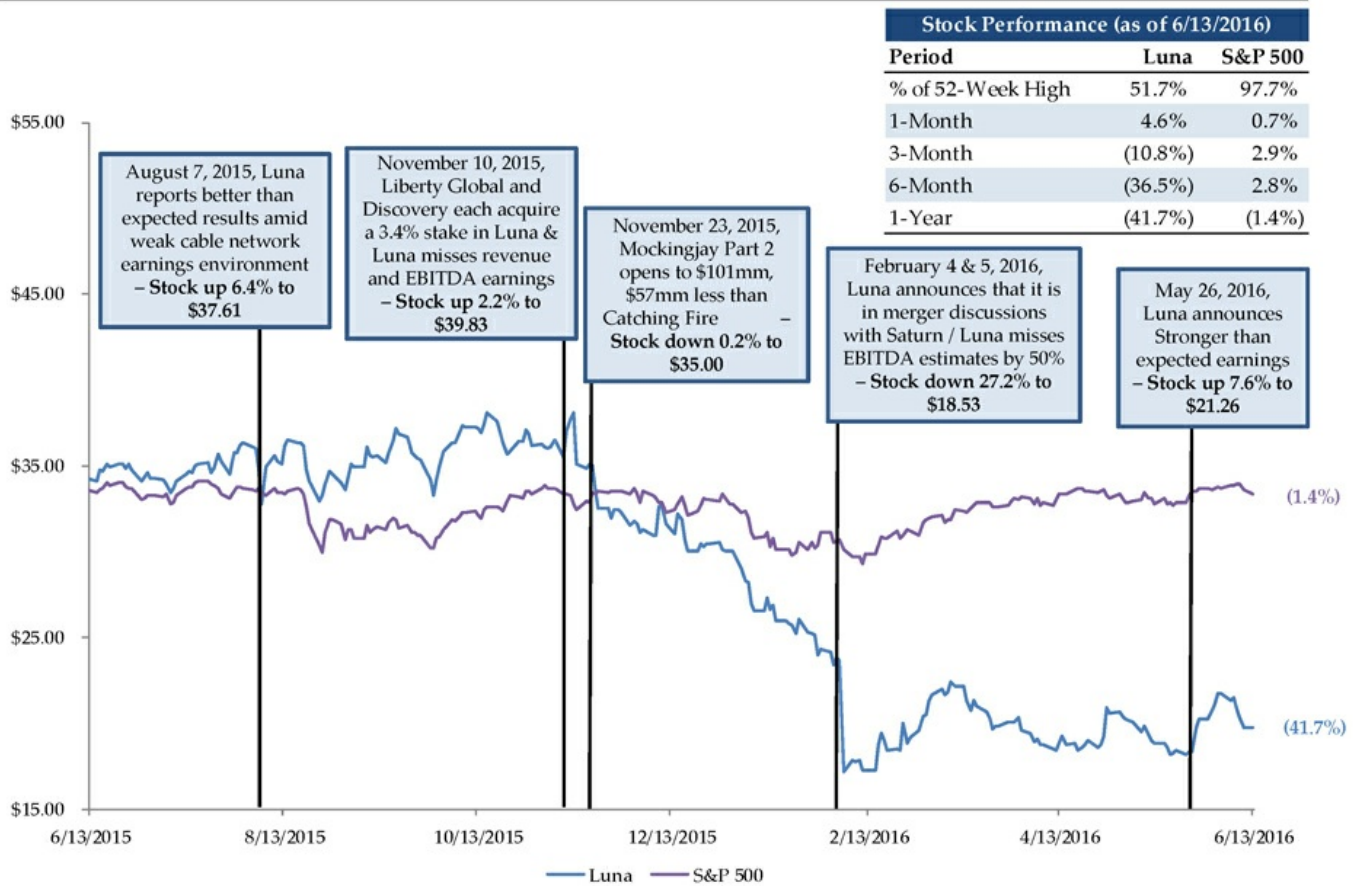
■ United States  
■ Other

FY 2016A Contribution Breakdown (\$mm)



■ Motion Pictures  
■ Television Production

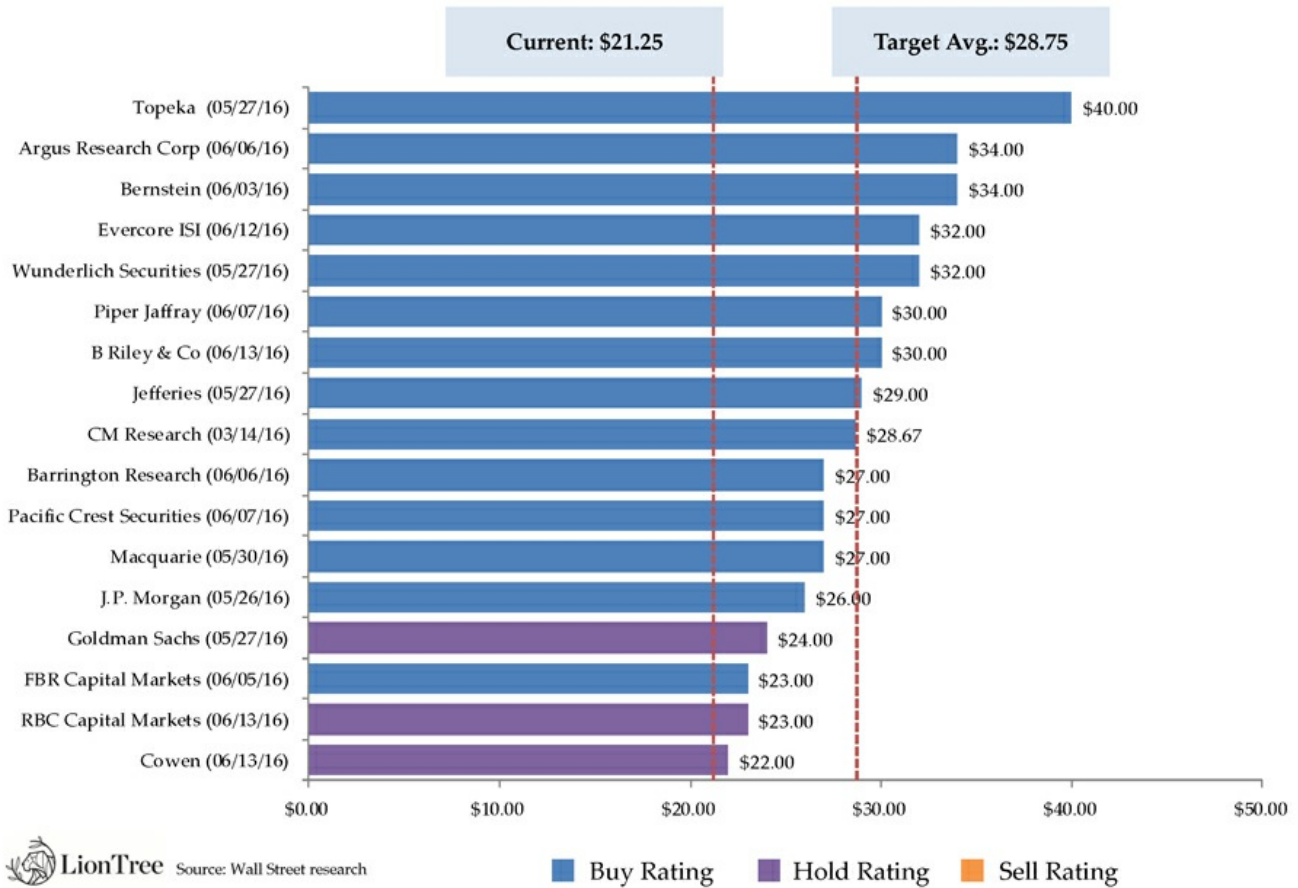
Luna LTM Stock Price Performance



Source: FactSet  
Note: S&P 500 indexed to Luna share price

## Luna Research Analyst Price Targets

Luna currently trades at a 26.1% discount to the average analyst price target



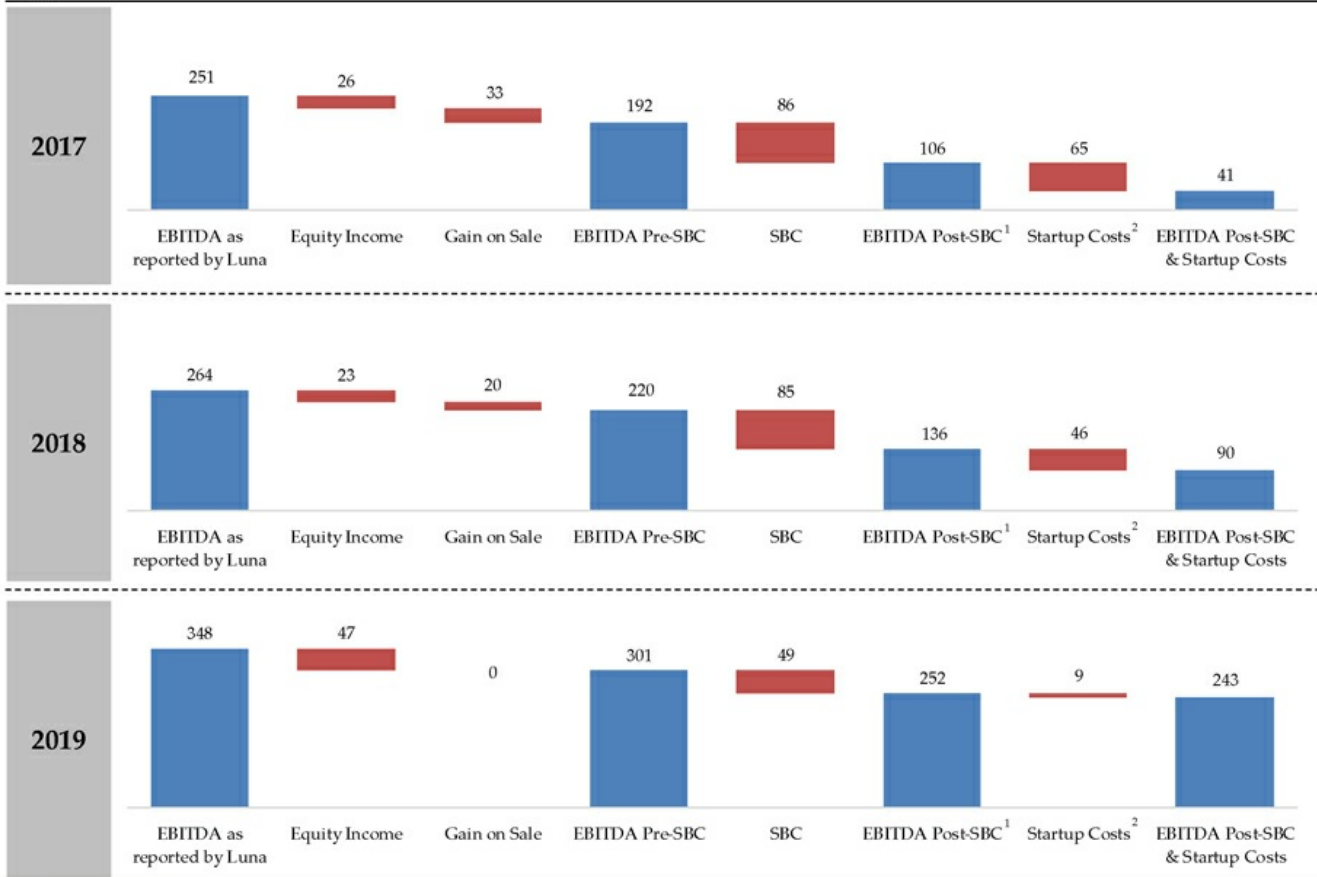
## Draft Working Materials - Subject to Change

### Luna Financial Projections – Per Luna

(\$mm)	Fiscal Year Ended March 31,				CAGR
	2016A	2017E	2018E	2019E	'16A-'19E
Motion Pictures	1,678	1,874	1,913	2,404	12.7%
% Growth	-	11.7%	2.1%	25.7%	
Television	670	979	1,094	1,188	21.1%
% Growth	-	46.1%	11.8%	8.6%	
<b>Revenue</b>	<b>2,347</b>	<b>2,853</b>	<b>3,007</b>	<b>3,592</b>	<b>15.2%</b>
% Growth	-	21.5%	5.4%	19.5%	
<b>Gross Contribution</b>					
Motion Pictures	184	267	279	361	25.1%
% Margin	11.0%	14.2%	14.6%	15.0%	
Television	104	116	135	170	17.7%
% Margin	15.5%	11.8%	12.3%	14.3%	
<b>Total Gross Contribution</b>	<b>288</b>	<b>383</b>	<b>414</b>	<b>531</b>	<b>22.6%</b>
% Margin	12.3%	13.4%	13.8%	14.8%	
<b>EBITDA (incl. equity gains)</b>	<b>162</b>	<b>251</b>	<b>264</b>	<b>348</b>	<b>17.8%</b>
% Growth	-	54.5%	5.1%	32.1%	
% Margin	6.9%	8.8%	8.8%	9.7%	
<b>EBITDA (excl. equity gains)</b>	<b>111</b>	<b>192</b>	<b>220</b>	<b>301</b>	<b>25.2%</b>
% Growth	-	73.0%	14.7%	36.7%	
% Margin	4.7%	6.7%	7.3%	8.4%	
<b>Unlevered Free Cash Flow</b>	<b>126</b>	<b>155</b>	<b>172</b>	<b>202</b>	<b>14.1%</b>
% Growth	-	23.2%	11.3%	17.1%	
<b>Levered Free Cash Flow</b>	<b>70</b>	<b>93</b>	<b>115</b>	<b>152</b>	<b>27.7%</b>
% Growth	-	32.5%	22.9%	32.6%	

Luna EBITDA Bridge

(\$mm)



Source: Luna management

Note: FY2017 EBITDA does not adjust for \$20mm of non-cash Pilgrim and \$65mm of start-up costs to the extent diligence shows to be non-recurring

1) EBITDA Pre-SBC includes income from Epix, POP Network, and various other minority equity investment gains and losses

2) Start-up costs of \$64.9mm in 2017E, \$45.7mm in 2018E and \$8.7mm in 2019E

## Draft Working Materials - Subject to Change

### Value of Luna Offer – Sensitivity on Luna Stock Price

Luna Stock Price	\$15.00	\$16.00	\$17.00	\$18.00	\$19.00	\$20.00	\$21.25	\$22.00	\$23.00	\$24.00	\$25.00
<i>% Premium / (Discount) to Current Price:</i>	(29.4%)	(24.7%)	(20.0%)	(15.3%)	(10.6%)	(5.9%)	0.0%	3.5%	8.2%	12.9%	17.6%
Exchange Ratio	0.566x	0.566x	0.566x	0.566x	0.566x	0.566x	0.566x	0.566x	0.566x	0.566x	0.566x
<b>Value of Stock Portion Per Share (post 3% discount)</b>	<b>\$8.24</b>	<b>\$8.78</b>	<b>\$9.33</b>	<b>\$9.88</b>	<b>\$10.43</b>	<b>\$10.98</b>	<b>\$11.67</b>	<b>\$12.08</b>	<b>\$12.63</b>	<b>\$13.18</b>	<b>\$13.73</b>
<b>Value of Cash Portion Per Share</b>	<b>\$20.00</b>	<b>\$20.00</b>	<b>\$20.00</b>	<b>\$20.00</b>	<b>\$20.00</b>	<b>\$20.00</b>	<b>\$20.00</b>	<b>\$20.00</b>	<b>\$20.00</b>	<b>\$20.00</b>	<b>\$20.00</b>
<b>Value of Offer Pre-Synergies</b>	<b>\$28.24</b>	<b>\$28.78</b>	<b>\$29.33</b>	<b>\$29.88</b>	<b>\$30.43</b>	<b>\$30.98</b>	<b>\$31.67</b>	<b>\$32.08</b>	<b>\$32.63</b>	<b>\$33.18</b>	<b>\$33.73</b>
PV of Cost Synergies (\$mm) <sup>1</sup>	295	295	295	295	295	295	295	295	295	295	295
PV of Tax Synergies (\$mm) <sup>1</sup>	586	586	586	586	586	586	586	586	586	586	586
<b>PV of Synergies (\$mm)<sup>1</sup></b>	<b>881</b>	<b>881</b>	<b>881</b>	<b>881</b>	<b>881</b>	<b>881</b>	<b>881</b>	<b>881</b>	<b>881</b>	<b>881</b>	<b>881</b>
<i>Saturn PF Ownership (incl. Equity Raise)<sup>2</sup></i>	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%	24.4%
<b>PV of Synergies to Saturn Shareholders (\$mm)</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>	<b>215</b>
Saturn Shares Outstanding @ Offer (mm) <sup>3</sup>	100	100	100	100	100	100	100	100	100	100	100
<b>Synergies per Saturn Share</b>	<b>\$2.15</b>	<b>\$2.15</b>	<b>\$2.15</b>	<b>\$2.15</b>	<b>\$2.15</b>	<b>\$2.15</b>	<b>\$2.15</b>	<b>\$2.15</b>	<b>\$2.15</b>	<b>\$2.15</b>	<b>\$2.15</b>
<b>Value of Offer (Incl. Synergies)</b>	<b>\$30.39</b>	<b>\$30.94</b>	<b>\$31.49</b>	<b>\$32.03</b>	<b>\$32.58</b>	<b>\$33.13</b>	<b>\$33.82</b>	<b>\$34.23</b>	<b>\$34.78</b>	<b>\$35.33</b>	<b>\$35.88</b>
<i>% Premium to Current Class A Saturn Price:</i>	16.8%	18.9%	21.0%	23.2%	25.3%	27.4%	30.0%	31.6%	33.7%	35.8%	37.9%
<i>% Premium to Saturn Midpoint DCF Value Per Share:</i>											
<i>Saturn Management Case DCF</i>	(5.7%)	(4.0%)	(2.3%)	(0.6%)	1.1%	2.8%	5.0%	6.2%	7.9%	9.6%	11.4%
<i>Saturn Sensitivity Case DCF</i>	2.4%	4.2%	6.1%	7.9%	9.8%	11.6%	13.9%	15.3%	17.2%	19.0%	20.9%
<i>Saturn Research Case DCF</i>	11.5%	13.5%	15.5%	17.5%	19.5%	21.5%	24.1%	25.6%	27.6%	29.6%	31.6%

Note:

- 1) Synergies are preliminary and subject to diligence; assumes \$40mm in run rate cost synergies phased in 50% in 2017 and 100% in 2018 and beyond, net of \$30mm of integration costs; ~\$57mm in annual tax savings
- 2) Assumes equity raised at current Luna price of \$21.25
- 3) Excludes Saturn shares held by Luna



Preliminary Liquidity Analysis – Subject to Further Diligence

(\$mm, unless indicated)	Calendar YE Dec. 31,			Source / Preliminary Assumption
	2016	2017	2018	
Saturn EBITDA	490	543	612	Per Saturn management
Luna EBITDA	229	260	327	As reported by Luna management
EBITDA Synergies	-	20	40	Subject to further diligence
<b>Total EBITDA</b>	<b>719</b>	<b>823</b>	<b>979</b>	
Less: Capex	(37)	(27)	(20)	Per Luna and Saturn management plans
Less: Investment in Film and TV, Net of Amort.	(120)	75	(13)	Per Luna and Saturn management plans
Less: Working Capital	70	(68)	(97)	Per Luna and Saturn management plans
Less: Other Adjustments	(76)	(80)	(67)	Includes adjustments for acquisition related charges, restructuring, EMEs, start-up costs and gain on investments
<b>Unlevered Pre-Tax FCF</b>	<b>556</b>	<b>723</b>	<b>782</b>	
Less: Pro Forma Interest	(170)	(170)	(170)	Based on preliminary financing structure as described on page 16
Less: Pro Forma Taxes	-	-	-	Assumes pro forma company pays no taxes through 2018 (subject to further diligence)
<b>Free Cash Flow</b>	<b>386</b>	<b>553</b>	<b>612</b>	
Less: Dividend	(82)	(86)	(90)	Assumes same dividend per share issued to all pro forma shareholders
<b>Post-Dividend Cash Flow</b>	<b>304</b>	<b>467</b>	<b>522</b>	
Ending Net Debt	3,507	3,039	2,517	
<b>Ending Net Leverage</b>	<b>4.9x</b>	<b>3.7x</b>	<b>2.6x</b>	



## Section 4

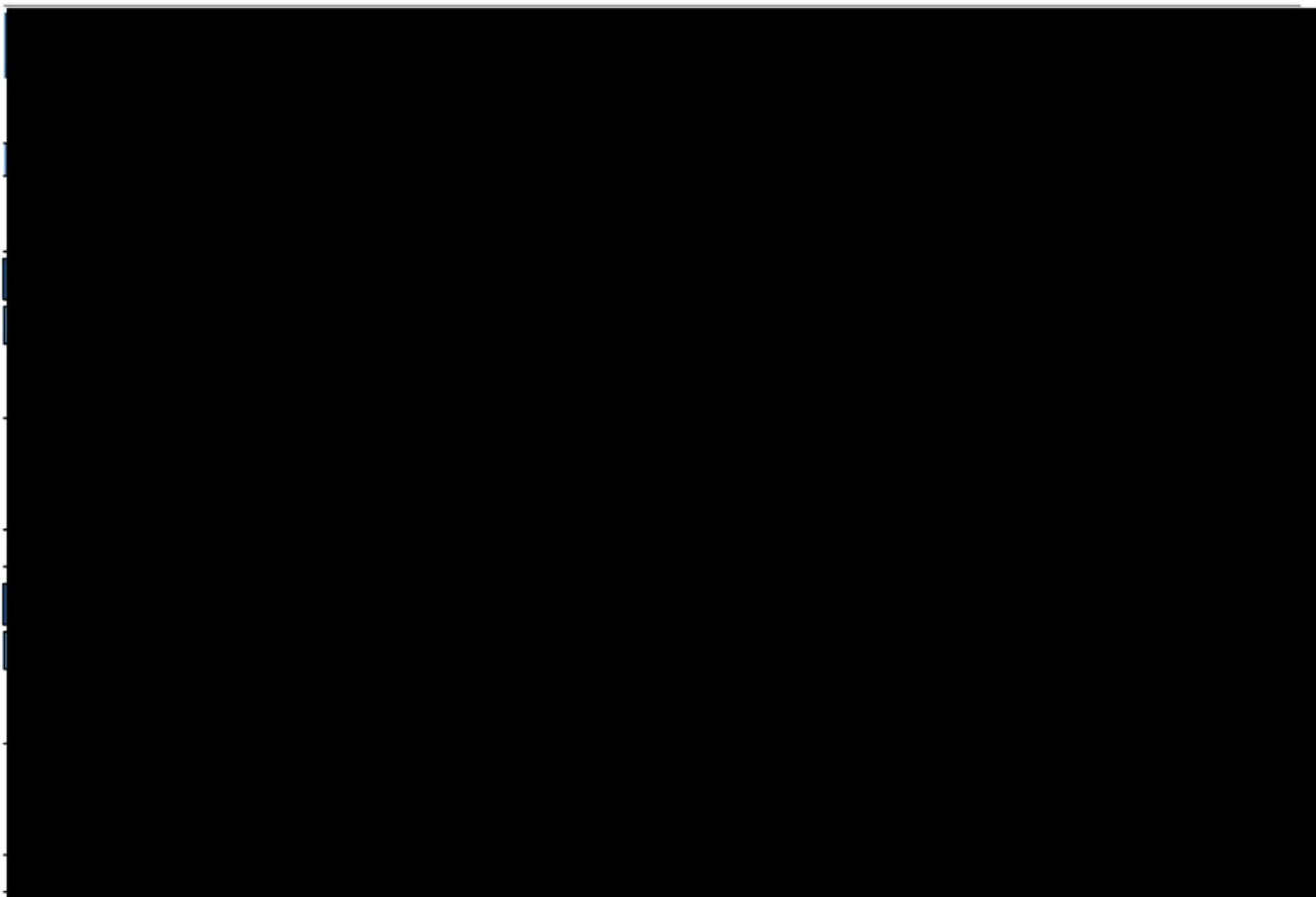
### Preliminary [REDACTED] Transaction Overview



Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

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Illustrative [REDACTED] Transaction Summary



Snapshot

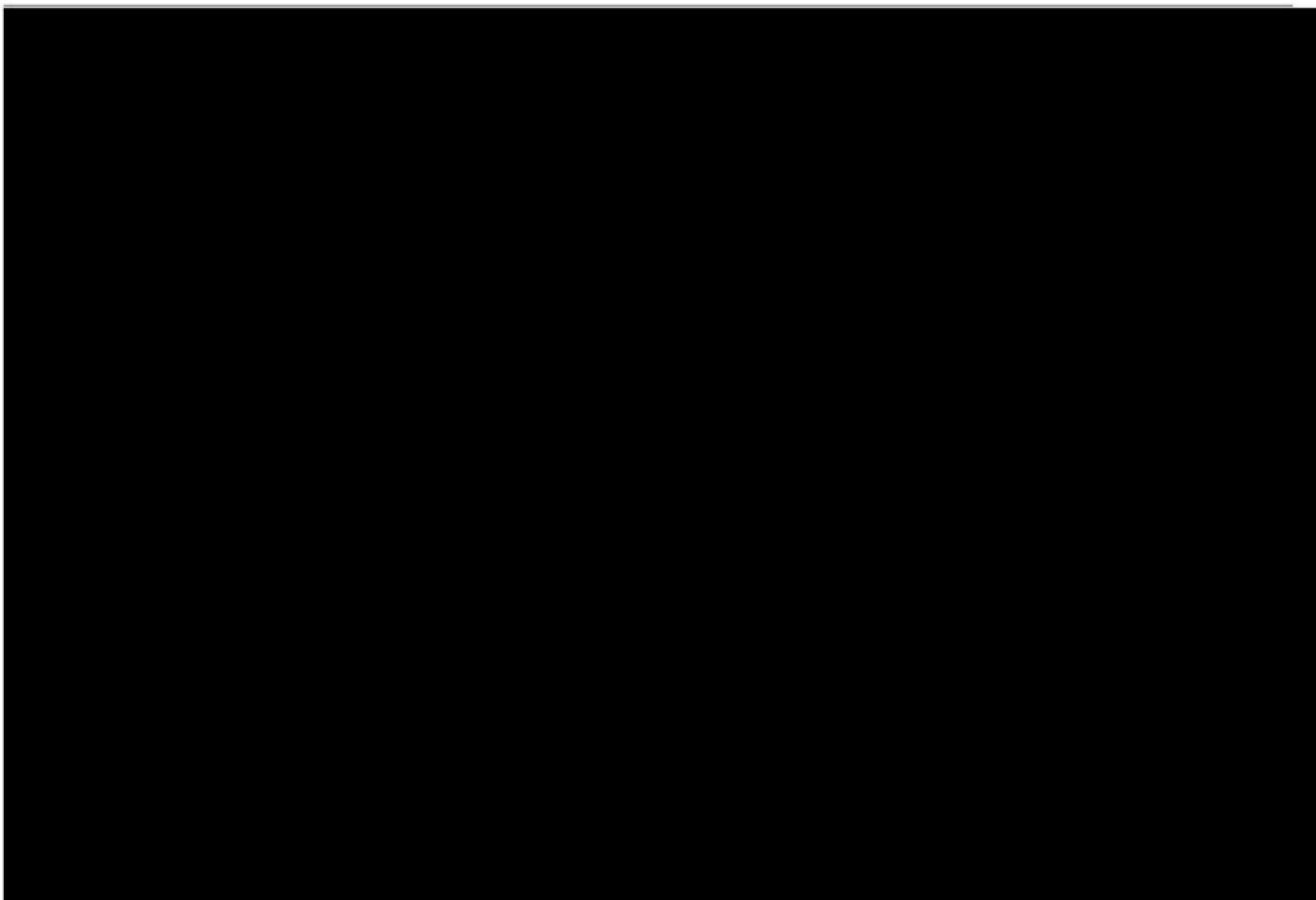


[Redacted text]

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

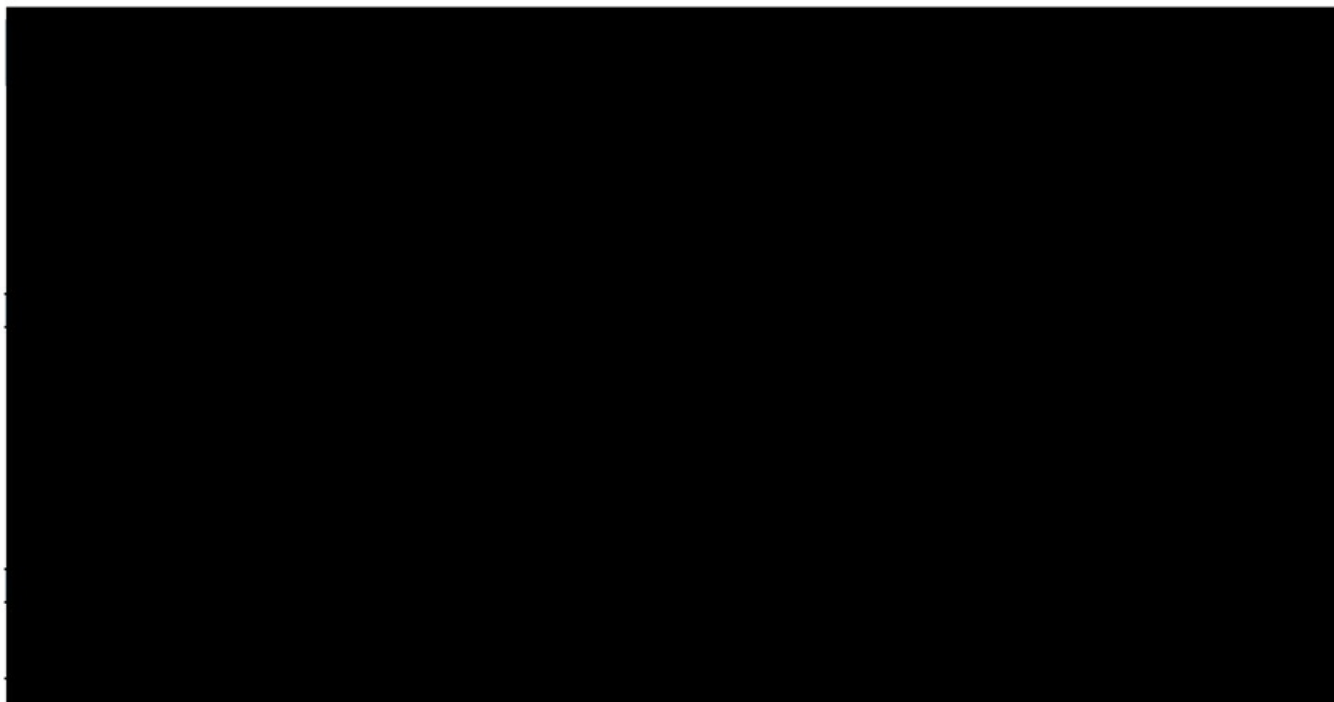
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Research Analyst Price Targets



Financial Projections

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## Draft Working Materials - Subject to Change

### Discounted Cash Flow Analysis<sup>1</sup>

(\$mm)	Fiscal Year Ended December 31,				
	2016E	2017E	2018E	2019E	2020E
<b>EBITDA (Before SBC)</b>					
Less: Stock Based Compensation					
Less: Depreciation & Amortization					
<b>EBIT</b>					
Less: Taxes @ 35%					
<b>After-Tax EBIT</b>					
Plus: D&A					
Less: Capex					
Less: (Increase) / Decrease in Working Capital					
<b>Unlevered Free Cash Flows</b>					
Present Value of Cash Flows					
Present Value of Terminal Value					
<b>Present Value of Enterprise</b>					
Less: Net Debt & Other					
<b>Present Value of Equity</b>					
Shares					
<b>Price Per Share</b>					
	<b>DCF Equity Value Per Share</b>				
	<b>LTM Terminal EBITDA Multiple</b>				
	<b>WACC</b>				

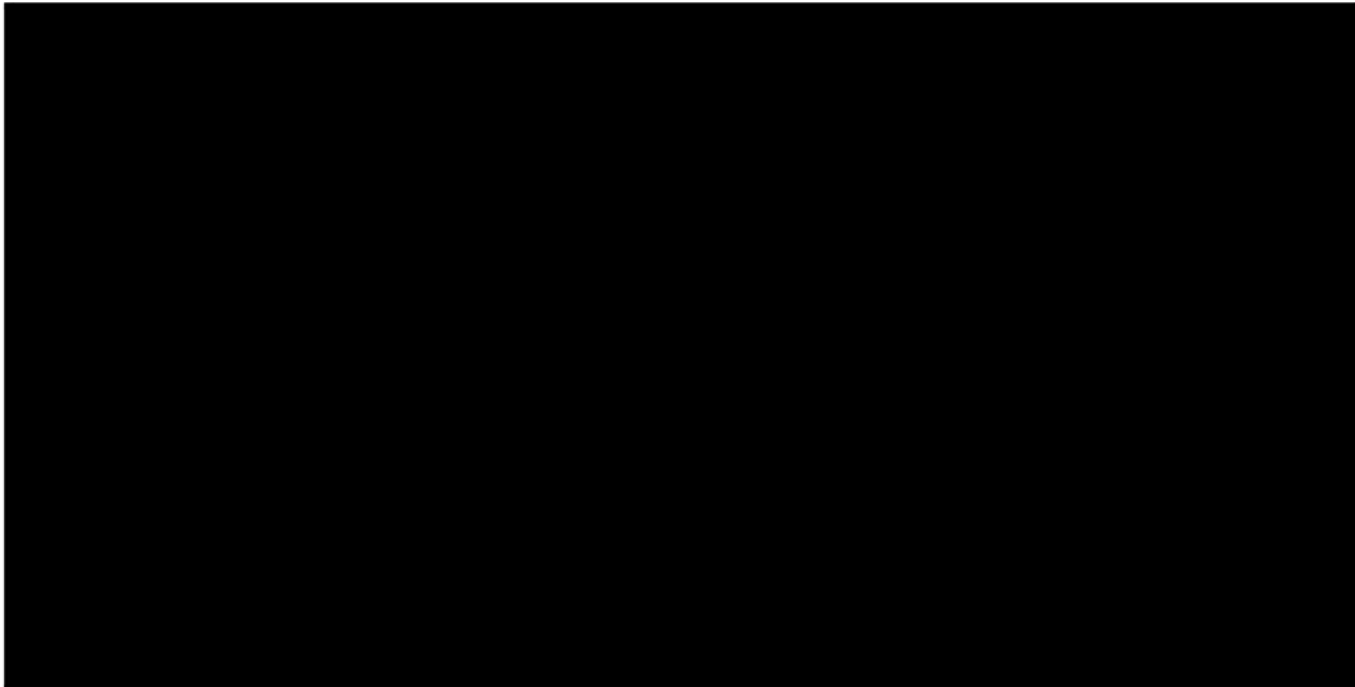


Source: Wall Street research  
Notes:

**Draft Working Materials - Subject to Change**

Value of [REDACTED] Fixed Exchange Ratio Offer – Sensitivity on [REDACTED] Stock Price

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Note: [REDACTED]

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

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# Appendix

## Additional Reference Materials





Side-by-Side Trading Analysis

	Saturn <sup>3</sup>		Luna <sup>4</sup>		
<i>(\$mm, unless indicated)</i>					
<b>Class A Price (\$)<sup>1</sup></b>	<b>\$26.01</b>				
Fully Diluted Class A Shares	93.5				
<b>Class B Price (\$)<sup>1</sup></b>	<b>\$25.94</b>				
Fully Diluted Class B Shares	9.9				
<b>Blended Price (\$)</b>	<b>\$26.00</b>				<b>\$21.25</b>
Fully Diluted Shares	103.4				153.0
<b>Equity Value</b>	<b>2,687</b>				<b>3,250</b>
Plus: Net Debt & Other <sup>1</sup>	1,096				245
<b>Enterprise Value</b>	<b>3,783</b>				<b>3,495</b>
Less: Value of Tax Attributes <sup>2</sup>	-				(769)
<b>Adj. Enterprise Value</b>	<b>3,783</b>				<b>2,726</b>
	<b>Metric</b>		<b>Metric</b>	<b>Gross</b>	<b>Adjusted</b>
	<b>(\$mm)</b>	<b>Mult</b>	<b>(\$mm)</b>	<b>Mult</b>	<b>Mult</b>
<b>EV/</b>					
CY 2016E EBITDA - Management Case <sup>5</sup>	490	7.7x	174	20.1x	15.7x
CY 2017E EBITDA - Management Case <sup>5</sup>	543	7.0x	213	16.4x	12.8x
CY 2016E EBITDA - Research Case <sup>5</sup>	466	8.1x			
CY 2017E EBITDA - Research Case <sup>5</sup>	521	7.3x			
<b>Leverage</b>					
Net Debt / 2016E EBITDA <sup>6</sup>		2.3x			3.3x
<b>'16E - '18E CAGRs</b>					
Revenue		4.8%			12.4%
EBITDA		11.8%			27.2%
<b>Analyst Price Targets</b>					
High		\$35.38			\$40.00
Average		\$30.85			\$28.75
Premium to Current Price		15.7%			26.1%
Low		\$22.57			\$22.00

Source: Saturn management projections as of June 2016, public company filings, Wall Street research

Note: prices as of June 13, 2016

1) For Luna, equity in affiliates assumes Epix valued at 10.0x multiple based on assumed 2016E EBITDA of \$104mm, implying a \$322mm value for Luna's 31% stake; assumes TVGN

valued at cost of \$125mm; Defy Media / Celestial Tiger stakes valued at \$65mm; Saturn stake based on market prices

2) Includes net present value of difference between Luna actual tax rate given Canadian incorporation vs. peer normalized tax rate, incorporating value of existing NOLs

3) JCM has 0.1mm shares of Class A Saturn stock and 6.2mm shares of Class B Saturn stock for a total voting stake of 33.1%, economic stake of 6.1% and a value of \$164mm; JCM has

4.4mm shares of Luna common stock for a total voting stake of 2.9%, economic stake of 2.9% and a value of \$94mm

4) Luna has 2.1mm shares of Class A Saturn stock and 2.6mm shares of Class B Saturn stock for a total voting stake of 15.0%, economic stake of 4.6% and a value of \$122mm

5) EBITDA shown pre stock based compensation

6) For Luna leverage purposes, EBITDA includes equity income from affiliates



## Draft Working Materials - Subject to Change

### FY 2017E Plan Comparison

(\$mm)	March 2016 Plan	June 2016 Plan	Difference (New - Old)	
			(\$ Value)	(% Value)
<b>Revenue</b>				
Motion Pictures	1,938	1,874	(64)	(3.3%)
<i>% Growth</i>	-	-		
Television	1,016	979	(37)	(3.7%)
<i>% Growth</i>	-	-		
<b>Total Revenue</b>	<b>2,954</b>	<b>2,853</b>	<b>(101)</b>	<b>(3.4%)</b>
<i>% Growth</i>	-	-		
<b>Gross Contribution</b>				
Motion Pictures	298	267	(31)	(10.4%)
<i>% Margin</i>	15.4%	14.2%		
Television	128	116	(12)	(9.6%)
<i>% Margin</i>	12.6%	11.8%		
<b>Total Gross Contribution</b>	<b>426</b>	<b>383</b>	<b>(43)</b>	<b>(10.2%)</b>
<i>% Margin</i>	14.4%	13.4%		
<i>% Growth</i>	-	-		
<b>EBITDA Reported by Luna (incl. equity gains)</b>	<b>302</b>	<b>251</b>	<b>(51)</b>	<b>(17.0%)</b>
<i>% Margin</i>	10.2%	8.8%		
<i>% Growth</i>	-	-		



Source: Luna management  
 Note:  
 1) Other revenue and cost items not shown

## Draft Working Materials - Subject to Change

### Discounted Cash Flow Analysis of Luna Synergies<sup>1</sup>

(\$mm)	Fiscal Year Ended December 31,			
	2017E	2018E	2019E	2020E
<b>Synergies</b>	<b>20</b>	<b>40</b>	<b>40</b>	<b>40</b>
<i>% Growth</i>	<i>nm</i>	<i>100.0%</i>	<i>0.0%</i>	<i>0.0%</i>
Less: Integration Costs	(10)	(20)	0	0
<b>EBIT (post-integration costs)</b>	<b>10</b>	<b>20</b>	<b>40</b>	<b>40</b>
Less: Taxes @ 20.0%	(2)	(4)	(8)	(8)
<b>After-Tax EBIT</b>	<b>8</b>	<b>16</b>	<b>32</b>	<b>32</b>
Tax Synergies	57	57	57	57
<b>Total FCF from Synergies</b>	<b>65</b>	<b>73</b>	<b>89</b>	<b>89</b>
<i>% Growth</i>	<i>nm</i>	<i>12.3%</i>	<i>21.9%</i>	<i>0.0%</i>
<b>Discounted Free Cash Flows</b>	<b>58</b>	<b>59</b>	<b>66</b>	<b>60</b>
<b>NPV of Terminal Value</b>				<b>637</b>
<b>Total Synergy DCF Value</b>				<b>881</b>

#### Saturn Value Per Share of DCF Synergies

WACC	Annual Run-Rate Cost Synergies				
	30	35	40	45	50
9.00%	\$2.09	\$2.18	\$2.28	\$2.37	\$2.47
9.25%	2.03	2.12	2.21	2.31	2.40
9.50%	1.97	2.06	2.15	2.24	2.33
9.75%	1.92	2.01	2.09	2.18	2.27
10.00%	1.87	1.95	2.04	2.12	2.21

#### Sensitivity of DCF Synergy Value

WACC	Annual Run-Rate Cost Synergies				
	30	35	40	45	50
9.00%	854	894	933	972	1,011
9.25%	830	868	906	944	982
9.50%	807	844	881	918	955
9.75%	786	821	857	893	929
10.00%	765	800	834	869	904



Source: Synergies per Saturn and Luna management  
 1) Assumes mid-year convention, discounted back to 3/31/16; assumes 9.50% WACC and 0.0% PGR

Analysis of Premiums For Voting vs. Non-Voting Shares

Company	Structure	Current	6 Month Avg	1 Year Avg	3 Year Avg	5 Year Avg
Alphabet	No Vote / Low Vote	(1.8%)	(2.5%)	(3.2%)	na	na
CBS	No Vote / Low Vote	(6.5%)	(7.9%)	(7.7%)	(3.2%)	(2.5%)
Discovery Communications	No Vote / Low Vote	(3.4%)	(3.3%)	(4.7%)	(6.2%)	(7.6%)
Liberty Braves	No Vote / Low Vote	(2.6%)	na	na	na	na
Liberty Global	No Vote / Low Vote	(2.2%)	(2.9%)	(4.5%)	(5.5%)	(6.4%)
Liberty Interactive	Low Vote / High Vote	(0.2%)	(0.1%)	(0.1%)	0.6%	1.4%
Liberty Media	No Vote / Low Vote	(1.7%)	(2.3%)	(2.3%)	(2.3%)	(2.3%)
Liberty Sirius	No Vote / Low Vote	(1.2%)	na	na	na	na
Meredith Corporation	Low Vote / High Vote	(6.8%)	(6.1%)	(6.4%)	(3.4%)	(3.1%)
Twenty-First Century Fox, Inc.	No Vote / Low Vote	(0.6%)	(0.5%)	(0.3%)	1.4%	0.5%
Viacom	No Vote / Low Vote	(10.4%)	(7.8%)	(4.7%)	(1.3%)	(3.5%)
Mean		(3.4%)	(3.7%)	(3.8%)	(2.5%)	(2.9%)
Median		(2.2%)	(2.9%)	(4.5%)	(2.7%)	(2.8%)
High		(0.2%)	(0.1%)	(0.1%)	1.4%	1.4%
Low		(10.4%)	(7.9%)	(7.7%)	(6.2%)	(7.6%)

## Luna Production Slate Update

Film <sup>1</sup>		
Title	Release Date	Total Gross (\$mm)
Power Rangers	March '17	-
Boo! A Madea Halloween	October '16	-
Deepwater Horizon	September '16	-
The Wild Life	September '16	-
Out Kind of Traitor	July '16	-
Now You See Me 2	June '16	\$45.8
The Divergent Series: Allegiant	March '16	\$177
Gods of Egypt	February '16	\$142
The Hunger Games: Mockingjay Part 2	November '15	\$653
The Divergent Series: Insurgent	March '15	\$297
The Hunger Games: Mockingjay Part 1	November '14	\$755
Divergent	March '14	\$289
Now You See Me	May '13	\$352
The Hunger Games: Catching Fire	November '13	\$865
The Hunger Games	March '12	\$694

Television		
Title	Seasons	Comment
Mad Men	7	Finished FY15
Nurse Jackie	7	Finished FY15
Orange Is The New Black	3	Breakout hit, renewed for S4. Probably another 3 – 4 seasons to come
Nashville	3	Renewed for S4 (Sep-15). Decline in average rating (S3: 1.34 vs. S2: 1.5). S2 ratings also declined over its run
Manhattan	1	Renewed for S2 with good reviews. WGN series i.e. less premium
The Royals	1	Renewed for S2. E! network series i.e. less premium
Anger Management	2	Cancelled. 100 episodes aired
Houdini	1	Mini-series, not repeating
Ascension	1	Mini-series, not repeating

- Appears to be weakening TV production slate, although we note we have not seen development slate
- Loss of AMC (Mad Men) and Showtime (Nurse Jackie) titles, which have been replaced by less premium basic cable series and miniseries
- Mad Men and Nurse Jackie still expected to provide ongoing library value to Luna at a strong margin



Source: Company filings, Box Office Mojo

Note:

1) Includes domestic and international box office sales through Sunday June 12, 2016

## Draft Working Materials - Subject to Change

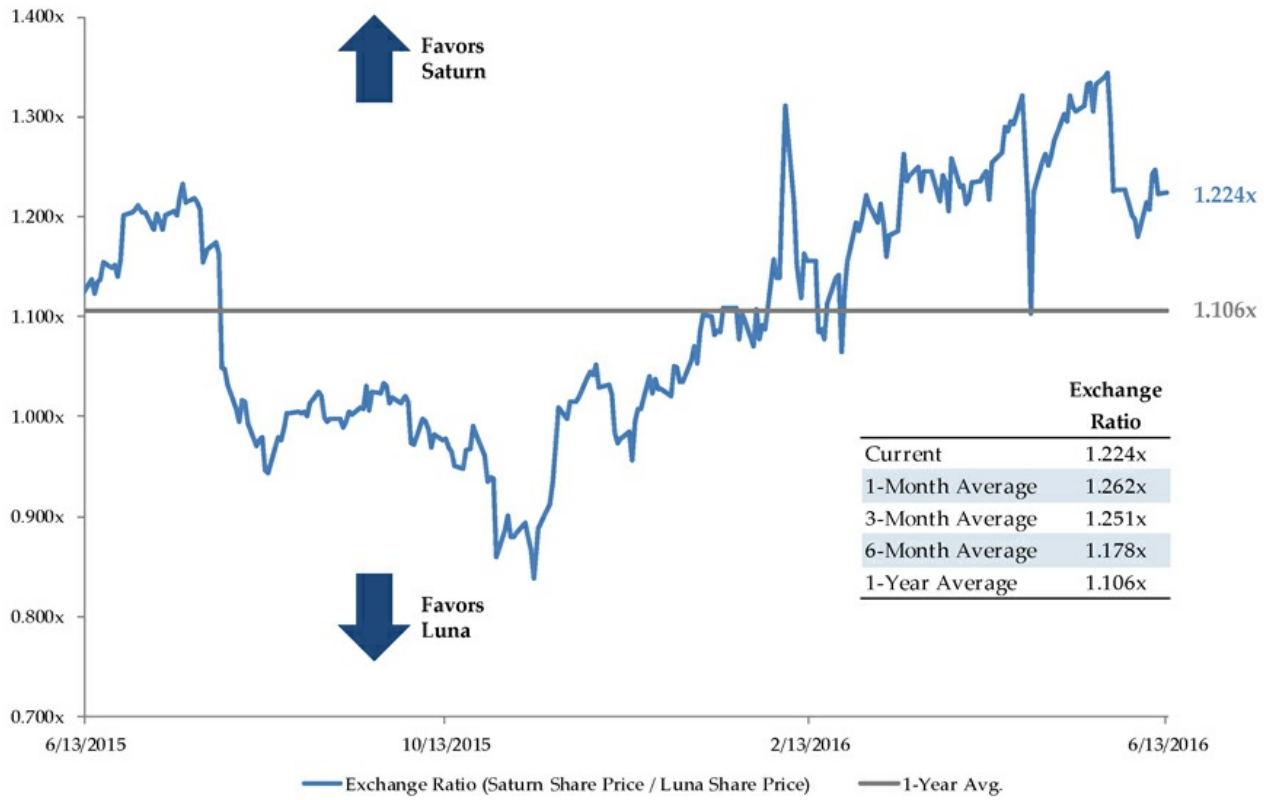
### Luna Detailed Financial Projections (Fiscal Year)

(\$mm)	Fiscal Year Ended March 31,						CAGR	CAGR	
	2013A	2014A	2015A	2016A	2017E	2018E	2019E	'13A-'16A	'17E-'19E
<b>Motion Pictures</b>	<b>2,329</b>	<b>2,183</b>	<b>1,820</b>	<b>1,678</b>	<b>1,874</b>	<b>1,913</b>	<b>2,404</b>		
% Growth	-	(6.3%)	(16.6%)	(7.8%)	11.7%	2.1%	25.7%		
<b>Television Productions</b>	<b>379</b>	<b>447</b>	<b>580</b>	<b>670</b>	<b>979</b>	<b>1,094</b>	<b>1,188</b>		
% Growth	-	18.0%	29.5%	15.6%	46.1%	11.8%	8.6%		
<b>Revenue</b>	<b>2,708</b>	<b>2,630</b>	<b>2,400</b>	<b>2,347</b>	<b>2,853</b>	<b>3,007</b>	<b>3,592</b>	<b>(4.7%)</b>	<b>12.2%</b>
% Growth	-	(2.9%)	(8.8%)	(2.2%)	21.5%	5.4%	19.5%		
<b>Direct Operating Expenses</b>									
<b>Motion Pictures</b>	<b>(1,078)</b>	<b>(981)</b>	<b>(828)</b>	<b>(874)</b>	<b>(911)</b>	<b>(884)</b>	<b>(1,103)</b>		
% of Segment Revenue	46.3%	44.9%	45.5%	52.1%	48.6%	46.2%	45.9%		
<b>Television</b>	<b>(313)</b>	<b>(388)</b>	<b>(488)</b>	<b>(532)</b>	<b>(837)</b>	<b>(929)</b>	<b>(990)</b>		
% of Segment Revenue	82.5%	86.8%	84.2%	79.4%	85.6%	84.9%	83.3%		
<b>Direct Operating Expenses</b>	<b>(1,391)</b>	<b>(1,369)</b>	<b>(1,316)</b>	<b>(1,407)</b>	<b>(1,749)</b>	<b>(1,813)</b>	<b>(2,093)</b>		
% of Revenue	51.3%	52.1%	54.8%	59.9%	61.3%	60.3%	58.3%		
<b>Distribution and Marketing</b>									
<b>Motion Pictures</b>	<b>(788)</b>	<b>(710)</b>	<b>(543)</b>	<b>(619)</b>	<b>(680)</b>	<b>(697)</b>	<b>(825)</b>		
% of Segment Revenue	33.8%	32.5%	29.8%	36.9%	36.3%	36.5%	34.3%		
<b>Television</b>	<b>(30)</b>	<b>(30)</b>	<b>(36)</b>	<b>(39)</b>	<b>(30)</b>	<b>(35)</b>	<b>(35)</b>		
% of Segment Revenue	8.0%	6.6%	6.2%	5.9%	3.0%	3.2%	2.9%		
<b>Distribution and Marketing</b>	<b>(818)</b>	<b>(740)</b>	<b>(579)</b>	<b>(658)</b>	<b>(710)</b>	<b>(733)</b>	<b>(860)</b>		
% of Revenue	30.2%	28.1%	24.1%	28.0%	24.9%	24.4%	23.9%		
<b>Gross Contribution</b>									
<b>Motion Pictures</b>	<b>464</b>	<b>492</b>	<b>450</b>	<b>184</b>	<b>267</b>	<b>279</b>	<b>361</b>		
% Margin	19.9%	22.5%	24.7%	11.0%	14.2%	14.6%	15.0%		
<b>Television</b>	<b>36</b>	<b>30</b>	<b>55</b>	<b>104</b>	<b>116</b>	<b>135</b>	<b>170</b>		
% Margin	9.4%	6.6%	9.5%	15.5%	11.8%	12.3%	14.3%		
<b>Total Gross Contribution</b>	<b>500</b>	<b>521</b>	<b>505</b>	<b>288</b>	<b>383</b>	<b>414</b>	<b>531</b>		
% Margin	18.4%	19.8%	21.0%	12.3%	13.4%	13.8%	14.8%		
<b>General and Administrative</b>									
<b>Plus: SBC</b>	<b>48</b>	<b>72</b>	<b>82</b>	<b>79</b>	<b>86</b>	<b>85</b>	<b>49</b>		
<b>Other Add Backs</b>	<b>-</b>	<b>-</b>	<b>53</b>	<b>51</b>	<b>59</b>	<b>43</b>	<b>47</b>		
<b>EBITDA (incl. equity gains)</b>	<b>332</b>	<b>346</b>	<b>385</b>	<b>162</b>	<b>251</b>	<b>264</b>	<b>348</b>	<b>(21.2%)</b>	<b>17.8%</b>
% Growth	-	4.4%	11.2%	(57.8%)	54.5%	5.1%	32.1%		
% Margin	12.2%	13.2%	16.0%	6.9%	8.8%	8.8%	9.7%		
<b>EBITDA (excl. equity gains)</b>	<b>335</b>	<b>321</b>	<b>332</b>	<b>111</b>	<b>192</b>	<b>220</b>	<b>301</b>	<b>(30.8%)</b>	<b>25.2%</b>
% Growth	-	(4.0%)	3.4%	(66.6%)	73.0%	14.7%	36.7%		
% Margin	12.4%	12.2%	13.9%	4.7%	6.7%	7.3%	8.4%		



Source: Public company filings, Wall Street research  
 1) Fiscal years 2017E – 2019E based on Luna estimates  
 2) Other revenue and cost items not shown

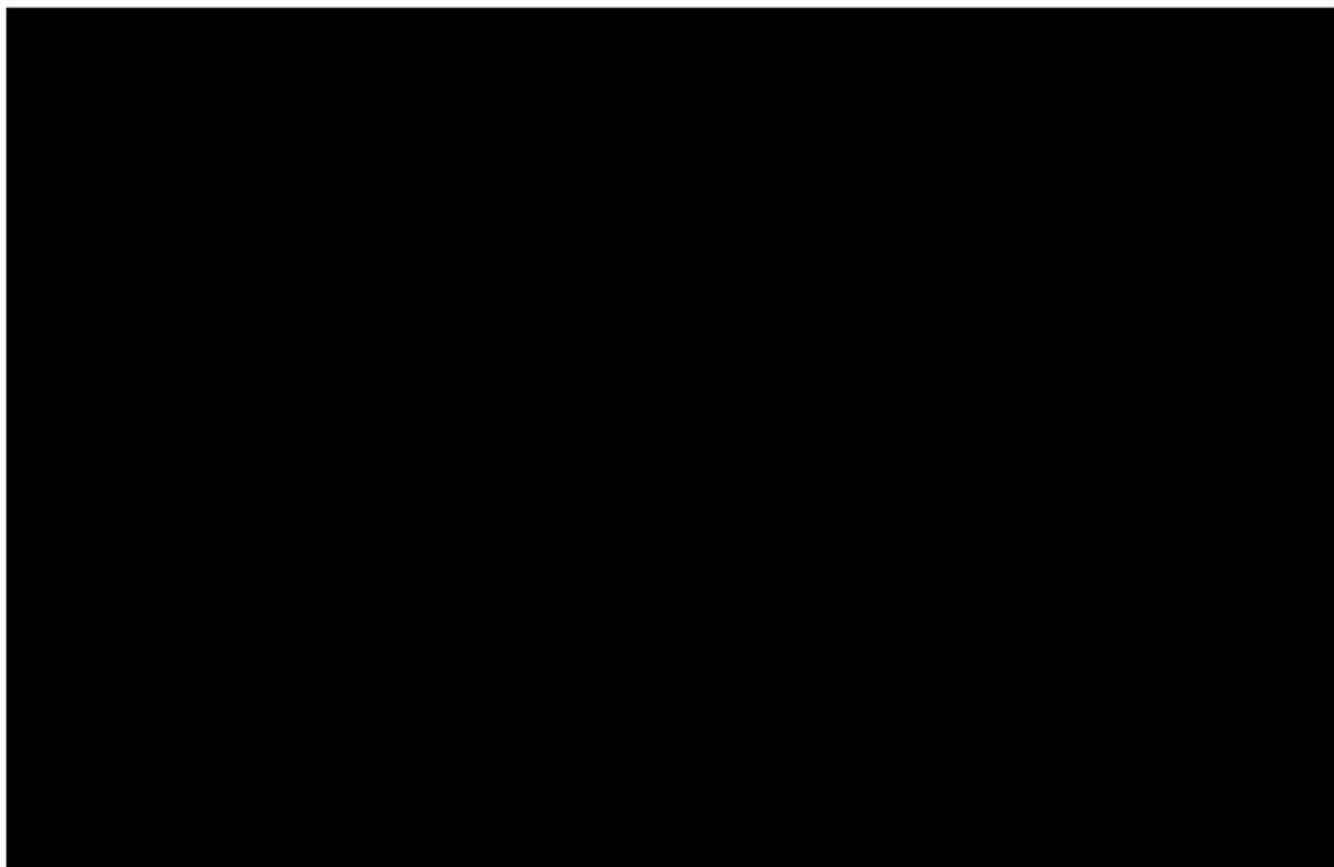
Saturn / Luna Historical Exchange Ratio



Source: FactSet  
Note: Assumes 100% stock transaction

Saturn / [REDACTED] Historical Exchange Ratio

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**Draft Working Materials – Subject To Change**

STRICTLY CONFIDENTIAL

# Project Galaxy

*Presentation to the Board of Directors*



June 20<sup>th</sup>, 2016

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## Section 1

### Executive Summary



Saturn Offer Comparison

	Saturn Series A @ Market <sup>3,4</sup>	Luna Offer <sup>2</sup>
<i>(\$mm, unless indicated)</i>		
<b>Current Acquiror Stock Price</b>		<b>Series A Offer</b> \$21.34
Exchange Ratio		0.5660x
<b>Stock Per Share</b>		<b>\$11.72</b>
<b>Cash Per Share</b>		<b>\$20.00</b>
<b>Price / Offer Value Per Series A Share (\$)</b>	\$26.36	\$31.72
<i>Implied Premium to Current Series A Price of \$26.36</i>	-	20.3%
<i>Implied Premium to 30-Day Series A VWAP of \$26.60</i>	(0.9%)	19.2%
<b>Equity Value<sup>1</sup></b>	<b>2,726</b>	<b>3,319</b>
Plus: Net Debt & Other	1,101	1,101
<b>Enterprise Value</b>	<b>3,827</b>	<b>4,419</b>
	<b>Metric (\$mm)</b>	<b>Implied Multiple</b>
<b><u>EV / EBITDA (Pre-SBC)</u></b>		
CY 2016E EBITDA - Management Case	490	7.8x
CY 2017E EBITDA - Management Case	543	7.1x
CY 2016E EBITDA - Sensitivity Case	480	8.0x
CY 2017E EBITDA - Sensitivity Case	503	7.6x
<b><u>EV / EBITDA (Post-SBC)</u></b>		
CY 2016E EBITDA - Management Case	460	8.3x
CY 2017E EBITDA - Management Case	511	7.5x
CY 2016E EBITDA - Sensitivity Case	450	8.5x
CY 2017E EBITDA - Sensitivity Case	471	8.1x

Source: Saturn management projections, public company filings, Wall Street research

Note: Prices as of June 17, 2016

1) Assumes Series B shares received the same consideration as the Series A shares; in Luna deal, actual equity value and enterprise value are \$3.38bn and \$4.45bn, respectively; [REDACTED]

2) Assumes 3% discount of non-voting to voting shares (please see page 23 for detail)

3) JCM has 0.1mm shares of Series A Saturn stock and 6.2mm shares of Series B Saturn stock for a total voting stake of 33.1%, economic stake of 6.1% and a value of \$165mm @ market; JCM has 4.4mm shares of Luna common stock for a total voting stake of 2.9%, economic stake of 2.9% and a value of \$94mm @ market

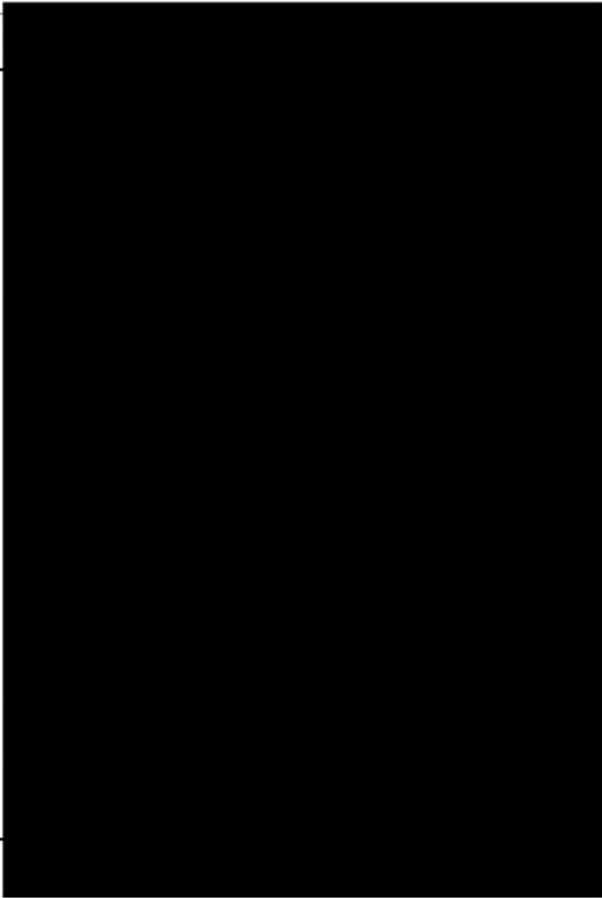
4) Luna has 2.1mm shares of Series A Saturn stock and 2.6mm shares of Series B Saturn stock for a total voting stake of 15.0%, economic stake of 4.5% and a value of \$123mm @ market



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Comparison of Offers

	Luna
Price / Value	<ul style="list-style-type: none"> <li>■ \$20.00 per share in cash + 0.5660x shares of Luna implies \$31.72 per share (based on current price of \$21.34)<sup>1,2</sup></li> <li>■ As part of the transaction, Luna will recapitalize its shares into voting and non-voting structure</li> <li>■ Consideration received by Saturn A shareholders will be in the form of non-voting stock</li> <li>■ 63% cash / 37% stock mix to Series A</li> </ul>
Consideration	<ul style="list-style-type: none"> <li>■ 10% premium and 20% cash / 80% stock mix to Series B                             <ul style="list-style-type: none"> <li>▶ Stock portion is half voting and half non-voting both at an exchange ratio of 0.6614x for each (1.3228x total)</li> </ul> </li> <li>■ PF Saturn ownership of 28.9%</li> <li>■ Resulting in PF net leverage of ~5.3x excluding synergies and ~5.0x including synergies<sup>3,4</sup></li> </ul>
Tax Treatment	Taxable to shareholders
Financing Certainty	Expect fully committed financing
Timing to Close	6-8 months



Source: Per Saturn management  
Note:



- 1) Assumes 3% discount for non-voting stock
- 2) Based on current prices as of market close on June 17, 2016
- 3) Leverage excludes production loans; EBITDA excludes start-up cost adjustments which would add an additional ~0.4x
- 4) Includes \$52mm in run-rate cost synergies

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Comparison of Offers (cont.)

Luna	
Key Considerations	<ul style="list-style-type: none"> <li>■ [REDACTED]</li> <li>■ Ready to sign the deal as early as tomorrow morning</li> </ul>
Buyer Stockholder Approval	<ul style="list-style-type: none"> <li>■ Statutory approval to create new Series of non-voting stock (66-2/3% of present/voting)</li> <li>■ NYSE vote (majority of present/voting)</li> <li>■ MOM vote likely required to create non-voting stock</li> <li>■ Luna offered expenses for no vote/market fee for rec pull</li> <li>■ Voting agreement from MHR requested</li> </ul>
Saturn Stockholder Approval	<ul style="list-style-type: none"> <li>■ Statutory stockholder approval (majority of voting power)</li> <li>■ A-only (other than JCM/Luna) MOM vote requested by SC [Open]</li> <li>■ Voting agreement from JCM and Luna requested                             <ul style="list-style-type: none"> <li>▶ Open: 18 month tail and ROFO in JCM agreement</li> </ul> </li> </ul>
Regulatory	<ul style="list-style-type: none"> <li>■ HSR: Low risk of business restrictions as condition to approval (Reasonableness standard; no RBF)</li> <li>■ FCC: Approval for CIC of uplink license but likely would not present a problem</li> </ul>



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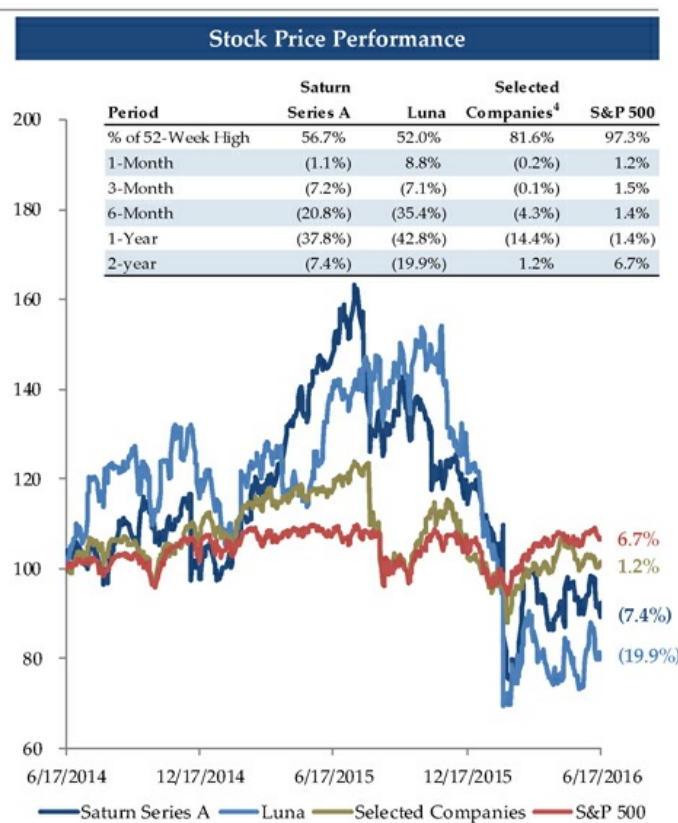
## Section 2

### Saturn Standalone Valuation



## Saturn Valuation Snapshot

Summary Trading Valuation (as of 6/17/2016)	
<i>(\$mm, unless indicated)</i>	<b>@ Market</b>
<b>Series A Share Price</b>	<b>\$26.36</b>
Fully Diluted Shares	93.7
<b>Series B Share Price</b>	<b>\$26.07</b>
Fully Diluted Shares	9.9
<b>Blended Current Share Price @ Market (\$)<sup>1</sup></b>	<b>\$26.33</b>
Fully Diluted Shares <sup>2</sup>	103.5
<b>Equity Value</b>	<b>2,726</b>
Plus: Debt @ 3/31/16	1,129
Less: Cash @ 3/31/16	(10)
Less: Value of Equity Investments <sup>3</sup>	(19)
<b>Enterprise Value</b>	<b>3,827</b>
<b>EV /</b>	<b>Metric (\$mm) Multiples</b>
CY 2016E EBITDA (Pre-SBC)	490 7.8x
CY 2017E EBITDA (Pre-SBC)	543 7.1x
CY 2016E EBITDA (Post-SBC)	460 8.3x
CY 2017E EBITDA (Post-SBC)	511 7.5x
<b>Leverage Statistics</b>	
Net Debt / 2016E EBITDA	2.3x
Credit Ratings	BB / Ba2



Source: Public company filings, financial projections per Saturn management, FactSet

Notes:

1) Based on A and B shares, blended based on proportion of shares outstanding in each Series

2) Based on fully diluted shares using treasury stock method; consists of 98.4mm basic shares outstanding, 9.8mm A in-the-money options (at WAEP of \$18.95), 0.8mm RSAs, and 0.3mm RSUs

3) Represents PlayCo investment @ book value

4) Includes Discovery Communications, Time Warner Inc., Scripps Networks Interactive, 21<sup>st</sup> Century Fox, The Walt Disney Company, AMC Networks, and Viacom



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### Saturn Projected Financials

(\$mm)		Fiscal Year Ended December 31,					'15A-'20E	
		2015A	2016E	2017E	2018E	2019E	2020E	CAGR
Revenue	<b>Management Case</b>	<b>1,700</b>	<b>1,700</b>	<b>1,789</b>	<b>1,868</b>	<b>1,930</b>	<b>1,995</b>	<b>3.3%</b>
	<i>% Growth</i>	-	0.0%	5.2%	4.4%	3.3%	3.4%	
	<b>Sensitivity Case</b>	<b>1,700</b>	<b>1,690</b>	<b>1,749</b>	<b>1,828</b>	<b>1,890</b>	<b>1,955</b>	<b>2.8%</b>
	<i>% Growth</i>	-	(0.6%)	3.5%	4.5%	3.4%	3.4%	
EBITDA <sup>1</sup>	<b>Management Case</b>	<b>462</b>	<b>490</b>	<b>543</b>	<b>612</b>	<b>633</b>	<b>654</b>	<b>7.2%</b>
	<i>% Growth</i>	-	6.2%	10.7%	12.9%	3.3%	3.4%	
	<i>% Margin</i>	27.1%	28.8%	30.3%	32.8%	32.8%	32.8%	
	<b>Sensitivity Case</b>	<b>462</b>	<b>480</b>	<b>503</b>	<b>572</b>	<b>593</b>	<b>614</b>	<b>5.9%</b>
	<i>% Growth</i>	-	4.1%	4.6%	13.9%	3.6%	3.6%	
	<i>% Margin</i>	27.1%	28.4%	28.7%	31.3%	31.4%	31.4%	



Source: Saturn management projections  
 1) EBITDA shown pre stock based compensation

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### Selected Publicly Traded Companies

Company	Closing Price 6/17/2016	% of 52-Week High	Equity Value <sup>1</sup> (\$mm)	Enterprise Value (\$mm)	EV /		'16E-'18E CAGR	
					EBITDA <sup>2</sup> 2016E	2017E	Revenue	EBITDA
Walt Disney	\$99.00	81.1%	163,088	184,213	10.2x	9.8x	5.2%	4.9%
Time Warner Inc.	\$72.37	79.2%	58,307	77,928	9.2x	8.6x	5.5%	7.1%
Fox	\$28.80	83.0%	54,958	59,772	8.3x	7.6x	5.6%	8.5%
██████████	██████████	██████████	██████████	██████████	██████████	██████████	██████████	██████████
Viacom	\$44.42	64.9%	17,967	29,408	7.7x	7.4x	2.6%	2.3%
Discovery Communications	\$25.59	73.2%	15,921	22,872	9.3x	8.8x	5.9%	5.4%
Scripps Networks	\$63.97	93.5%	8,296	12,732	8.9x	8.5x	4.3%	3.5%
AMC Networks	\$59.50	68.2%	4,429	6,979	7.7x	7.3x	5.1%	4.1%
<b>Mean</b>					<b>8.8x</b>	<b>8.3x</b>	<b>4.6%</b>	<b>5.1%</b>
<b>Median</b>					<b>8.9x</b>	<b>8.6x</b>	<b>5.1%</b>	<b>4.9%</b>
<b>Saturn @ Market</b>								
<b>Management Case</b>	\$26.36	56.7%	2,726	3,827	7.8x	7.1x	4.8%	11.8%
<b>Sensitivity Case</b>					8.0x	7.6x	4.0%	9.2%
<b>Saturn @ Offers - Multiples Based on Management Case</b>								
Luna Offer @ 3.0% Discount			3,319	4,419	9.0x	8.1x		
██████████ Offer at Fixed Exchange Ratio			██████████	██████████	9.1x	8.3x		
██████████ Offer at Fixed Price			██████████	██████████	9.3x	8.4x		
<b>Saturn @ Offers - Multiples Based on Sensitivity Case</b>								
Luna Offer @ 3.0% Discount					9.2x	8.8x		
██████████ Offer at Fixed Exchange Ratio					9.3x	8.9x		
██████████ Offer at Fixed Price					9.5x	9.1x		

Source: Public company filings, Wall Street research, Saturn management projections

Notes:

1) Based on fully diluted shares outstanding using treasury stock method; if applicable, convertible debt treated on an as-if converted basis, with appropriate dilutive impact to shares outstanding for in the money converts

2) EBITDA multiples shown pre-SBC



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### Saturn Discounted Cash Flow Analysis – Based on Management Case<sup>1</sup>

(\$mm)	Fiscal Year Ended December 31,				
	9 Mos '16E	2017E	2018E	2019E	2020E
<b>EBITDA (Before SBC)</b>	363	543	612	633	654
Less: Stock Based Compensation	(22)	(31)	(30)	(34)	(35)
Less: Depreciation & Amortization	(18)	(24)	(26)	(25)	(26)
<b>EBIT</b>	<b>323</b>	<b>488</b>	<b>557</b>	<b>574</b>	<b>593</b>
Less: Taxes @ 35%	(113)	(171)	(195)	(201)	(208)
<b>After-Tax EBIT</b>	<b>210</b>	<b>317</b>	<b>362</b>	<b>373</b>	<b>386</b>
Plus: Depreciation and Amortization	18	24	26	25	26
Less: Capex	(22)	(19)	(13)	(20)	(21)
Plus: Amortization of Programming Rights	443	605	599	619	639
Less: Program Rights Payments	(256)	(267)	(310)	(321)	(331)
Plus: Amortization of Investments in Films and TV Programs	100	145	146	151	156
Less: Investments in Film and TV Programs	(323)	(429)	(434)	(449)	(464)
Less: (Increase) / Decrease in Working Capital and Other	53	(43)	(52)	(57)	(63)
<b>Unlevered Free Cash Flows</b>	<b>223</b>	<b>333</b>	<b>323</b>	<b>321</b>	<b>328</b>

Present Value of Cash Flows	1,244
Present Value of Terminal Value	3,223
<b>Present Value of Enterprise</b>	<b>4,467</b>
Less: Net Debt & Other	(1,101)
<b>Present Value of Equity</b>	<b>3,366</b>
Shares	104.7
<b>Price Per Share</b>	<b>\$32.14</b>

DCF Equity Value Per Share						
WACC	LTM Terminal EBITDA Multiple					
	7.00x	7.25x	7.50x	7.75x	8.00x	
8.75%	\$30.91	\$31.91	\$32.90	\$33.89	\$34.87	
9.00%	30.55	31.54	32.52	33.50	34.47	
9.25%	30.20	31.17	32.14	33.12	34.08	
9.50%	29.84	30.81	31.77	32.73	33.69	
9.75%	29.50	30.45	31.40	32.35	33.31	



Source: Projected financial information per Saturn management

Notes:

1) Assumes mid-year convention, discounted back to 3/31/16; based on balance sheet as of 3/31/16 (net debt of \$1,120mm), equity in affiliates of \$19mm

## Draft Working Materials – Subject To Change

### Saturn Discounted Cash Flow Analysis – Based on Sensitivity Case<sup>1</sup>

(\$mm)	Fiscal Year Ended December 31,				
	9 Mos '16E	2017E	2018E	2019E	2020E
<b>EBITDA (Before SBC)</b>	353	503	572	593	614
Less: Stock Based Compensation	(22)	(31)	(30)	(34)	(35)
Less: Depreciation & Amortization	(18)	(24)	(26)	(25)	(26)
<b>EBIT</b>	<b>313</b>	<b>448</b>	<b>517</b>	<b>534</b>	<b>553</b>
Less: Taxes @ 35%	(110)	(157)	(181)	(187)	(194)
<b>After-Tax EBIT</b>	<b>204</b>	<b>291</b>	<b>336</b>	<b>347</b>	<b>360</b>
Plus: Depreciation and Amortization	18	24	26	25	26
Less: Capex	(22)	(19)	(13)	(20)	(21)
Plus: Amortization of Programming Rights	443	605	599	619	639
Less: Program Rights Payments	(256)	(267)	(310)	(321)	(331)
Plus: Amortization of Investments in Films and TV Programs	100	145	146	151	156
Less: Investments in Film and TV Programs	(323)	(429)	(434)	(449)	(464)
Less: (Increase) / Decrease in Working Capital and Other	53	(43)	(52)	(57)	(63)
<b>Unlevered Free Cash Flows</b>	<b>216</b>	<b>307</b>	<b>297</b>	<b>295</b>	<b>302</b>

Present Value of Cash Flows	1,155
Present Value of Terminal Value	3,026
<b>Present Value of Enterprise</b>	<b>4,182</b>
Less: Net Debt & Other	(1,101)
<b>Present Value of Equity</b>	<b>3,081</b>
Shares	104.2
<b>Price Per Share</b>	<b>\$29.56</b>

DCF Equity Value Per Share						
WACC	LTM Terminal EBITDA Multiple					
	7.00x	7.25x	7.50x	7.75x	8.00x	
8.75%	\$28.40	\$29.33	\$30.27	\$31.20	\$32.14	
9.00%	28.06	28.99	29.91	30.84	31.76	
9.25%	27.73	28.64	29.56	30.47	31.39	
9.50%	27.40	28.30	29.21	30.11	31.02	
9.75%	27.07	27.97	28.86	29.76	30.65	



Source: Projected financial information per Saturn management

Notes:

1) Assumes mid-year convention, discounted back to 3/31/16; based on balance sheet as of 3/31/16 (net debt of \$1,120mm), equity in affiliates of \$19mm

## Section 3A

### Luna Standalone Valuation



## Luna Snapshot

### Summary Trading Valuation (as of 6/17/2016)

(\$mm, unless indicated)

Share Price @ Market (\$)	\$21.34
Fully Diluted Shares <sup>1</sup>	153.0
<b>Equity Value</b>	<b>3,264</b>
Plus: Net Debt @ 3/31/16 <sup>2</sup>	788
Plus: Minority Interests @ 3/31/16	98
Less: Equity Investments @ 3/31/16 <sup>3</sup>	(801)
<b>Gross Enterprise Value</b>	<b>3,350</b>
Less: Value of Tax Attributes <sup>4</sup>	(576)
<b>Adj. Enterprise Value</b>	<b>2,774</b>

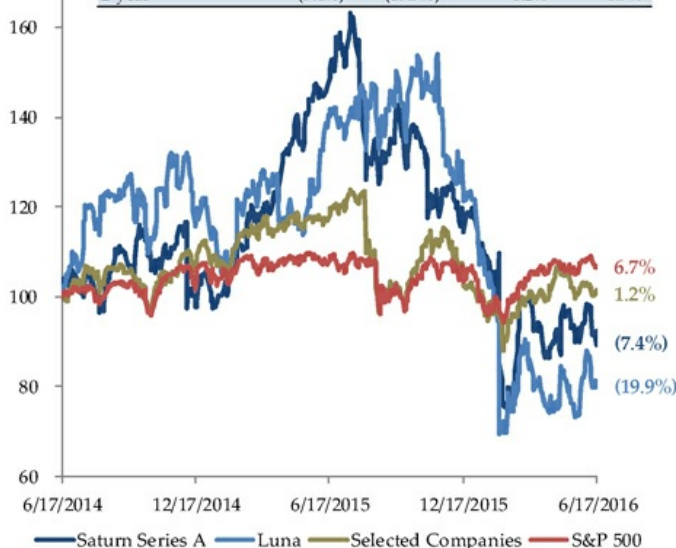
	Metric (\$mm)	Gross Multiple	Adjusted Multiple
<b>EV /</b>			
FY 2016A EBITDA (Pre-SBC)	111	30.2x	25.0x
FY 2017E EBITDA (Pre-SBC)	192	17.4x	14.4x
FY 2016A EBITDA (Post-SBC)	33	103.1x	85.3x
FY 2017E EBITDA (Post-SBC)	106	31.6x	26.2x

### Leverage<sup>5</sup>

Net Debt / FY 2017E EBITDA (Excluding Start-up Costs)	3.1x
Net Debt / FY 2017E EBITDA (Including Start-up Costs)	4.2x
Credit Ratings	BB- / Ba3

### Stock Price Performance

Period	Saturn Series A	Luna	Selected Companies <sup>6</sup>	S&P 500
% of 52-Week High	56.7%	52.0%	81.6%	97.3%
1-Month	(1.1%)	8.8%	(0.2%)	1.2%
3-Month	(7.2%)	(7.1%)	(0.1%)	1.5%
6-Month	(20.8%)	(35.4%)	(4.3%)	1.4%
1-Year	(37.8%)	(42.8%)	(14.4%)	(1.4%)
2-year	(7.4%)	(19.9%)	1.2%	6.7%



## Draft Working Materials – Subject To Change

### Luna Financial Projections

(\$mm)	Fiscal Year Ended March 31,						CAGR	CAGR
	2016A	2017E	2018E	2019E	2020E	2021E	'16A-'19E	'16A-'21E
Motion Pictures	1,678	1,874	1,913	2,404			12.7%	
<i>% Growth</i>	-	11.7%	2.1%	25.7%				
Television	670	979	1,094	1,188			21.1%	
<i>% Growth</i>	-	46.1%	11.8%	8.6%				
<b>Revenue</b>	<b>2,347</b>	<b>2,853</b>	<b>3,007</b>	<b>3,592</b>	<b>3,435</b>	<b>3,457</b>	<b>15.2%</b>	<b>8.1%</b>
<i>% Growth</i>	-	21.5%	5.4%	19.5%	(4.4%)	0.6%		
<b>Gross Contribution</b>								
Motion Pictures	184	267	279	361			25.1%	
<i>% Margin</i>	11.0%	14.2%	14.6%	15.0%				
Television	104	116	135	170			17.7%	
<i>% Margin</i>	15.5%	11.8%	12.3%	14.3%				
<b>Total Gross Contribution</b>	<b>288</b>	<b>383</b>	<b>414</b>	<b>531</b>			<b>22.6%</b>	
<i>% Margin</i>	12.3%	13.4%	13.8%	14.8%				
<b>EBITDA Pre-SBC (incl. equity gains)</b>	<b>162</b>	<b>251</b>	<b>264</b>	<b>348</b>	<b>364</b>	<b>363</b>	<b>17.8%</b>	<b>17.5%</b>
<i>% Growth</i>	-	54.5%	5.1%	32.1%	4.4%	(0.1%)		
<i>% Margin</i>	6.9%	8.8%	8.8%	9.7%	10.6%	10.5%		
<b>EBITDA Pre-SBC (excl. equity gains)</b>	<b>111</b>	<b>192</b>	<b>220</b>	<b>301</b>			<b>25.2%</b>	
<i>% Growth</i>	-	73.0%	14.7%	36.7%				
<i>% Margin</i>	4.7%	6.7%	7.3%	8.4%				
<b>Unlevered Free Cash Flow (pre-tax)</b>	<b>126</b>	<b>155</b>	<b>172</b>	<b>202</b>	<b>292</b>	<b>312</b>	<b>14.2%</b>	<b>19.9%</b>
<i>% Growth</i>	-	23.2%	11.3%	17.1%	44.9%	6.7%		
<b>Levered Free Cash Flow</b>	<b>70</b>	<b>93</b>	<b>115</b>	<b>152</b>			<b>27.7%</b>	
<i>% Growth</i>	-	32.5%	23.0%	32.5%				



## Draft Working Materials – Subject To Change

### Luna Financial Projections vs. Research Consensus

(\$mm)		Fiscal Year Ended March 31,					'16A-'20E
		2016A	2017E	2018E	2019E	2020E	CAGR
Revenue	<b>Management Case</b>	<b>2,347</b>	<b>2,853</b>	<b>3,007</b>	<b>3,592</b>	<b>3,435</b>	<b>10.0%</b>
	<i>% Growth</i>	-	21.5%	5.4%	19.5%	(4.4%)	
	<b>Research Consensus<sup>2</sup></b>	<b>2,347</b>	<b>2,571</b>	<b>2,755</b>	<b>2,979</b>	<b>3,232</b>	<b>8.3%</b>
	<i>% Growth</i>	-	9.5%	7.1%	8.2%	8.5%	
	<b>Differential (Management - Research)</b>	<b>-</b>	<b>282</b>	<b>252</b>	<b>613</b>	<b>203</b>	
EBITDA <sup>1</sup>	<b>Management Case</b>	<b>162</b>	<b>251</b>	<b>264</b>	<b>348</b>	<b>364</b>	<b>22.3%</b>
	<i>% Growth</i>	-	54.5%	5.1%	32.1%	4.4%	
	<i>% Margin</i>	6.9%	8.8%	8.8%	9.7%	10.6%	
	<b>Research Consensus<sup>2</sup></b>	<b>162</b>	<b>263</b>	<b>305</b>	<b>349</b>	<b>403</b>	<b>25.5%</b>
	<i>% Growth</i>	-	62.1%	16.0%	14.3%	15.6%	
	<i>% Margin</i>	6.9%	10.2%	11.1%	11.7%	12.5%	
	<b>Differential (Management - Research)</b>	<b>-</b>	<b>(12)</b>	<b>(42)</b>	<b>(1)</b>	<b>(40)</b>	

Source: Projections per Saturn management, Research consensus per Wall Street research

Note:

1) EBITDA shown including equity income / gain on asset sales and pre stock based compensation

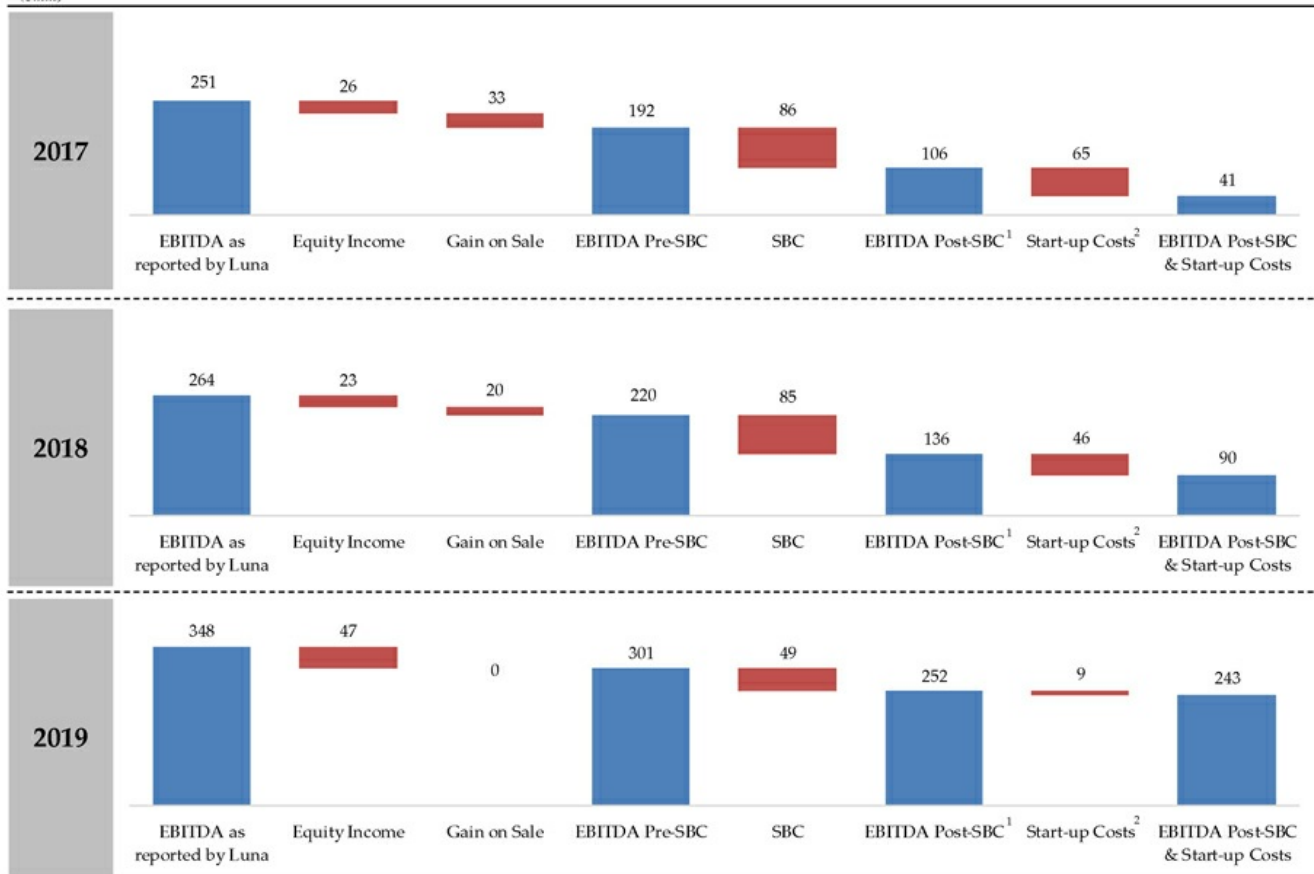
2) Represents consensus for FY2017E and FY2018E; FY2019E/FY2020E calculated based on average annual growth rates for research analysts that project in these years



## Draft Working Materials – Subject To Change

### Luna EBITDA Bridge

(\$mm)



Source: Projections per Saturn management

Note:

1) EBITDA Pre-SBC includes income from Epix, POP Network, and various other minority equity investment gains and losses

2) Start-up costs of \$64.9mm in 2017E, \$45.7mm in 2018E and \$8.7mm in 2019E



## Draft Working Materials – Subject To Change

### Luna Discounted Cash Flow Analysis<sup>1</sup>

(\$mm)	Fiscal Year Ended March 31,				
	2017E	2018E	2019E	2020E	2021E
Adjusted EBITDA (excl. equity gains)	192	220	301	317	316
Less: Stock Based Compensation	(86)	(85)	(49)	(49)	(49)
Less: Depreciation & Amortization	(17)	(18)	(18)	(17)	(17)
<b>EBIT</b>	<b>89</b>	<b>117</b>	<b>234</b>	<b>250</b>	<b>249</b>
Less: Taxes @ 15%	(13)	(18)	(35)	(38)	(37)
<b>After-Tax EBIT</b>	<b>75</b>	<b>100</b>	<b>199</b>	<b>213</b>	<b>212</b>
Plus: Depreciation and Amortization	17	18	18	17	17
Less: Capex	(11)	(7)	(7)	(7)	(7)
Less: Investment in Film and TV, Net of Amortization	(70)	51	(34)	(17)	0
Less: (Increase) / Decrease in Working Capital	78	(54)	(49)	(49)	(49)
Less: Start-up Costs and Other	(51)	(42)	(9)	0	0
<b>Unlevered Free Cash Flows</b>	<b>39</b>	<b>65</b>	<b>117</b>	<b>156</b>	<b>173</b>

Present Value of Cash Flows	413
Present Value of Terminal Value	2,779
<b>Present Value of Enterprise</b>	<b>3,193</b>
Less: Net Debt & Other	(86)
<b>Present Value of Equity</b>	<b>3,107</b>
Shares	153.0
<b>Price Per Share</b>	<b>\$20.31</b>

#### DCF Equity Value Per Share

WACC	LTM Terminal EBITDA Multiple				
	13.00x	13.50x	14.00x	14.50x	15.00x
<b>9.25%</b>	\$19.44	\$20.11	\$20.77	\$21.43	\$22.10
<b>9.50%</b>	19.23	19.88	20.54	21.20	21.85
<b>9.75%</b>	19.01	19.66	20.31	20.96	21.61
<b>10.00%</b>	18.81	19.45	20.09	20.73	21.37
<b>10.25%</b>	18.60	19.23	19.87	20.50	21.14



Source: Projections per Saturn management

Notes:

1) Assumes mid-year convention, discounted back to 3/31/16; based on balance sheet as of 3/31/16 (net debt of \$788mm), equity in affiliates of \$801mm and minority interest of \$98mm; excludes value of operating losses which have been incorporated in the 15.0% tax rate

## Section 3B

### Luna Transaction Overview



## Draft Working Materials – Subject To Change

### Overview of Luna Proposal

Luna Proposal				Pro Forma Ownership																																																																							
<ul style="list-style-type: none"> <li>■ Series A consideration:               <ul style="list-style-type: none"> <li>▶ \$20.00 in cash per share</li> <li>▶ 0.5660x shares of newly created Luna non-voting common stock</li> </ul> </li> <li>■ Series B consideration:               <ul style="list-style-type: none"> <li>▶ 10% premium relative to Saturn Series A for total value of the offer</li> <li>▶ 80% stock and 20% cash consideration                   <ul style="list-style-type: none"> <li>• Exchange ratio of 0.6614x shares of newly created Luna non-voting common stock and 0.6614x shares of voting common stock (total exchange ratio of 1.3228x)</li> </ul> </li> </ul> </li> <li>■ Implies in total ~60% cash consideration and ~40% stock consideration</li> </ul>				<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Series A Non-Voting</th> <th style="text-align: center;">Series B Voting</th> <th style="text-align: center;">Series B Non-Voting</th> </tr> <tr> <th></th> <th style="text-align: center;">@ 3.0% Discount</th> <th style="text-align: center;">@ No Discount</th> <th style="text-align: center;">@ 3.0% Discount</th> </tr> </thead> <tbody> <tr> <td>Cash</td> <td style="text-align: right;">\$20.00</td> <td style="text-align: right;">\$7.06</td> <td style="text-align: right;">\$7.06</td> </tr> <tr> <td>Stock</td> <td style="text-align: right;">\$11.72</td> <td style="text-align: right;">\$28.23</td> <td style="text-align: right;">\$27.38</td> </tr> <tr> <td><b>Total</b></td> <td style="text-align: right;"><b>\$31.72</b></td> <td style="text-align: right;"><b>\$35.29</b></td> <td style="text-align: right;"><b>\$34.44</b></td> </tr> </tbody> </table>				Series A Non-Voting	Series B Voting	Series B Non-Voting		@ 3.0% Discount	@ No Discount	@ 3.0% Discount	Cash	\$20.00	\$7.06	\$7.06	Stock	\$11.72	\$28.23	\$27.38	<b>Total</b>	<b>\$31.72</b>	<b>\$35.29</b>	<b>\$34.44</b>	<table border="1"> <thead> <tr> <th></th> <th style="text-align: center;">Series A Non-Voting</th> <th style="text-align: center;">Series B Voting</th> <th style="text-align: center;">Series B Non-Voting</th> </tr> </thead> <tbody> <tr> <td><b>Luna Offer Exchange Ratio</b></td> <td style="text-align: right;"><b>0.5660x</b></td> <td style="text-align: right;"><b>0.6614x</b></td> <td style="text-align: right;"><b>0.6614x</b></td> </tr> <tr> <td>Saturn Shares Today<sup>2</sup></td> <td style="text-align: right;">94.8</td> <td style="text-align: right;">9.9</td> <td style="text-align: right;">9.9</td> </tr> <tr> <td>Less: Luna Shares in Saturn</td> <td style="text-align: right;">(2.1)</td> <td style="text-align: right;">(2.6)</td> <td style="text-align: right;">(2.6)</td> </tr> <tr> <td><b>Saturn Shares Acquired</b></td> <td style="text-align: right;"><b>92.7</b></td> <td style="text-align: right;"><b>7.3</b></td> <td style="text-align: right;"><b>7.3</b></td> </tr> <tr> <td><b>New Luna Shares Issued to Saturn SHs</b></td> <td style="text-align: right;"><b>52.4</b></td> <td style="text-align: right;"><b>4.8</b></td> <td style="text-align: right;"><b>4.8</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><b>Shares</b></td> <td style="text-align: center;"><b>Economic</b></td> </tr> <tr> <td></td> <td></td> <td style="text-align: center;"><b>(mm)</b></td> <td style="text-align: center;"><b>Own. (%)</b></td> </tr> <tr> <td>Current Fully Diluted Luna Shares Outstanding</td> <td></td> <td style="text-align: right;">153</td> <td style="text-align: right;">71.1%</td> </tr> <tr> <td><b>New Shares Issued to Saturn SHs</b></td> <td></td> <td style="text-align: right;"><b>62</b></td> <td style="text-align: right;"><b>28.9%</b></td> </tr> <tr> <td><b>Pro Forma Fully Diluted Shares Outstanding</b></td> <td></td> <td style="text-align: right;"><b>215</b></td> <td style="text-align: right;"><b>100.0%</b></td> </tr> </tbody> </table>				Series A Non-Voting	Series B Voting	Series B Non-Voting	<b>Luna Offer Exchange Ratio</b>	<b>0.5660x</b>	<b>0.6614x</b>	<b>0.6614x</b>	Saturn Shares Today <sup>2</sup>	94.8	9.9	9.9	Less: Luna Shares in Saturn	(2.1)	(2.6)	(2.6)	<b>Saturn Shares Acquired</b>	<b>92.7</b>	<b>7.3</b>	<b>7.3</b>	<b>New Luna Shares Issued to Saturn SHs</b>	<b>52.4</b>	<b>4.8</b>	<b>4.8</b>			<b>Shares</b>	<b>Economic</b>			<b>(mm)</b>	<b>Own. (%)</b>	Current Fully Diluted Luna Shares Outstanding		153	71.1%	<b>New Shares Issued to Saturn SHs</b>		<b>62</b>	<b>28.9%</b>	<b>Pro Forma Fully Diluted Shares Outstanding</b>		<b>215</b>	<b>100.0%</b>		
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Source: Projections per Saturn management, public company filings

Note:

1) Based on Luna current price of \$21.34

2) Based on fully diluted shares using treasury stock method; consists of 98.4mm basic shares outstanding, 9.8mm in-the-money options (at WAEP of \$18.95), 0.8mm RSAs, and 0.3mm RSUs

3) Excludes production loans

4) Adjusting Luna EBITDA for start-up costs, leverage excluding synergies would be 5.7x and including synergies would be 5.3x

5) Includes \$52mm in run-rate cost synergies



## Draft Working Materials – Subject To Change

### Preliminary Overview of Current Financing Terms<sup>1</sup>

- **Commitment Length:** 6 months plus 3 month regulatory tail
- **Assumed Ratings:** Corporate: B1/B+
- **Conditionality:** No diligence conditionality
- ~5.0% weighted average cost of debt at quoted terms (~6.4% at capped financing terms)

	Amount (\$mm)	Maturity	Interest	Fees	Pricing Flex	Other
<b>Cash Flow Revolver</b>	1,000	5 Years	L + 250 (no floor)		*125bps *Max 25bps OID (4-year life)	*37.5bps unused commitment fee *\$500mm may be drawn on the closing
<b>Term Loan A</b>	1,000	5 Years	L + 250 (no floor)	*1.00% Commitment Fee *0.50% upfront fee (if needed to syndicate)	*125bps (150bps if closing is longer than 6 months) *Max 50bps OID (4-year life)	
<b>Term Loan B</b>	1,900	7 Years	L + 375 (0.75% floor)	*1.50% Commitment Fee *1.00% upfront fees/OID	*125bps *Max 25bps OID (4-year life)	*Excess Cash Flow (50% with leverage based step downs to 25% and 0% to be agreed – based on net first lien leverage)
<b>Bonds</b>	1,000	8 Years	7.50%	*1.00% Commitment Fee *1.00% Funding Fee *1.50% Conversion Fee *1.50% Underwriting Fee		*9.50%, step ups of: --(1) 25 bps if Closing Date has not occurred on or prior to the later of (A) 4 months after signing and (B) 11/1/16; --(2) 25 bps if Closing Date has not occurred on or prior to the later of (A) 7 months after signing and (B) 2/1/17; and --(3) 25 bps if corporate ratings are less than B1 and B+. *Tranche cap of +150 bps to Unsecured Bridge Cap



Note:  
1) Provided by Luna on 6/18

## Draft Working Materials – Subject To Change

### Transaction Financing Structure

Luna will require ~\$4bn of new capital commitment to finance the proposed transaction

Overview of Current Capital Structure							Sources & Uses (Pre-Equity Raise)	
<b>Luna<sup>1</sup></b>							<b>Sources</b>	
Tranche	Amount (\$mm)	Maturity	Coupon	Price	Refi?	Estimated Breakage Costs	Sources	\$mm
Senior Notes	225	Aug-18	5.25%	102.75	Yes	11	Term Loan A	1,000
Term Loan	400	Mar-22	L+400		Yes	8	Term Loan B	1,900
Revolver	161	Sep-17	L+250		Yes	-	Bonds	1,000
Converts	60	Apr-18	1.25%	98.50	No	-	Luna Equity Issued to Saturn Shareholders	1,288
<b>Total</b>	<b>846</b>					<b>19</b>	<b>Total Sources</b>	<b>5,188</b>
<b>Saturn</b>							<b>Uses</b>	
Tranche	Amount (\$mm)	Maturity	Coupon	Price	Refi?	Estimated Breakage Costs	Uses	\$mm
Revolver	391	Apr-20	L+150-225		Yes	-	Saturn Equity Purchased With Cash	1,905
Senior Notes	675	Sep-19	5.00%	101.95	Yes	7	Saturn Equity Purchased With Stock	1,288
Cap Leases	63				No	-	Cash to Balance Sheet	18
<b>Total</b>	<b>1,129</b>					<b>7</b>	Luna Senior Notes	225
							Luna Term Loan	400
							Luna Revolver	161
							Saturn Revolver	391
							Saturn Senior Notes	675
							Breakage Costs	25
							Transaction Costs	100
							<b>Total Uses</b>	<b>5,188</b>



Source: Bloomberg  
 Note:  
 1) Excludes production loans

## Draft Working Materials – Subject To Change

### Pro Forma Liquidity Analysis

#### Liquidity and leverage shown before potential equity raise

(\$mm, unless indicated)	Assuming Base Case <sup>1</sup> @ Quoted Financing Terms			\$60mm EBITDA Reduction @ Capped Financing Terms			\$120mm EBITDA Reduction @ Capped Financing Terms		
	Calendar YE Dec. 31,			Calendar YE Dec. 31,			Calendar YE Dec. 31,		
	2016E	2017E	2018E	2016E	2017E	2018E	2016E	2017E	2018E
Saturn EBITDA	490	543	612	490	543	612	490	543	612
Luna EBITDA	229	260	327	229	260	327	229	260	327
EBITDA Synergies	-	52	52	-	52	52	-	52	52
Less: Sensitivity	-	-	-	(30)	(45)	(60)	(60)	(90)	(120)
<b>Total EBITDA</b>	<b>719</b>	<b>855</b>	<b>991</b>	<b>689</b>	<b>810</b>	<b>931</b>	<b>659</b>	<b>765</b>	<b>871</b>
Less: Capex		(27)	(20)		(27)	(20)		(27)	(20)
Less: Assumed Integration Costs		(20)	(5)		(20)	(5)		(20)	(5)
Less: Investment in Film/TV, Net of Amort.		75	(13)		75	(13)		75	(13)
Less: Working Capital		(68)	(97)		(68)	(97)		(68)	(97)
Less: Other Adjustments		(80)	(67)		(80)	(67)		(80)	(67)
<b>Unlevered Pre-Tax FCF</b>		<b>735</b>	<b>789</b>		<b>690</b>	<b>729</b>		<b>645</b>	<b>669</b>
Less: Pro Forma Interest		(197)	(184)		(253)	(240)		(254)	(242)
Less: Solar Cash Taxes		(4)	(5)		(4)	(5)		(4)	(5)
<b>Free Cash Flow</b>		<b>535</b>	<b>599</b>		<b>433</b>	<b>484</b>		<b>388</b>	<b>421</b>
Less: Dividend (suspended post transaction)		-	-		-	-		-	-
Less: Other Financing		(8)	(81)		(8)	(81)		(8)	(81)
Less: Repayment of TL		(263)	(265)		(213)	(205)		(190)	(174)
<b>Post-Dividend Cash Flow</b>		<b>263</b>	<b>254</b>		<b>213</b>	<b>197</b>		<b>190</b>	<b>167</b>
Ending Cash <sup>2</sup>	197	461	715	197	410	607	197	387	554
Ending Debt	4,023	3,756	3,396	4,023	3,807	3,505	4,023	3,830	3,559
<b>Ending Net Debt</b>	<b>3,826</b>	<b>3,296</b>	<b>2,682</b>	<b>3,826</b>	<b>3,397</b>	<b>2,897</b>	<b>3,826</b>	<b>3,442</b>	<b>3,005</b>
<b>Ending Net Leverage</b>	<b>5.3x</b>	<b>3.9x</b>	<b>2.7x</b>	<b>5.6x</b>	<b>4.2x</b>	<b>3.1x</b>	<b>5.8x</b>	<b>4.5x</b>	<b>3.4x</b>



Source: Projections per Saturn management

Note: Assumes 12/31/2016 transaction close

1) Base case refers to projections for Luna and Saturn per Saturn management

2) Includes cash generated from sign to close by Saturn and Luna



## Draft Working Materials – Subject To Change

### Analysis of Premiums For Voting vs. Non-Voting Shares

Company	Structure	Current	6 Month Avg	1 Year Avg	3 Year Avg	5 Year Avg
Alphabet	No Vote / Low Vote	(1.8%)	(2.5%)	(3.1%)	<i>na</i>	<i>na</i>
CBS	No Vote / Low Vote	(6.7%)	(7.8%)	(7.7%)	(3.2%)	(2.5%)
Discovery Communications	No Vote / Low Vote	(3.3%)	(3.3%)	(4.7%)	(6.1%)	(7.5%)
Liberty Braves	No Vote / Low Vote	(1.4%)	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>
Liberty Global	No Vote / Low Vote	(1.8%)	(2.8%)	(4.4%)	(5.5%)	(6.4%)
Liberty Interactive	Low Vote / High Vote	(0.5%)	(0.1%)	(0.1%)	0.6%	1.4%
Liberty Media	No Vote / Low Vote	(1.6%)	(2.2%)	(2.2%)	(2.2%)	(2.2%)
Liberty Sirius	No Vote / Low Vote	(2.6%)	<i>na</i>	<i>na</i>	<i>na</i>	<i>na</i>
Meredith Corporation	Low Vote / High Vote	(7.2%)	(6.1%)	(6.4%)	(3.4%)	(3.1%)
Twenty-First Century Fox, Inc.	No Vote / Low Vote	0.3%	(0.5%)	(0.3%)	1.4%	0.5%
Viacom	No Vote / Low Vote	(10.4%)	(7.9%)	(4.8%)	(1.4%)	(3.5%)
Mean		(3.4%)	(3.7%)	(3.8%)	(2.5%)	(2.9%)
Median		(1.8%)	(2.8%)	(4.4%)	(2.7%)	(2.8%)
High		0.3%	(0.1%)	(0.1%)	1.4%	1.4%
Low		(10.4%)	(7.9%)	(7.7%)	(6.1%)	(7.5%)

## Draft Working Materials – Subject To Change

### Value of Luna Offer – Sensitivity on Luna Stock Price

#### Before potential equity raise

Luna Stock Price	\$15.00	\$16.00	\$17.00	\$18.00	\$19.00	\$20.00	\$21.34	\$22.00	\$23.00	\$24.00	\$25.00
% Premium / (Discount) to Current Price:	(29.7%)	(25.0%)	(20.3%)	(15.7%)	(11.0%)	(6.3%)	0.0%	3.1%	7.8%	12.5%	17.2%
Series A Exchange Ratio	0.5660x	0.5660x	0.5660x	0.5660x	0.5660x	0.5660x	0.5660x	0.5660x	0.5660x	0.5660x	0.5660x
Value of Stock Portion Per Share (post 3% discount)	\$8.24	\$8.78	\$9.33	\$9.88	\$10.43	\$10.98	\$11.72	\$12.08	\$12.63	\$13.18	\$13.73
Value of Cash Portion Per Share	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
Value of Series A Offer Pre-Synergies	\$28.24	\$28.78	\$29.33	\$29.88	\$30.43	\$30.98	\$31.72	\$32.08	\$32.63	\$33.18	\$33.73
Value of Series B Offer Pre-Synergies	\$26.60	\$27.90	\$29.21	\$30.51	\$31.81	\$33.12	\$34.86	\$35.72	\$37.03	\$38.33	\$39.63
Value of Blended Offer Pre-Synergies	\$28.12	\$28.72	\$29.32	\$29.93	\$30.53	\$31.14	\$31.94	\$32.34	\$32.95	\$33.55	\$34.15
PV of Cost Synergies (\$mm) <sup>1</sup>	436	436	436	436	436	436	436	436	436	436	436
PV of Tax Synergies (\$mm) <sup>1</sup>	515	515	515	515	515	515	515	515	515	515	515
PV of Synergies (\$mm) <sup>1</sup>	951	951	951	951	951	951	951	951	951	951	951
Saturn PF Ownership <sup>2</sup>	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%	28.9%
PV of Synergies to Saturn Shareholders (\$mm)	274	274	274	274	274	274	274	274	274	274	274
Saturn Shares Outstanding @ Offer (mm) <sup>3</sup>	100	100	100	100	100	100	100	100	100	100	100
Synergies per Saturn Share	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75	\$2.75
Value of Series A Offer Post-Synergies	\$30.98	\$31.53	\$32.08	\$32.63	\$33.18	\$33.73	\$34.46	\$34.82	\$35.37	\$35.92	\$36.47
% Premium to Current Saturn Series A Price	17.5%	19.6%	21.7%	23.8%	25.9%	27.9%	30.7%	32.1%	34.2%	36.3%	38.4%
% Premium to Saturn Midpoint DCF Value Per Share:											
Saturn Management Case DCF	(3.6%)	(1.9%)	(0.2%)	1.5%	3.2%	4.9%	7.2%	8.3%	10.0%	11.8%	13.5%
Saturn Sensitivity Case DCF	4.8%	6.7%	8.5%	10.4%	12.2%	14.1%	16.6%	17.8%	19.7%	21.5%	23.4%

Source: Projections per Saturn management

Note:

1) Includes \$52mm in run-rate cost synergies, net of \$25mm of integration costs (\$20mm in CY2017E and \$5mm in CY2018E); -\$50mm in annual tax savings

2) Assumes no equity raised

3) Excludes Saturn shares held by Luna



## Draft Working Materials – Subject To Change

### Discounted Cash Flow Analysis of Luna Synergies<sup>1</sup>

(\$mm)	Calendar Year Ended December 31,			
	2017E	2018E	2019E	2020E
<b>Synergies</b>	52	52	52	52
% Growth	<i>nm</i>	0.0%	0.0%	0.0%
Less: Integration Costs	(20)	(5)	0	0
<b>EBIT (post-integration costs)</b>	32	47	52	52
Less: Taxes @ 15.0%	(5)	(7)	(8)	(8)
<b>After-Tax EBIT</b>	27	40	44	44
Tax Synergies	50	50	50	50
<b>Total FCF from Synergies</b>	77	90	94	94
% Growth	<i>nm</i>	16.5%	4.7%	0.0%
<b>Discounted Free Cash Flows</b>	69	73	70	64
<b>NPV of Terminal Value</b>				674
<b>Total Synergy DCF Value<sup>2</sup></b>				951

#### Saturn Value Per Share of DCF Synergies

WACC				
9.00%	9.25%	9.50%	9.75%	10.00%
\$2.90	\$2.82	\$2.75	\$2.67	\$2.60

#### Sensitivity of DCF Synergy Value

WACC				
9.00%	9.25%	9.50%	9.75%	10.00%
1,006	977	951	925	901



Source: Projections per Saturn management  
 1) Assumes mid-year convention, discounted back to 3/31/16  
 2) Assumes 9.50% WACC and 0.0% PGR

## Draft Working Materials – Subject To Change

### Pro Forma Discounted Cash Flow Accretion/(Dilution) Analysis – Series A Offer

#### Analysis based on Saturn Management Case

Saturn Status Quo DCF Equity Value / Share					
WACC	2020E LTM Terminal EBITDA Multiple				
	7.00x	7.25x	7.50x	7.75x	8.00x
8.75%	\$30.91	\$31.91	\$32.90	\$33.89	\$34.87
9.00%	30.55	31.54	32.52	33.50	34.47
9.25%	30.20	31.17	32.14	33.12	34.08
9.50%	29.84	30.81	31.77	32.73	33.69
9.75%	29.50	30.45	31.40	32.35	33.31
Luna DCF Enterprise Value					3,193
Saturn DCF Enterprise Value					4,467
Synergy DCF Value					951
<b>Combined Pro Forma Enterprise Value</b>					<b>8,610</b>
Less: Pro Forma Net Debt (@ 3/31/2016)					(3,956)
Plus: Other <sup>1</sup>					598
<b>Combined Pro Forma Equity Value</b>					<b>5,253</b>
Luna Pro Forma Shares Outstanding					215.0
<b>Implied Luna Pro Forma DCF Equity Value per Share</b>					<b>\$24.43</b>
Saturn Series A Exchange Ratio					0.5660x
<b>Implied Saturn Share of PF DCF Equity Valuer per Share</b>					<b>\$13.83</b>
<b>Implied Cash Per Share</b>					<b>\$20.00</b>
<b>Total Value of Offer to Saturn</b>					<b>\$33.83</b>
Standalone Saturn DCF Equity Value per Share					\$32.14
Accretion / (Dilution)					5.2%

Saturn Share of Pro Forma DCF Equity Value & Cash Per Share					
WACC	2020E LTM Terminal EBITDA Multiple				
	Low	Mid	High	Low	High
<b>Low</b>	\$33.26	\$33.82	\$34.38	\$34.93	\$35.49
	33.00	33.55	34.10	34.65	35.20
<b>Mid</b>	32.74	33.28	33.83	34.37	34.91
	32.49	33.02	33.56	34.10	34.64
<b>High</b>	32.24	32.77	33.30	33.83	34.37



Source: Projections per Saturn management

Note:

1) Other includes the market value of Luna equity in affiliates and minority interest, excluding Luna's current equity investment in Saturn; also includes value of Saturn investments

## Draft Working Materials – Subject To Change

### Pro Forma Discounted Cash Flow Accretion/(Dilution) Analysis – Series A Offer

#### Analysis based on Saturn Sensitivity Case

Saturn Status Quo DCF Equity Value / Share					
WACC	2020E LTM Terminal EBITDA Multiple				
	7.00x	7.25x	7.50x	7.75x	8.00x
8.75%	\$28.40	\$29.33	\$30.27	\$31.20	\$32.14
9.00%	28.06	28.99	29.91	30.84	31.76
9.25%	27.73	28.64	29.56	30.47	31.39
9.50%	27.40	28.30	29.21	30.11	31.02
9.75%	27.07	27.97	28.86	29.76	30.65

Luna DCF Enterprise Value	3,193
Saturn DCF Enterprise Value	4,182
Synergy DCF Value	951
<b>Combined Pro Forma Enterprise Value</b>	<b>8,325</b>
Less: Pro Forma Net Debt (@ 3/31/2016)	(3,956)
Plus: Other <sup>1</sup>	598
<b>Combined Pro Forma Equity Value</b>	<b>4,967</b>
Luna Pro Forma Shares Outstanding	215.0
<b>Implied Luna Pro Forma DCF Equity Value per Share</b>	<b>\$23.10</b>
Saturn Series A Exchange Ratio	0.5660x
<b>Implied Saturn Share of PF DCF Equity Valuer per Share</b>	<b>\$13.08</b>
<b>Implied Cash Per Share</b>	<b>\$20.00</b>
<b>Total Value of Offer to Saturn</b>	<b>\$33.08</b>
Standalone Saturn DCF Equity Value per Share	\$29.56
Accretion / (Dilution)	11.9%

Saturn Share of Pro Forma DCF Equity Value & Cash Per Share					
WACC	2020E LTM Terminal EBITDA Multiple				
	Low	Mid	High	Mid	Low
<b>Low</b>	\$32.53	\$33.07	\$33.61	\$34.15	\$34.69
	32.27	32.81	33.34	33.87	34.41
<b>Mid</b>	32.02	32.55	33.08	33.60	34.13
	31.78	32.30	32.82	33.34	33.86
<b>High</b>	31.53	32.05	32.56	33.08	33.60

Accretion to Standalone DCF					
WACC	Low	Mid	High	Mid	Low
<b>Low</b>	14.6%	12.7%	11.0%	9.4%	7.9%
	15.0%	13.2%	11.5%	9.9%	8.3%
<b>Mid</b>	15.5%	13.6%	11.9%	10.3%	8.7%
	16.0%	14.1%	12.4%	10.7%	9.2%
<b>High</b>	16.5%	14.6%	12.8%	11.2%	9.6%



Source: Projections per Saturn management

Note:

1) Other includes the market value of Luna equity in affiliates and minority interest, excluding Luna's current equity investment in Saturn; also includes value of Saturn investments

## Section 4A

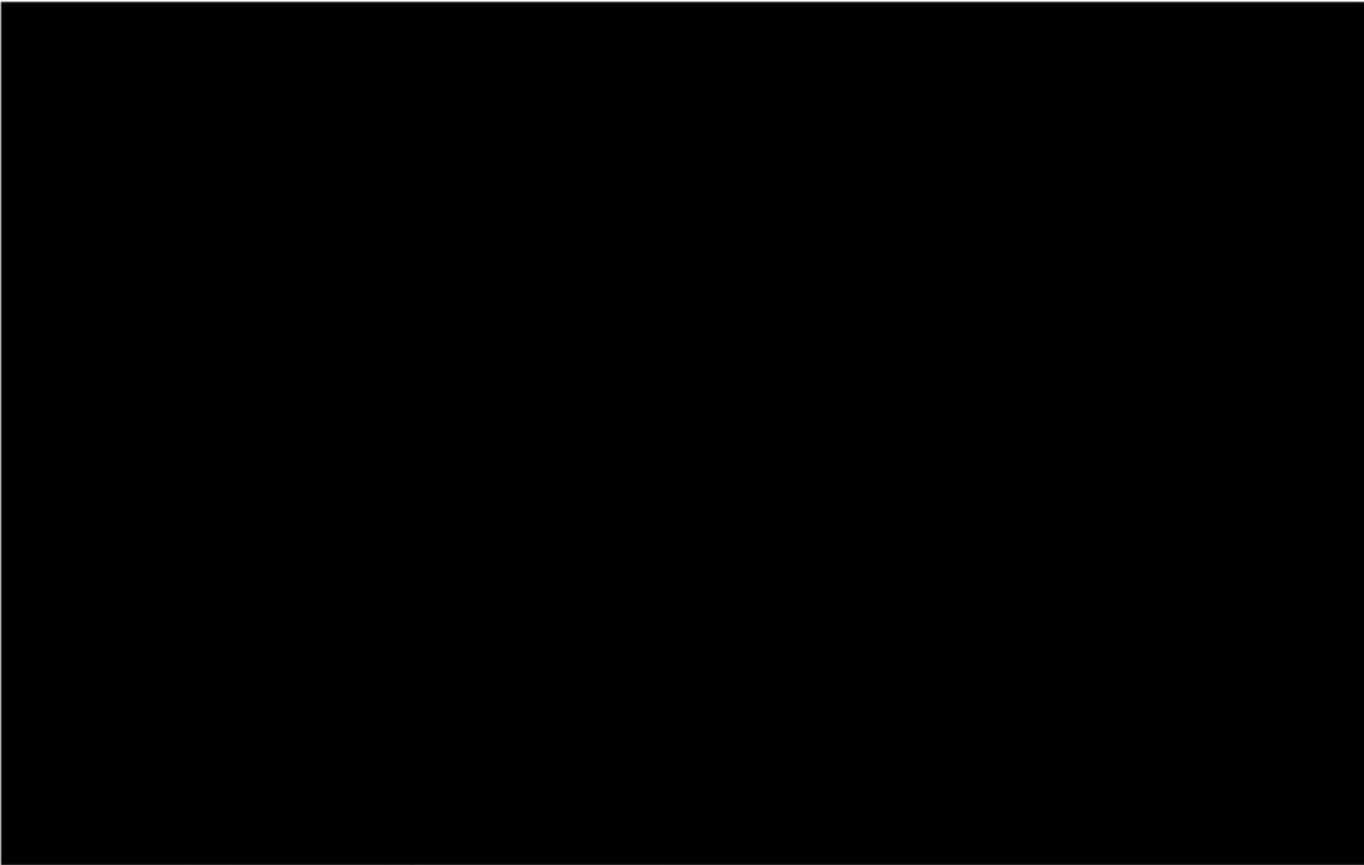
### ██████████ Standalone Valuation



Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

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Valuation Snapshot



Source: Public company filings, [redacted] projections per Saturn management, FactSet

Notes:



[redacted]  
[redacted]  
[redacted]

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

Financial Projections



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## Draft Working Materials – Subject To Change

### Selected Publicly Traded Companies

Company	Closing Price 6/17/2016	% of 52-Week High	Equity Value <sup>1</sup> (\$mm)	Enterprise Value (\$mm)	EV /		'16E-'18E CAGR	
					EBITDA <sup>2</sup> 2016E	2017E	Revenue	EBITDA
Walt Disney	\$99.00	81.1%	163,088	184,213	10.2x	9.8x	5.2%	4.9%
Time Warner Inc.	\$72.37	79.2%	58,307	77,928	9.2x	8.6x	5.5%	7.1%
Fox	\$28.80	83.0%	54,958	59,772	8.3x	7.6x	5.6%	8.5%
Viacom	\$44.42	64.9%	17,967	29,408	7.7x	7.4x	2.6%	2.3%
Discovery Communications	\$25.59	73.2%	15,921	22,872	9.3x	8.8x	5.9%	5.4%
Scripps Networks	\$63.97	93.5%	8,296	12,732	8.9x	8.5x	4.3%	3.5%
AMC Networks	\$59.50	68.2%	4,429	6,979	7.7x	7.3x	5.1%	4.1%
Saturn	\$26.36	56.7%	2,726	3,827	7.8x	7.1x	4.8%	11.8%
<b>Mean</b>					█	█	█	█
<b>Median</b>					█	█	█	█
					█	█	█	█

Source: Public company filings, Wall Street research, Saturn and █ projections per Saturn management

Notes:

1) Based on fully diluted shares outstanding using treasury stock method; if applicable, convertible debt treated on an as-if converted basis, with appropriate dilutive impact to shares outstanding for in the money converts

2) EBITDA multiples shown pre-SBC



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## Draft Working Materials – Subject To Change

### Discounted Cash Flow Analysis

(\$mm)	Fiscal Year Ended December 31,					
	2016E	2017E	2018E	2019E	2020E	
EBITDA (Before SBC)						
Less: Stock Based Compensation						
Less: Depreciation & Amortization						
EBIT						
Less: Taxes @ 35%						
After-Tax EBIT						
Plus: D&A						
Less: Capex						
Less: (Increase) / Decrease in Working Capital						
Unlevered Free Cash Flows						
Present Value of Cash Flows						
Present Value of Terminal Value						
Present Value of Enterprise						
Less: Net Debt & Other						
Present Value of Equity						
Shares						
Price Per Share						
	DCF Equity Value Per Share					
	LTM Terminal EBITDA Multiple					
	WACC	8.00x	8.25x	8.50x	8.75x	9.00x
	8.25%					
	8.50%					
	8.75%					
	9.00%					
	9.25%					



Source: Projected financial information per Wall Street research

Notes:

1) Assumes mid-year convention, discounted back to 3/31/16; based on balance sheet as of 3/31/16 (net debt of \$7,912mm) and equity in affiliates of \$354mm

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## Section 4B

### ██████████ Transaction Overview



Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

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Illustrative [REDACTED] Transaction Summary



## Draft Working Materials – Subject To Change

### Saturn / ██████████ Synergy DCF Analysis<sup>1</sup>

(\$mm)	Fiscal Year Ended December 31,			
	2017E	2018E	2019E	2020E
<b>Synergies</b>				
% Growth				
Less: Integration Costs				
<b>EBIT (post-integration costs)</b>				
Less: Taxes @ 35.0%				
<b>After-Tax EBIT</b>				
<b>Total FCF from Synergies</b>				
% Growth				
<b>Discounted Free Cash Flows</b>				
<b>NPV of Terminal Value</b>				
<b>Total Synergy DCF Value<sup>2</sup></b>				

Saturn Value Per Share of DCF Synergies					
WACC	Annual Cost Synergies				
	100	125	150	175	200
8.50%	\$0.73	\$0.92	\$1.10	\$1.28	\$1.47
8.75%	0.71	0.89	1.06	1.24	1.42
9.00%	0.69	0.86	1.03	1.20	1.37
9.25%	0.66	0.83	1.00	1.16	1.33
9.50%	0.64	0.80	0.96	1.12	1.29

Sensitivity of DCF Synergy Value					
WACC	Annual Cost Synergies				
	100	125	150	175	200
8.50%	638	798	957	1,117	1,277
8.75%	617	771	925	1,080	1,234
9.00%	597	746	895	1,044	1,194
9.25%	578	722	867	1,011	1,156
9.50%	560	700	840	980	1,120



Notes:  
 1) Assumes mid-year convention, discounted to 3/31/16  
 2) Assumes 9.00% WACC and 0.0% PGR

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## Draft Working Materials – Subject To Change

### Pro Forma Discounted Cash Flow Accretion/(Dilution) Analysis – Series A Offer

#### Analysis based on fixed exchange ratio deal and Saturn Management Case

Saturn Status Quo DCF Equity Value / Share						Saturn Share of Pro Forma DCF Equity Value / Share					
WACC	2020E LTM Terminal EBITDA Multiple					WACC	2020E LTM Terminal EBITDA Multiple				
	7.00x	7.25x	7.50x	7.75x	8.00x		Low	Mid	High		
8.75%	\$30.91	\$31.91	\$32.90	\$33.89	\$34.87	<b>Low</b>	\$36.08	\$36.39	\$36.70	\$37.01	\$37.32
9.00%	30.55	31.54	32.52	33.50	34.47		35.63	35.93	36.23	36.53	36.83
9.25%	30.20	31.17	32.14	33.12	34.08	<b>Mid</b>	35.18	35.47	35.76	36.06	36.35
9.50%	29.84	30.81	31.77	32.73	33.69		34.73	35.02	35.30	35.59	35.88
9.75%	29.50	30.45	31.40	32.35	33.31	<b>High</b>	34.29	34.57	34.85	35.13	35.41

DCF Enterprise Value	34,608
Saturn DCF Enterprise Value	4,467
Synergy DCF Value	895
<b>Combined Pro Forma Enterprise Value</b>	<b>39,970</b>
Less: Pro Forma Net Debt @ 3/31/2016	(9,067)
Less: Other <sup>1</sup> @ 3/31/2016	374
<b>Combined Pro Forma Equity Value</b>	<b>31,277</b>
Pro Forma Shares Outstanding	524.7
<b>Implied Comet Pro Forma DCF Equity Value per Share</b>	<b>\$59.60</b>
Saturn Series A Exchange Ratio	0.6000x
<b>Implied Saturn Share of PF DCF Equity Valuer per Share</b>	<b>\$35.76</b>
Standalone Saturn DCF Equity Value per Share	\$32.14
<i>Accretion / (Dilution)</i>	11.3%

Accretion to Standalone DCF						
WACC	Low	Mid	High			
<b>Low</b>	16.7%	14.1%	11.5%	9.2%	7.0%	
	16.6%	13.9%	11.4%	9.0%	6.8%	
<b>Mid</b>	16.5%	13.8%	11.3%	8.9%	6.7%	
	16.4%	13.7%	11.1%	8.7%	6.5%	
<b>High</b>	16.3%	13.5%	11.0%	8.6%	6.3%	



Source: Projected financial information per Saturn management and Wall Street research

Note:

1) Other includes the market value of [redacted] equity in affiliates and the book value of Saturn's investment in PlayCo

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Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## Draft Working Materials – Subject To Change

### Pro Forma Discounted Cash Flow Accretion/(Dilution) Analysis – Series A Offer

#### Analysis based on fixed exchange ratio deal and Saturn Sensitivity Case

Saturn Status Quo DCF Equity Value / Share						Saturn Share of Pro Forma DCF Equity Value / Share					
WACC	2020E LTM Terminal EBITDA Multiple					WACC	2020E LTM Terminal EBITDA Multiple				
	7.00x	7.25x	7.50x	7.75x	8.00x		Low	Mid	High		
8.75%	\$28.40	\$29.33	\$30.27	\$31.20	\$32.14	<b>Low</b>	\$35.77	\$36.07	\$36.37	\$36.67	\$36.97
9.00%	28.06	28.99	29.91	30.84	31.76		35.31	35.61	35.90	36.19	36.48
9.25%	27.73	28.64	29.56	30.47	31.39	<b>Mid</b>	34.86	35.15	35.44	35.72	36.01
9.50%	27.40	28.30	29.21	30.11	31.02		34.42	34.70	34.98	35.26	35.54
9.75%	27.07	27.97	28.86	29.76	30.65	<b>High</b>	33.99	34.26	34.53	34.81	35.08

DCF Enterprise Value	34,608
Saturn DCF Enterprise Value	4,182
Synergy DCF Value	895
<b>Combined Pro Forma Enterprise Value</b>	<b>39,684</b>
Less: Pro Forma Net Debt @ 3/31/2016	(9,067)
Less: Other <sup>1</sup> @ 3/31/2016	374
<b>Combined Pro Forma Equity Value</b>	<b>30,991</b>
Pro Forma Shares Outstanding	524.7
<b>Implied Comet Pro Forma DCF Equity Value per Share</b>	<b>\$59.06</b>
Saturn Series A Exchange Ratio	0.6000x
<b>Implied Saturn Share of PF DCF Equity Valuer per Share</b>	<b>\$35.44</b>
Standalone Saturn DCF Equity Value per Share	\$29.56
<i>Accretion / (Dilution)</i>	19.9%

Accretion to Standalone DCF					
WACC	Low	Mid	High		
<b>Low</b>	25.9%	23.0%	20.2%	17.5%	15.0%
	25.8%	22.8%	20.0%	17.4%	14.9%
<b>Mid</b>	25.7%	22.7%	19.9%	17.2%	14.7%
	25.6%	22.6%	19.8%	17.1%	14.6%
<b>High</b>	25.6%	22.5%	19.6%	17.0%	14.4%



Source: Projected financial information per Saturn management and Wall Street research

Note:

1) Other includes the market value of [redacted] equity in affiliates and the book value of Saturn's investment in PlayCo

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# Appendix

## Additional Reference Materials



## Draft Working Materials – Subject To Change

### Side-by-Side Trading Analysis

	Saturn <sup>3</sup>		Luna <sup>4</sup>		
<i>(\$mm, unless indicated)</i>					
<b>Class A Price (\$)<sup>1</sup></b>	\$26.36				
Fully Diluted Class A Shares	93.7				
<b>Class B Price (\$)<sup>1</sup></b>	\$26.07				
Fully Diluted Class B Shares	9.9				
<b>Blended Price (\$)</b>	\$26.33		\$21.34		
Fully Diluted Shares	103.5		153.0		
<b>Equity Value</b>	2,726		3,264		
Plus: Net Debt & Other <sup>1</sup>	1,101		86		
<b>Enterprise Value</b>	3,827		3,350		
Less: Value of Tax Attributes <sup>2</sup>	-		(576)		
<b>Adj. Enterprise Value</b>	3,827		2,774		
	<b>Metric</b>		<b>Metric</b>	<b>Gross</b>	<b>Adjusted</b>
	<b>(\$mm)</b>	<b>Mult</b>	<b>(\$mm)</b>	<b>Mult</b>	<b>Mult</b>
<b>EV/</b>					
CY 2016E EBITDA - Management Case <sup>5</sup>	490	7.8x	172	19.5x	16.2x
CY 2017E EBITDA - Management Case <sup>5</sup>	543	7.1x	213	15.7x	13.0x
CY 2016E EBITDA - Research Case <sup>5</sup>					
CY 2017E EBITDA - Research Case <sup>5</sup>					
<b>Leverage</b>					
Net Debt / 2016E EBITDA <sup>6</sup>		2.3x			3.4x
<b>CY '16E - '18E CAGRs</b>					
Revenue		4.8%			12.4%
EBITDA		11.8%			27.9%
<b>Analyst Price Targets</b>					
High		\$33.00			\$40.00
Average		\$31.04			\$28.75
Premium to Current Price		15.1%			25.8%
Low		\$22.57			\$22.00

Source: Projections per Saturn management and Wall Street research, public company filings

Note: prices as of June 17, 2016

1) For Luna, equity in affiliates assumes Epix valued at 9.0x FY 2016A operating income of \$168mm, implying a \$471mm value for Luna's 31% stake; assumes TVGN, ATOM Tickets, and Tribeca Short List valued @ book value; Defy Media / Celestial Tiger stakes valued at \$65mm; Saturn stake based on market prices

2) Includes net present value of difference between Luna actual tax rate given Canadian incorporation vs. peer normalized tax rate, incorporating value of existing NOLs

3) JCM has 0.1mm shares of Series A Saturn stock and 6.2mm shares of Series B Saturn stock for a total voting stake of 33.1%, economic stake of 6.1% and a value of \$165mm @ market; JCM has 4.4mm shares of Luna common stock for a total voting stake of 2.9%, economic stake of 2.9% and a value of \$94mm @ market

4) Luna has 2.1mm shares of Series A Saturn stock and 2.6mm shares of Series B Saturn stock for a total voting stake of 15.0%, economic stake of 4.5% and a value of \$123mm @ market<sup>39</sup>

5) EBITDA shown pre stock based compensation

6) For Luna leverage purposes, EBITDA includes equity income from affiliates



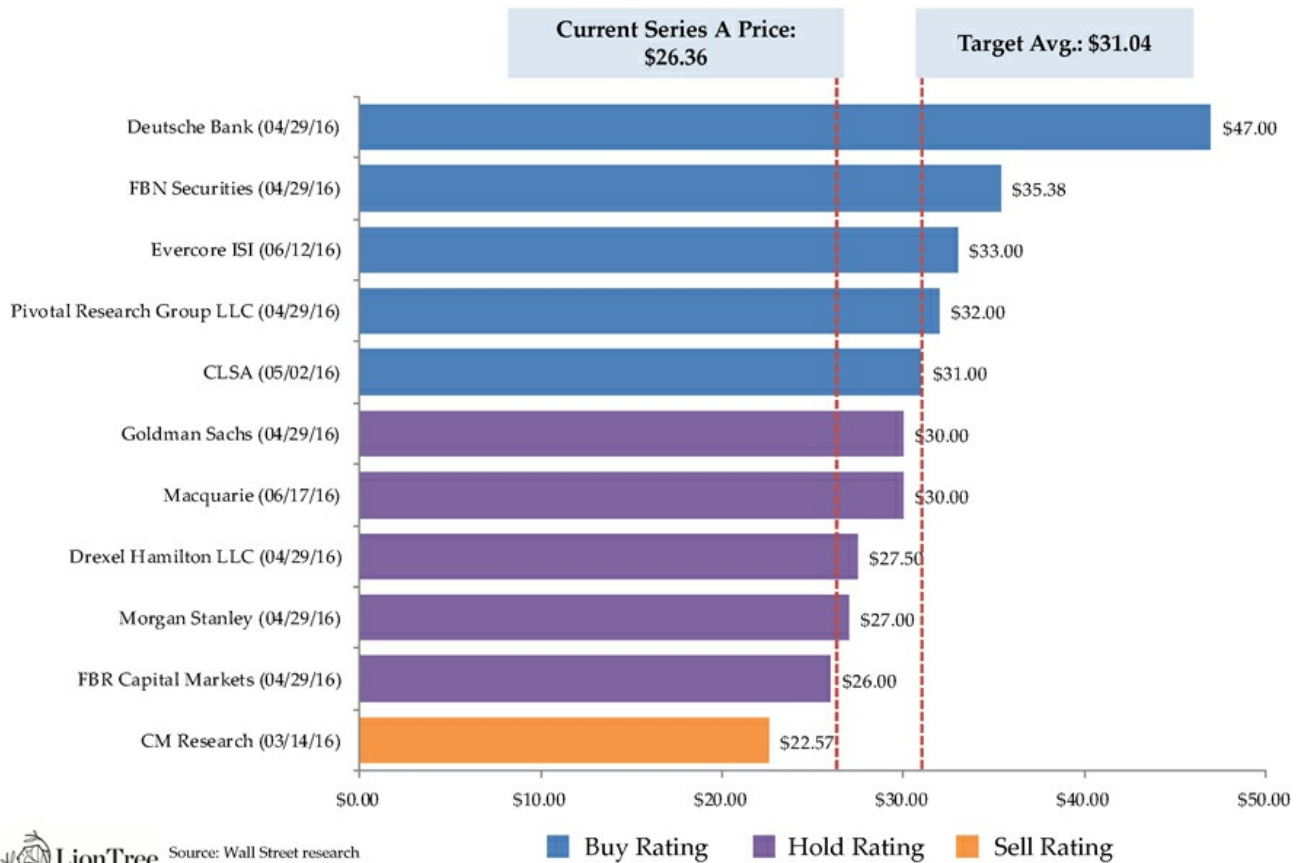
LionTree

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## Draft Working Materials – Subject To Change

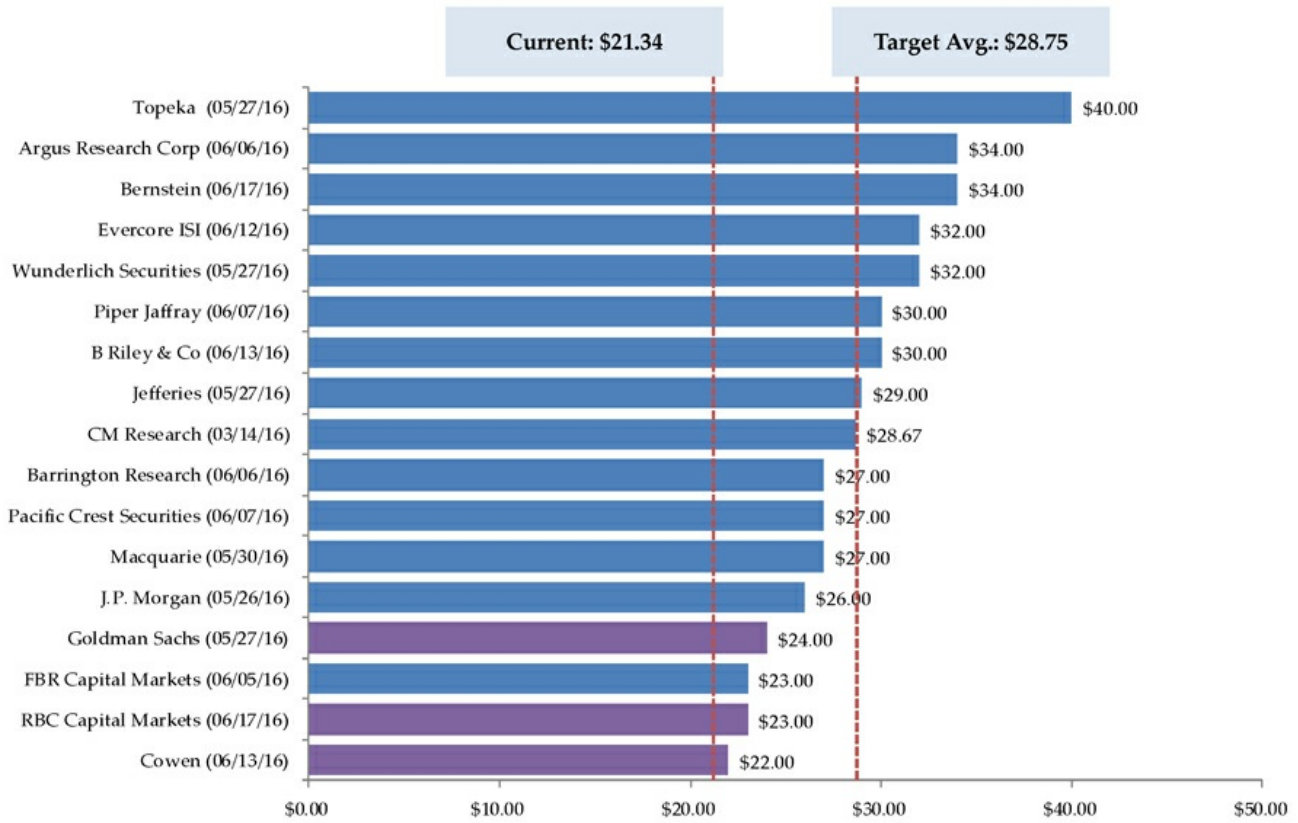
### Saturn Current Analyst Price Targets

Saturn currently trades at a 15.1% discount to the average analyst price target



Luna Research Analyst Price Targets

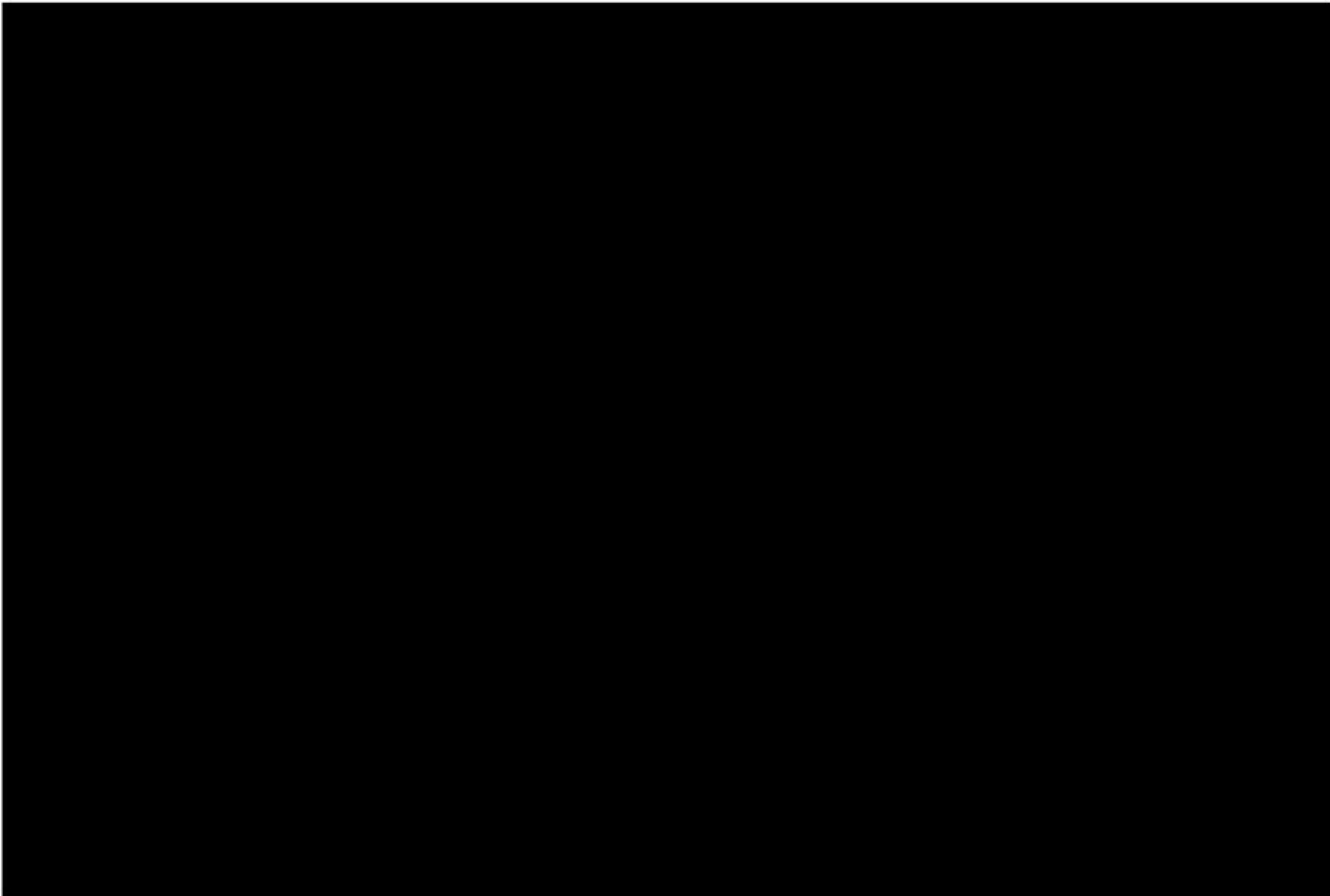
Luna currently trades at a 25.8% discount to the average analyst price target



Source: Wall Street research  
Note: Stock price as of June 17<sup>th</sup>

■ Buy Rating ■ Hold Rating ■ Sell Rating

Research Price Targets



LionTree

Source: Wall Street research  
Note: Stock price as of June 17<sup>th</sup>

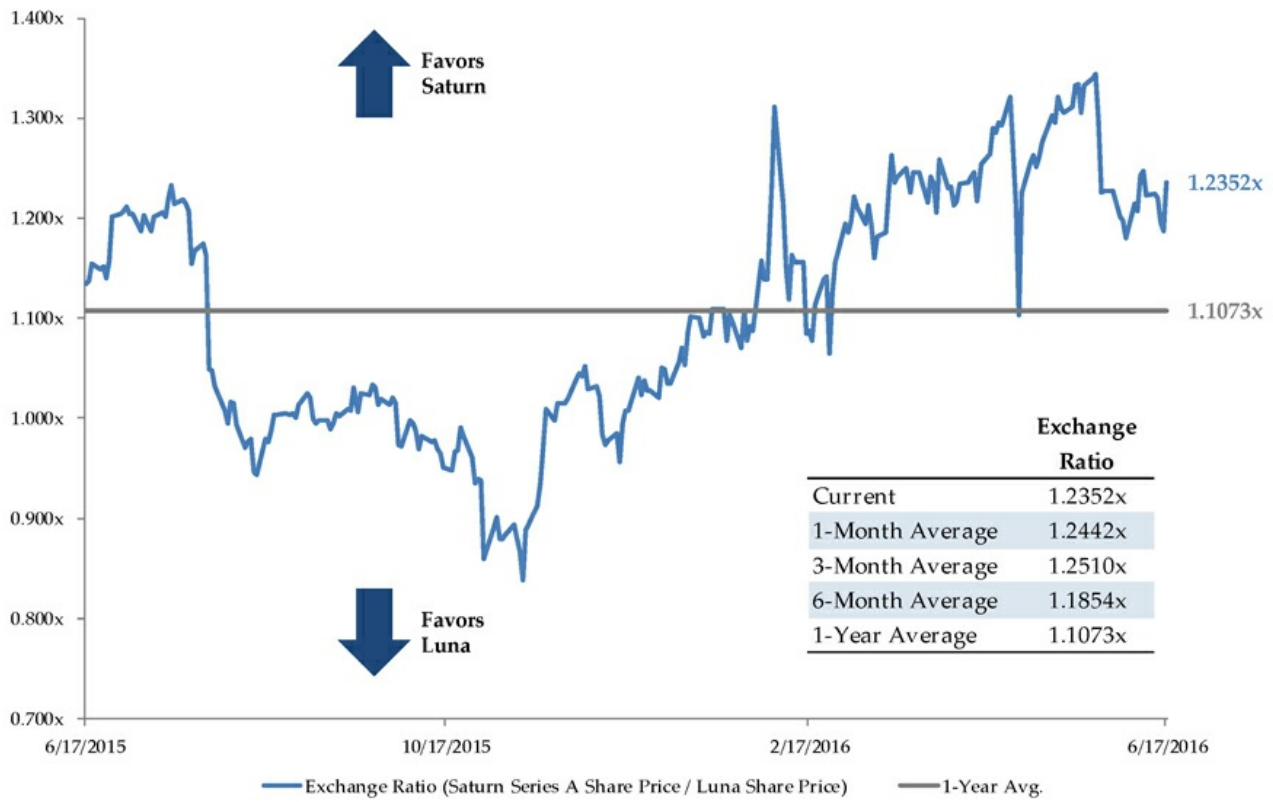
Buy Rating

Hold Rating

Sell Rating

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Saturn / Luna Historical Exchange Ratio



Source: FactSet  
Note: Assumes 100% stock transaction

Saturn / [REDACTED] Historical Exchange Ratio

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## Draft Working Materials – Subject To Change

### Luna Detailed Financial Projections (Fiscal Year)

(\$mm)	Fiscal Year Ended March 31,				CAGR		CAGR	
	2016A	2017E	2018E	2019E	2020E	2021E	'17E-'19E	17E-'21E
<b>Motion Pictures</b>	<b>1,678</b>	<b>1,874</b>	<b>1,913</b>	<b>2,404</b>				
<i>% Growth</i>	(7.8%)	11.7%	2.1%	25.7%				
<b>Television Productions</b>	<b>670</b>	<b>979</b>	<b>1,094</b>	<b>1,188</b>				
<i>% Growth</i>	15.6%	46.1%	11.8%	8.6%				
<b>Revenue</b>	<b>2,347</b>	<b>2,853</b>	<b>3,007</b>	<b>3,592</b>	<b>3,435</b>	<b>3,457</b>	<b>12.2%</b>	<b>4.9%</b>
<i>% Growth</i>	(2.2%)	21.5%	5.4%	19.5%	(4.4%)	0.6%		
<b>Direct Operating Expenses</b>								
<b>Motion Pictures</b>	<b>(874)</b>	<b>(911)</b>	<b>(884)</b>	<b>(1,103)</b>				
<i>% of Segment Revenue</i>	52.1%	48.6%	46.2%	45.9%				
<b>Television</b>	<b>(532)</b>	<b>(837)</b>	<b>(929)</b>	<b>(990)</b>				
<i>% of Segment Revenue</i>	79.4%	85.6%	84.9%	83.3%				
<b>Direct Operating Expenses</b>	<b>(1,407)</b>	<b>(1,749)</b>	<b>(1,813)</b>	<b>(2,093)</b>			<b>9.4%</b>	
<i>% of Revenue</i>	59.9%	61.3%	60.3%	58.3%				
<b>Distribution and Marketing</b>								
<b>Motion Pictures</b>	<b>(619)</b>	<b>(680)</b>	<b>(697)</b>	<b>(825)</b>				
<i>% of Segment Revenue</i>	36.9%	36.3%	36.5%	34.3%				
<b>Television</b>	<b>(39)</b>	<b>(30)</b>	<b>(35)</b>	<b>(35)</b>				
<i>% of Segment Revenue</i>	5.9%	3.0%	3.2%	2.9%				
<b>Distribution and Marketing</b>	<b>(658)</b>	<b>(710)</b>	<b>(733)</b>	<b>(860)</b>			<b>10.1%</b>	
<i>% of Revenue</i>	28.0%	24.9%	24.4%	23.9%				
<b>Gross Contribution</b>								
<b>Motion Pictures</b>	<b>184</b>	<b>267</b>	<b>279</b>	<b>361</b>				
<i>% Margin</i>	11.0%	14.2%	14.6%	15.0%				
<b>Television</b>	<b>104</b>	<b>116</b>	<b>135</b>	<b>170</b>				
<i>% Margin</i>	15.5%	11.8%	12.3%	14.3%				
<b>Total Gross Contribution</b>	<b>288</b>	<b>383</b>	<b>414</b>	<b>531</b>			<b>17.7%</b>	
<i>% Margin</i>	12.3%	13.4%	13.8%	14.8%				
<b>General and Administrative</b>	<b>(256)</b>	<b>(277)</b>	<b>(279)</b>	<b>(279)</b>			<b>0.4%</b>	
Plus: SBC	79	86	85	49				
Other Add Backs	51	59	43	47				
<b>EBITDA (incl. equity gains)</b>	<b>162</b>	<b>251</b>	<b>264</b>	<b>348</b>	<b>364</b>	<b>363</b>	<b>17.8%</b>	<b>9.7%</b>
<i>% Growth</i>	(57.8%)	54.5%	5.1%	32.1%	4.4%	(0.1%)		
<i>% Margin</i>	6.9%	8.8%	8.8%	9.7%	10.6%	10.5%		
<b>EBITDA (excl. equity gains)</b>	<b>111</b>	<b>192</b>	<b>220</b>	<b>301</b>			<b>25.2%</b>	
<i>% Growth</i>	(66.6%)	73.0%	14.7%	36.7%				
<i>% Margin</i>	4.7%	6.7%	7.3%	8.4%				

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**Work in Progress**

**As of 6/15/2016**

# **Project Galaxy**

## **Presentation on Potential Saturn Transactions**

**June 15, 2016**

**RAINE**

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# Summary of Current Proposals

Represents Series A Shares

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		Luna																															
Consideration		<ul style="list-style-type: none"> <li>\$20.00 Cash + 0.566 Luna Shares                             <ul style="list-style-type: none"> <li>– Non-voting shares (to be created)</li> <li>– ~62% Cash / 38% Stock</li> </ul> </li> </ul>																															
Value (as of 6/13/16)		<table border="1"> <thead> <tr> <th></th> <th colspan="4" style="text-align: center;">Assuming Luna Voting Share Premium of:</th> </tr> <tr> <th></th> <th style="text-align: center;">0.0%</th> <th style="text-align: center;">2.5%</th> <th style="text-align: center;">5.0%</th> <th style="text-align: center;">10.0%</th> </tr> </thead> <tbody> <tr> <td>@ Market</td> <td style="text-align: right;">\$32.03</td> <td style="text-align: right;">\$31.88</td> <td style="text-align: right;">\$31.74</td> <td style="text-align: right;">\$31.46</td> </tr> <tr> <td>@ 30-Day VWAP</td> <td style="text-align: right;">\$32.06</td> <td style="text-align: right;">\$31.91</td> <td style="text-align: right;">\$31.77</td> <td style="text-align: right;">\$31.49</td> </tr> <tr> <td>@ 60-Day VWAP</td> <td style="text-align: right;">\$31.97</td> <td style="text-align: right;">\$31.82</td> <td style="text-align: right;">\$31.68</td> <td style="text-align: right;">\$31.40</td> </tr> <tr> <td>@ 90-Day VWAP</td> <td style="text-align: right;">\$31.96</td> <td style="text-align: right;">\$31.81</td> <td style="text-align: right;">\$31.67</td> <td style="text-align: right;">\$31.40</td> </tr> </tbody> </table>		Assuming Luna Voting Share Premium of:					0.0%	2.5%	5.0%	10.0%	@ Market	\$32.03	\$31.88	\$31.74	\$31.46	@ 30-Day VWAP	\$32.06	\$31.91	\$31.77	\$31.49	@ 60-Day VWAP	\$31.97	\$31.82	\$31.68	\$31.40	@ 90-Day VWAP	\$31.96	\$31.81	\$31.67	\$31.40	
	Assuming Luna Voting Share Premium of:																																
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@ 90-Day VWAP	\$31.96	\$31.81	\$31.67	\$31.40																													
Series B Premium		10% (stock portion converted to Luna voting stock)																															
Tax Treatment to Shareholders		Taxable																															
Financing Certainty		Requires debt & equity commitment papers for \$2bn cash consideration																															
Due Diligence Outstanding		Financial due diligence in process, entered VDR on Thursday																															
Affiliate Agreements		■ [REDACTED] ■ [REDACTED]																															

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  - II. Saturn – Financial Projections
  - III. Saturn – Preliminary Standalone Valuation
  
  - IV. █████ – Company Overview
  - V. █████ – Preliminary Standalone Valuation
  - VI. █████ – Preliminary Combination Analysis
  
  - VII. Luna – Company Overview
  - VIII. Luna – Preliminary Combination Analysis

Appendix A: Preliminary Supplemental Valuation Material

Appendix B: Differential Consideration

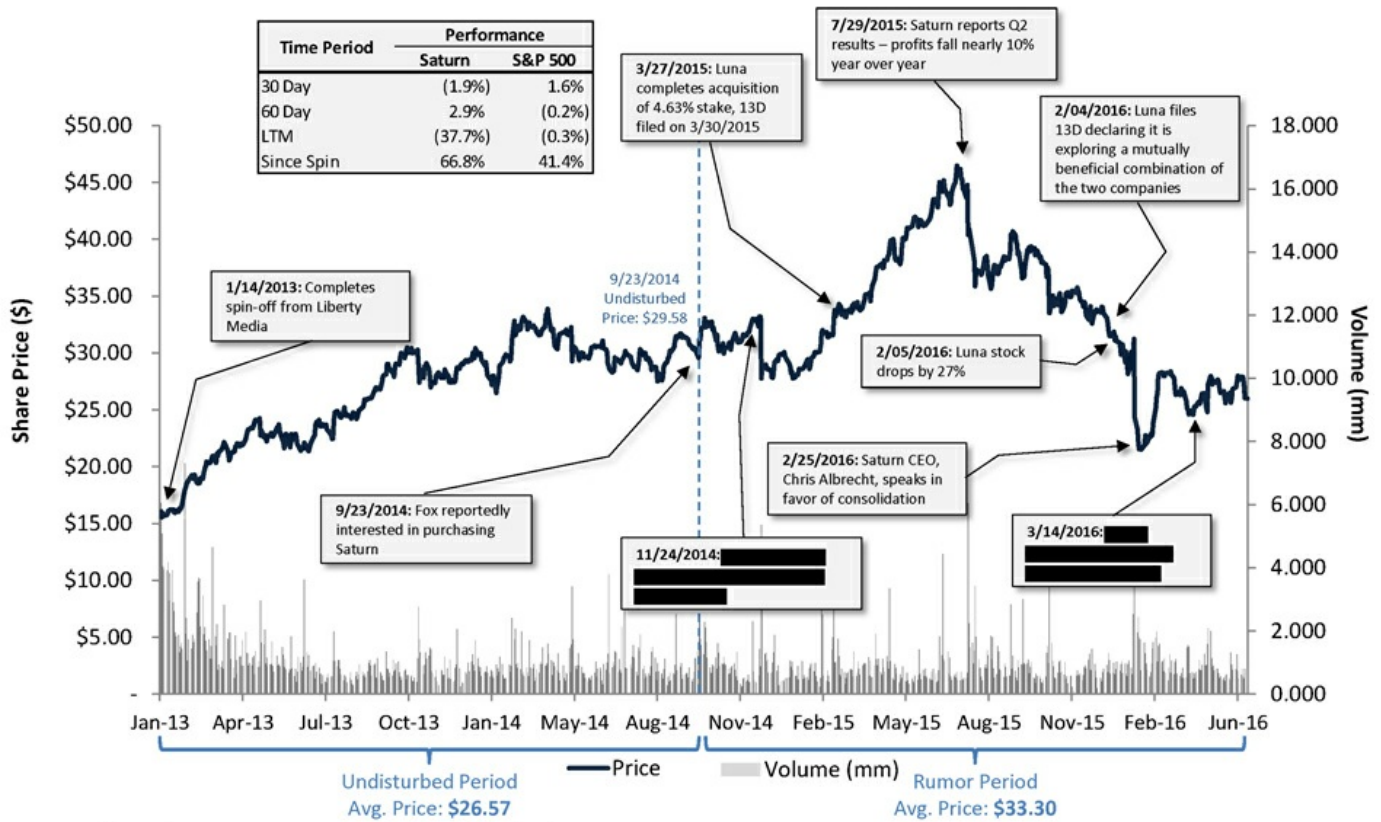
## I. Saturn – Stock Price & Shareholder Summary

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# Annotated Stock Price Performance

Series A Shares – Since Saturn Spin-off

(\$ per share)



Source: Capital IQ as of June 13, 2016. Comments per publically available information.

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# Saturn Stock Price Performance

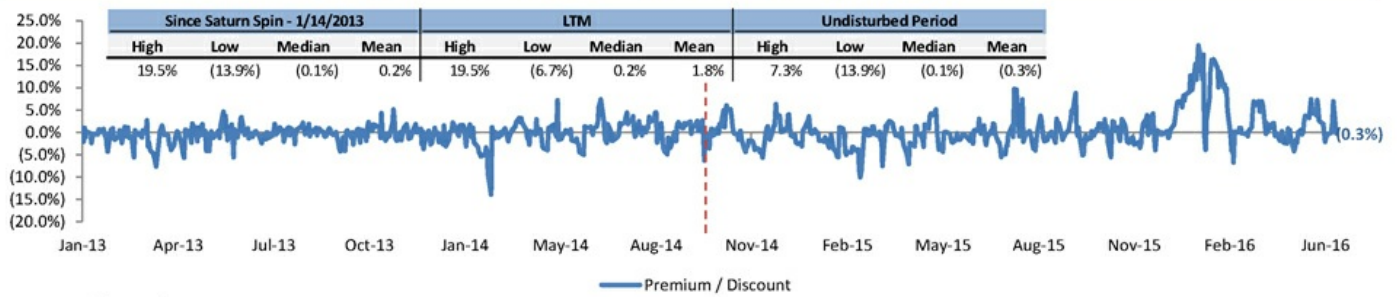
Since Saturn Spin-off  
(\$ per share)

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Series A and Series B Share Price Since January 14, 2013



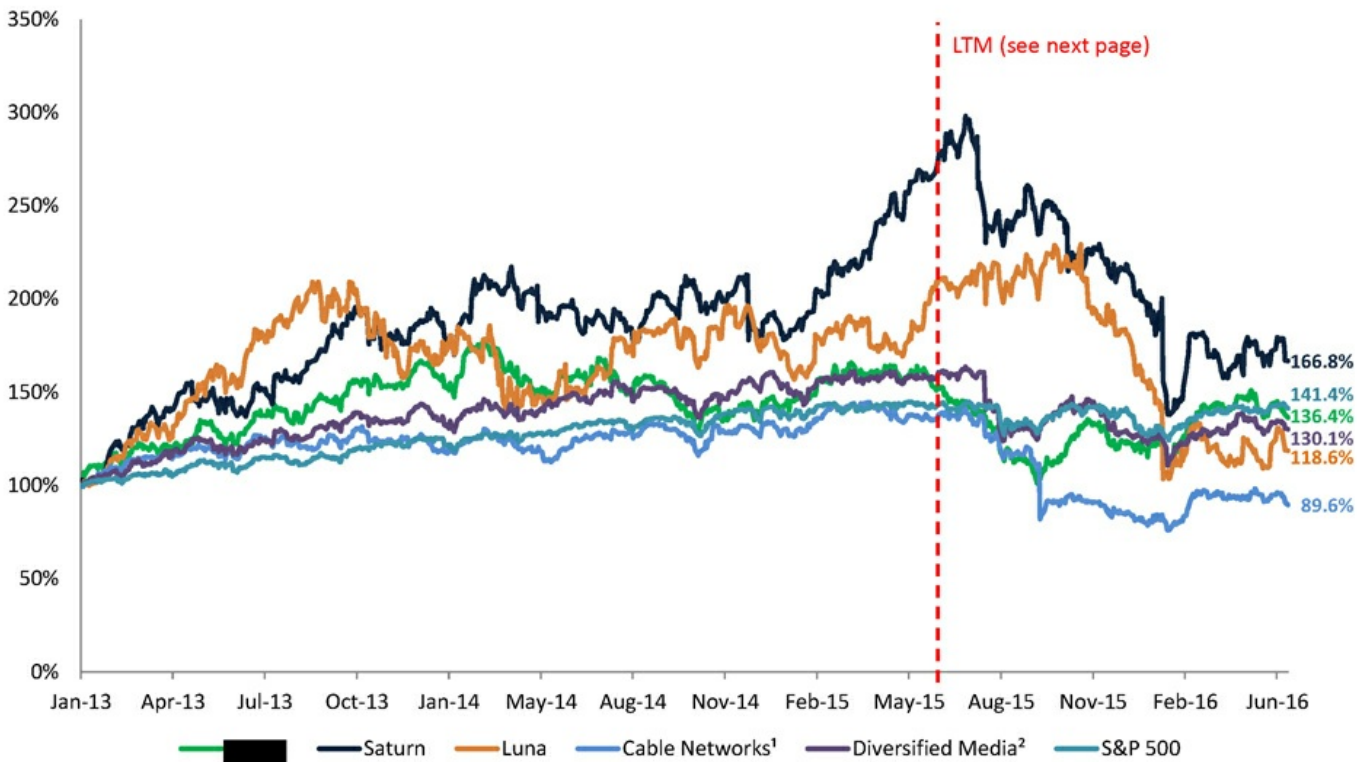
Daily Premium / Discount of Series B Share Price to Series A Share Price



Source: Capital IQ as of June 13, 2016.

# Relative Stock Price Performance Since Spin

Saturn Series A, [REDACTED] Luna vs. Industry Peers and S&P 500 Index



Source: Capital IQ as of June 13, 2016.  
<sup>1</sup> AMC Networks, MSG Networks, Scripps, Discovery.  
<sup>2</sup> Time Warner, Fox, Disney, Viacom.

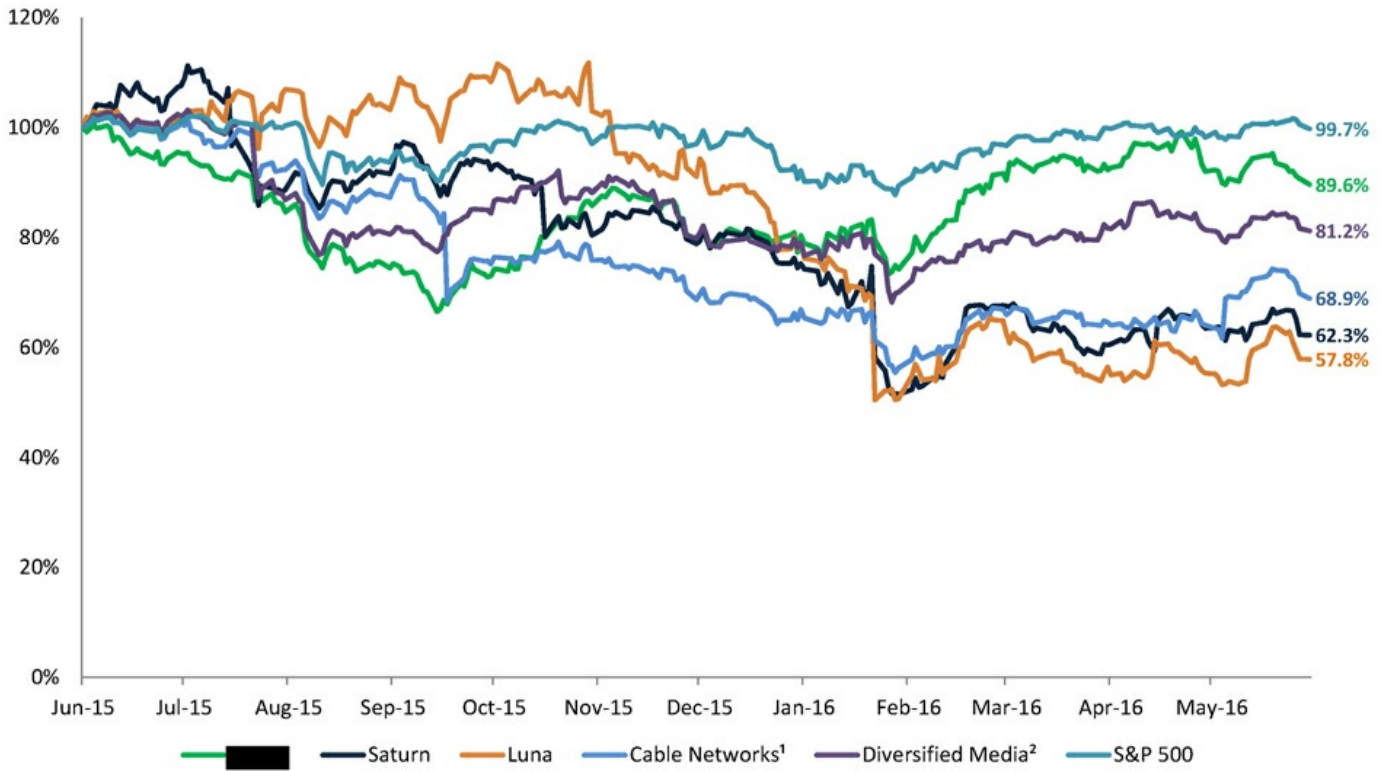
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# LTM Relative Stock Price Performance

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Saturn Series A, [REDACTED] Luna vs. Industry Peers and S&P 500 Index



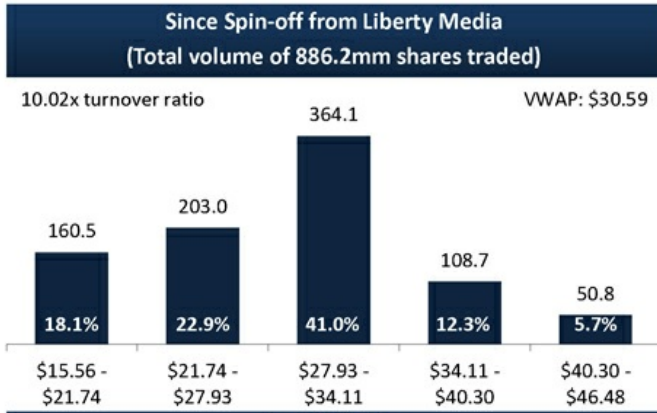
Source: Capital IQ as of June 13, 2016.  
<sup>1</sup> AMC Networks, MSG Networks, Scripps, Discovery.  
<sup>2</sup> Time Warner, Fox, Disney, Viacom.

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# Recent Trading Activity by Volume

Represents Series A Shares

(\$ per share, units in millions)



Source: Capital IQ as of June 13, 2016.

# Saturn Wall Street Research Views

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## Analyst Targets

Date	Firm	Valuation		Rating	Target Price	% Premium to	
		Methodology	Multiple Year			Current	Publish Day
4/29/2016	Deutsche Bank	Blended <sup>1</sup>		Buy	\$47.00	80.7%	89.4%
4/29/2016	FBN Securities	DCF		Outperform	\$35.38	36.0%	42.5%
4/29/2016	Evercore ISI	DCF		Buy	\$33.00	26.9%	33.0%
4/29/2016	Pivotal Research Group	EBITDA Multiple	2016	Buy	\$32.00	23.0%	28.9%
5/2/2016	CLSA	P/FCF Multiple	2017	Outperform	\$31.00	19.2%	13.9%
5/1/2016	Macquarie	EBITDA Multiple	2017	Neutral	\$28.00	7.7%	2.9%
4/29/2016	Drexel Hamilton	EBITDA Multiple	N/A	Hold	\$27.50	5.7%	10.8%
4/29/2016	Morgan Stanley	P/FCF Multiple	2020	Equal-weight	\$27.00	3.8%	8.8%
4/29/2016	FBR & Co.	OIBDA Multiple	2016	Market Perform	\$26.00	(0.0%)	4.8%
4/28/2016	Pacific Crest Securities	EBITDA Multiple	NTM	Sector Weight	\$26.00	(0.0%)	4.8%
<b>Average</b>					<b>\$31.29</b>	<b>20.3%</b>	<b>24.0%</b>
<b>Median</b>					<b>\$29.50</b>	<b>13.4%</b>	<b>12.4%</b>
<b>Current Trading Price</b>					<b>\$26.01</b>		

Source: Wall Street Research and Bloomberg. Current trading price as of 6/13/2016.

<sup>1</sup> Blended valuation methodology of DCF and M&A.

# Saturn Shareholder Summary

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- Holders of Series A and Series B shares are entitled to 1 and 10 votes per share, respectively
- Upon completion of the Q1 2015 share swap, Luna granted an irrevocable proxy to affiliates of Dr. Malone to vote 2,118,038 shares of Series A common stock and 2,590,597 shares of Series B common stock Exchange Shares in matters submitted to a vote of Saturn's shareholders, other than for proposals related to extraordinary transactions, including business combinations, or proposals related to the issuance or sale of securities
- Therefore, Dr. Malone controls 48% of the shareholder vote on an election of directors and 33% of the vote on the proposals related to extraordinary transactions or the issuance or sale of securities, while only maintaining a 6% economic ownership stake

Shareholder	Series (Shares)		Series (Economic %)		Series (Voting %)	
	A	B	A	B	A	B
Fidelity Management & Research Company	12,403,384		12.6%		6.6%	
ClearBridge Investments	6,340,512		6.4%		3.4%	
The Vanguard Group	5,812,056		5.9%		3.1%	
Horizon Kinetics	5,024,545		5.1%		2.7%	
BlackRock Institutional Trust Company	2,861,434		2.9%		1.5%	
Boston Partners	2,325,745		2.4%		1.2%	
Luna	2,118,038	2,590,597	2.2%	2.6%	1.1%	13.8%
Gregory B Maffei	1,822,456		1.9%		1.0%	
York Capital Management	1,445,947		1.5%		0.8%	
Pinnacle Associates	1,356,995		1.4%		0.7%	
TIAA Global Asset Management	1,355,329		1.4%		0.7%	
Fidelity Institutional Asset Management	1,343,618		1.4%		0.7%	
Voya Investment Management	1,308,102		1.3%		0.7%	
State Street Global Advisors (US)	1,128,138		1.1%		0.6%	
Columbia Wanger Asset Management	1,071,259		1.1%		0.6%	
Two Sigma Investments	1,052,378		1.1%		0.6%	
Ratan Capital Management	985,860		1.0%		0.5%	
Norges Bank Investment Management	891,883		0.9%		0.5%	
John Malone	136,537	6,186,729	0.1%	6.3%	0.1%	33.1%
Other	37,790,196	1,080,990	38.4%	1.1%	20.2%	5.8%
<b>Total</b>	<b>88,574,412</b>	<b>9,858,316</b>	<b>90.0%</b>	<b>10.0%</b>	<b>47.3%</b>	<b>52.7%</b>

Source: Company filings, Thomson One, as of 6/10/2016.

Note: Share ownership percentages reflect percent of common shares outstanding (excluding dilutive securities).

# Saturn Crossover Analysis

## Top 25 Economic Saturn Shareholders

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PRELIMINARY DRAFT

Shareholder	Saturn (Economic %)	[REDACTED] (Economic %)	Luna (Economic %)
Fidelity Management & Research Company	12.60%	[REDACTED]	5.75%
ClearBridge Investments	6.44%	[REDACTED]	1.52%
John Malone	6.42%	[REDACTED]	3.37%
The Vanguard Group	5.90%	[REDACTED]	5.03%
Horizon Kinetics	5.10%	[REDACTED]	
Luna	4.78%	[REDACTED]	Company
BlackRock Institutional Trust Company	2.91%	[REDACTED]	2.14%
Boston Partners	2.36%	[REDACTED]	
Pinnacle Associates	1.38%	[REDACTED]	
Fidelity Institutional Asset Management	1.37%	[REDACTED]	0.01%
Voya Investment Management	1.33%	[REDACTED]	0.08%
State Street Global Advisors (US)	1.15%	[REDACTED]	0.75%
Two Sigma Investments	1.07%	[REDACTED]	
Ratan Capital Management	1.00%	[REDACTED]	
Norges Bank Investment Management	0.91%	[REDACTED]	0.53%
Dimensional Fund Advisors	0.76%	[REDACTED]	0.30%
Sarbit Advisory Services	0.72%	[REDACTED]	0.65%
Gabelli Funds	0.69%	[REDACTED]	0.02%
Naya Management	0.55%	[REDACTED]	3.70%
Neuberger Berman	0.54%	[REDACTED]	1.57%
UBS Securities	0.14%	[REDACTED]	0.19%
Morgan Stanley Wealth Management	0.07%	[REDACTED]	0.00%
The Boston Company Asset Management	0.04%	[REDACTED]	
JP Morgan Asset Management	0.03%	[REDACTED]	
Columbia Threadneedle Investments (US)	0.01%	[REDACTED]	0.14%

 Represents Saturn Shareholder / Luna Shareholder Crossover

Source: Company filings, Thomson One, as of 6/10/2016.

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## II. Saturn – Financial Projections

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# Saturn Financial Summary

## Saturn Management Case

(\$ in millions)

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	Actuals			Management			Commentary
	2013A	2014A	2015A	2016E	2017E	2018E	
<b>Revenue</b>							
1 Networks	\$1,298	\$1,312	\$1,324	\$1,389	\$1,484	\$1,561	1 [REDACTED]
2 Distribution	450	322	354	315	311	311	[REDACTED]
3 Animation	32	32	25	0	0	0	[REDACTED]
Eliminations	(2)	(1)	(3)	(4)	(7)	(5)	[REDACTED]
<b>Total Revenue</b>	<b>\$1,778</b>	<b>\$1,664</b>	<b>\$1,700</b>	<b>\$1,700</b>	<b>\$1,789</b>	<b>\$1,868</b>	2 [REDACTED]
YoY Growth (%)	9.0%	(6.4%)	2.2%	0.0%	5.2%	4.4%	[REDACTED] and reflects steady state revenue and Adjusted OIBDA; Saturn Originals revenue and adjusted OIBDA based on ultimates
<b>Expenses</b>							
4 Programming	632	598	653	633	665	662	[REDACTED]
Operating	394	293	300	264	270	266	[REDACTED]
Advertising & Marketing	149	144	157	169	177	191	[REDACTED]
5 General & Administrative	125	127	129	144	134	137	[REDACTED]
<b>Total Expenses</b>	<b>\$1,301</b>	<b>\$1,162</b>	<b>\$1,239</b>	<b>\$1,210</b>	<b>\$1,246</b>	<b>\$1,255</b>	3 Reduction due to impact of Film Roman sale in 2015
YoY Growth (%)	(20.2%)	(10.6%)	6.6%	(2.3%)	3.0%	0.7%	[REDACTED]
<b>Pre-SBC OIBDA</b>	<b>\$477</b>	<b>\$502</b>	<b>\$462</b>	<b>\$490</b>	<b>\$543</b>	<b>\$612</b>	4 Programming costs driven by increase in original content production and reduction of costs associated with Disney output deal
% Margin	26.8%	30.1%	27.1%	28.8%	30.3%	32.8%	[REDACTED]
YoY Growth (%)	7.2%	5.2%	(8.0%)	6.2%	10.7%	12.9%	[REDACTED]
Stock Based Compensation	34	31	33	31	31	30	[REDACTED]
<b>Post-SBC OIBDA</b>	<b>\$443</b>	<b>\$471</b>	<b>\$429</b>	<b>\$460</b>	<b>\$511</b>	<b>\$582</b>	5 Excludes stock based compensation
% Margin	24.9%	28.3%	25.2%	27.0%	28.6%	31.2%	[REDACTED]
<b>Free Cash Flow</b>							
Net Income	250	269	236	247	287	341	[REDACTED]
Net Program Amort. / (Payments)	181	167	199	198	338	288	[REDACTED]
Net Film/TV Amort. / (Investments)	(90)	(260)	(194)	(272)	(284)	(288)	[REDACTED]
D&A & Other	66	80	53	65	59	50	[REDACTED]
Δ Working Capital	(94)	(49)	(44)	3	(47)	(47)	[REDACTED]
Capital Expenditure	(15)	(11)	(17)	(24)	(19)	(13)	[REDACTED]
6 <b>Free Cash Flow</b>	<b>\$298</b>	<b>\$195</b>	<b>\$233</b>	<b>\$218</b>	<b>\$335</b>	<b>\$332</b>	6 Excludes investment and cash received from equity investee

Source: Company management.

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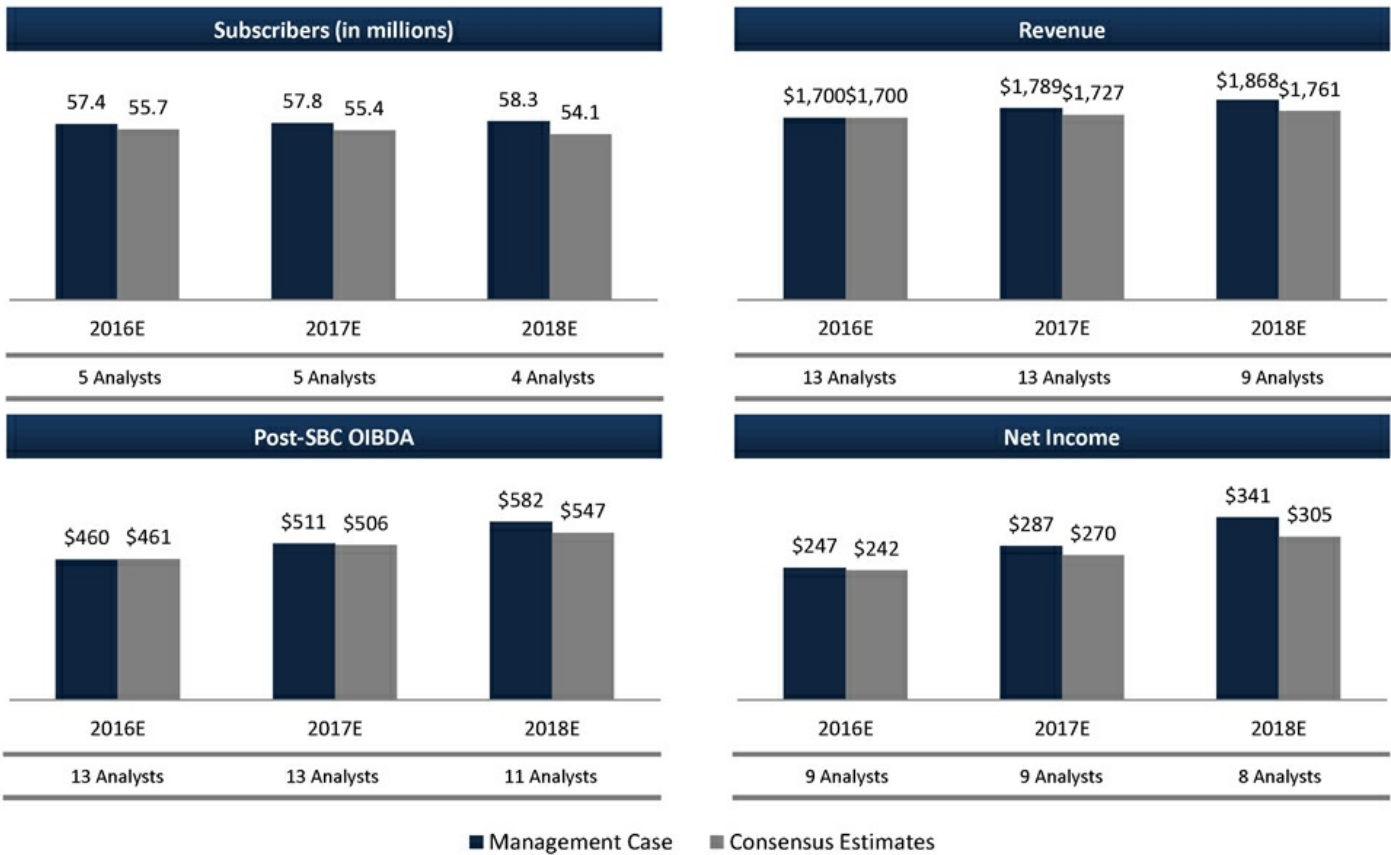
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# Saturn Financial Projections Comparison

## Saturn Management Case vs. Consensus Estimates

(\$ in millions, except subscribers)



Source: Company Management, Wall Street Research, Capital IQ.



### III. Saturn – Preliminary Standalone Valuation

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# Saturn Analysis at Various Prices

Saturn Management Case Projections | Assumes 10% Premium to Series B (High Vote) Shares

(\$ in millions, except per share values) | Calendar Years Ended 12/31

<b>Series A (Low Vote) Share Price</b>		\$26.01	\$28.61	\$29.91	\$31.21	\$32.51	\$33.81
<b>Premium to:</b>	<b>Metric</b>						
Share Price (6/13/2016)	\$26.01	-	10.0%	15.0%	20.0%	25.0%	30.0%
Undisturbed Price (9/23/2014)	29.58	(12.1%)	(3.3%)	1.1%	5.5%	9.9%	14.3%
Undisturbed Period Avg. (1/14/13 - 9/23/14)	26.57	(2.1%)	7.7%	12.6%	17.5%	22.4%	27.3%
LTM High	46.48	(44.0%)	(38.4%)	(35.6%)	(32.8%)	(30.1%)	(27.3%)
LTM Low	21.51	20.9%	33.0%	39.1%	45.1%	51.2%	57.2%
LTM Average	33.27	(21.8%)	(14.0%)	(10.1%)	(6.2%)	(2.3%)	1.6%

<b>Implied Equity Value</b>	<b>\$2,688</b>	<b>\$3,002</b>	<b>\$3,146</b>	<b>\$3,291</b>	<b>\$3,435</b>	<b>\$3,581</b>
Plus: Total Debt	1,120	1,120	1,120	1,120	1,120	1,120
Less: Cash	(10)	(10)	(10)	(10)	(10)	(10)
Less: Unconsolidated Assets <sup>1</sup>	(25)	(25)	(25)	(25)	(25)	(25)
<b>Total Enterprise Value</b>	<b>\$3,772</b>	<b>\$4,086</b>	<b>\$4,231</b>	<b>\$4,376</b>	<b>\$4,520</b>	<b>\$4,666</b>

## Management

	<u>Post-SBC OIBDA</u>	<u>TEV / OIBDA Multiple</u>					
LTM	\$400	9.4x	10.2x	10.6x	10.9x	11.3x	11.7x
2016E	460	8.2	8.9	9.2	9.5	9.8	10.1
2017E	511	7.4	8.0	8.3	8.6	8.8	9.1
	<u>Net Income</u>	<u>P/E Multiple</u>					
LTM	217	17.4x	18.8x	19.5x	20.1x	20.8x	21.5x
2016E	247	15.3	16.5	17.1	17.7	18.3	18.9
2017E	287	13.1	14.2	14.7	15.2	15.7	16.2

Note: Stock prices per CapitalIQ as of 6/13/2016.

<sup>1</sup> Unconsolidated Assets includes initial PlayCo investment of \$19.1 million followed by advances totaling \$6.3 million.

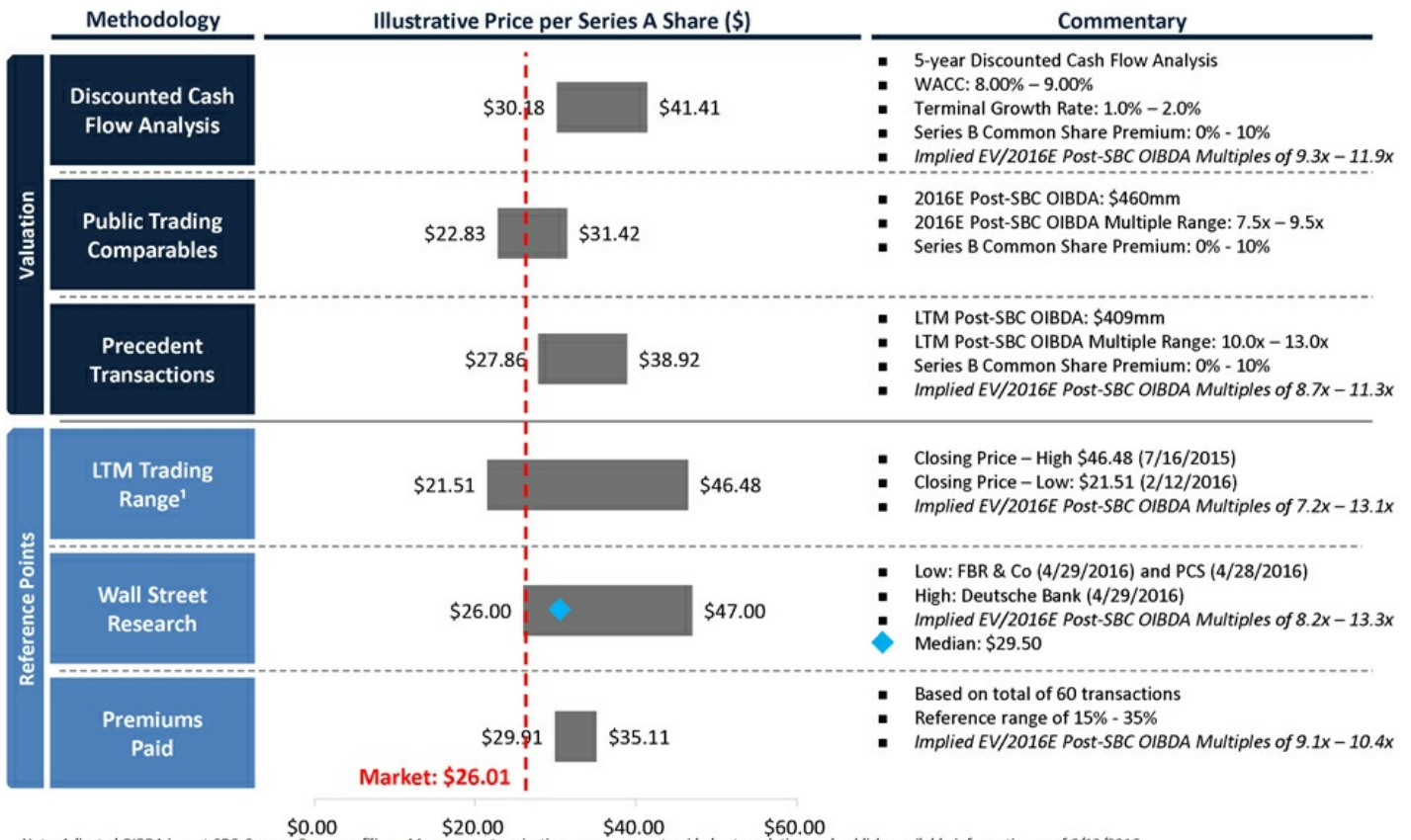
# Saturn Preliminary Valuation Summary

## Saturn Management Case

(\$ in millions, except per share values) | Calendar Years Ended 12/31

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Note: Adjusted OIBDA is post-SBC. Source: Company filings, Management projections, management guided extrapolation and publicly available information as of 6/13/2016.

<sup>1</sup>LTM Trading Range based on high and low date of Saturn Class A.

# Saturn Preliminary Discounted Cash Flows Analysis

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## Saturn Management Case

(\$ in millions, except per share values) | Calendar Years Ended 12/31

### Unlevered Free Cash Flow Overview

	Management Case			Extrapolation Guided by Mgmt. <sup>1</sup>		Terminal Year
	Q2 - Q4 2016E	2017E	2018E	2019E	2020E	
Revenue	\$1,268	\$1,789	\$1,868	\$1,930	\$1,995	\$1,995
% Growth		5.2%	4.4%	3.3%	3.4%	
Pre-SBC OIBDA	\$363	\$543	\$612	\$633	\$654	\$654
% Margin	28.6%	30.3%	32.8%	32.8%	32.8%	
Less: Stock Based Compensation	(22)	(31)	(30)	(31)	(32)	(32)
Post-SBC OIBDA	\$341	\$511	\$582	\$602	\$622	\$622
Less: Other income (expense), net	(12)	(4)	5	0	0	0
Less: D&A	(18)	(24)	(26)	(26)	(26)	(26)
EBIT	\$311	\$484	\$562	\$576	\$596	\$596
Less: Taxes @ 35.0%	(109)	(169)	(197)	(202)	(209)	(209)
Unlevered Net Income	\$202	\$315	\$365	\$375	\$388	\$388
Plus: Other non-op. and non-cash items	22	4	(5)	0	0	0
Plus: D&A	18	24	26	26	26	26
Plus: Content Amort./(Investment)	(36)	55	0	0	0	0
Less: Capex	(22)	(19)	(13)	(13)	(13)	(26)
Less: Change in Working Capital	30	(47)	(47)	(47)	(47)	(47)
Unlevered Free Cash Flow	\$215	\$331	\$326	\$340	\$354	\$341

### Implied Price per Share

Discount Rate	Implied Price per Share (No Series B Premium)					Implied Price per Share (10% Series B Premium)				
	Perpetuity Growth Rate					Perpetuity Growth Rate				
	1.00%	1.25%	1.50%	1.75%	2.00%	1.00%	1.25%	1.50%	1.75%	2.00%
8.00%	\$35.76	\$37.01	\$38.37	\$39.83	\$41.41	\$35.45	\$36.69	\$38.03	\$39.48	\$41.05
8.25%	34.31	35.47	36.71	38.05	39.50	34.01	35.16	36.39	37.72	39.16
8.50%	32.95	34.02	35.17	36.41	37.74	32.65	33.73	34.87	36.09	37.41
8.75%	31.66	32.67	33.74	34.89	36.11	31.37	32.38	33.45	34.58	35.80
9.00%	30.45	31.39	32.39	33.47	34.60	30.18	31.11	32.11	33.17	34.30

### Implied Terminal Multiple

Discount Rate	Implied Terminal Multiple ('20E Post-SBC OIBDA)				
	Perpetuity Growth Rate				
	1.00%	1.25%	1.50%	1.75%	2.00%
8.00%	8.2x	8.5x	8.9x	9.3x	9.7x
8.25%	7.9	8.2	8.6	8.9	9.3
8.50%	7.7	8.0	8.3	8.6	9.0
8.75%	7.4	7.7	8.0	8.3	8.6
9.00%	7.2	7.5	7.7	8.0	8.3

Source: Company Management.

<sup>1</sup> Extrapolation based on guidance from management provided on 6/11/2016.

Note: Valuation as of 3/31/2016.

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# Saturn Preliminary Comparable Companies Analysis

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(\$ in millions, except per share values) | Calendar Years Ended 12/31

	Market Valuation				Growth Profile		Key Metrics		Valuation Metrics						Leverage		
	Stock Price <sup>1</sup>	% 52 Week	Equity	Adj. Enterprise	CY2016-CY2018		Post-SBC OIBDA Margin		EV / Post-SBC OIBDA			Net Income / Equity Value (P/E)			Net Debt / LTM		
	6/13/2016	High	Value	Value	Revenue	OIBDA	CY2016	CY2017	LTM	CY2016	CY2017	Avg.	LTM	CY2016	CY2017	Avg.	Pre-SBC OIBDA
- Consensus					2.8%	5.5%	23.7%	23.8%	9.9x	9.2x	9.1x	9.8x	16.8x	12.9x	11.8x	13.5x	2.3x
Saturn - Management	26.01	55.8%	2,688	3,772	1.8%	9.1%	27.0%	28.6%	9.4	8.2	7.4	7.7	12.6	10.4	8.6	10.8	2.8x
Saturn - Consensus	26.01	55.8%	2,688	3,772	1.8%	13.0%	25.2%	27.4%	9.4	8.8	8.0	8.1	12.6	10.9	8.9	10.6	2.8x
Luna - Management <sup>2</sup>	21.25	51.3%	3,169	2,658	1.0%	96.2%	2.4%	5.1%	68.3	41.0	18.8	32.5	64.6	51.2	40.7	50.3	20.2x
Luna - Consensus <sup>2</sup>	21.25	51.3%	3,169	2,658	4.1%	54.2%	4.1%	8.8%	68.3	25.4	11.0	20.6	64.6	38.3	18.6	31.4	20.2x
<b>Cable Networks</b>																	
Discovery	\$ 25.97	74.3%	\$ 16,205	\$ 23,127	6.0%	5.8%	37.2%	37.3%	9.5x	9.4x	8.9x	9.3x	16.0x	12.7x	11.3x	13.0x	3.1x
Scripps	62.89	91.9%	8,154	10,962	4.3%	4.0%	41.1%	41.0%	7.6	7.9	7.5	7.7	10.5	12.1	11.5	11.4	2.4x
AMC Networks	60.05	68.9%	4,470	6,892	5.1%	4.4%	32.3%	32.2%	7.9	7.7	7.3	7.6	12.3	10.1	9.3	10.4	2.6x
MSG Networks	16.58	19.3%	1,256	2,474	3.8%	4.8%	46.6%	46.6%	5.7	8.0	7.8	7.0	7.4	8.1	8.1	7.9	3.1x
<b>Cable Networks Median</b>					<b>4.7%</b>	<b>4.6%</b>	<b>39.1%</b>	<b>39.1%</b>	<b>7.8x</b>	<b>8.0x</b>	<b>7.7x</b>	<b>7.6x</b>	<b>11.4x</b>	<b>11.1x</b>	<b>10.3x</b>	<b>10.9x</b>	<b>2.8x</b>
<b>Diversified Media</b>																	
Walt Disney	\$ 97.57	79.9%	\$ 160,709	\$ 174,940	5.1%	5.6%	30.6%	30.5%	10.5x	10.1x	9.6x	10.0x	18.0x	16.7x	15.4x	16.6x	0.9x
Time Warner	73.13	80.1%	58,932	78,111	5.4%	3.6%	28.2%	28.6%	9.7	9.5	8.8	9.3	14.8	13.6	12.0	13.4	2.7x
Twenty-First Century Fox	28.91	83.3%	55,304	59,758	5.8%	8.1%	25.1%	25.4%	9.4	8.4	7.9	8.5	25.0	15.1	12.8	16.3	2.3x
Viacom	41.24	60.2%	16,678	28,105	2.2%	0.5%	27.8%	29.0%	7.4	7.6	7.1	7.4	7.4	8.2	7.6	7.7	3.3x
<b>Diversified Media Median</b>					<b>5.3%</b>	<b>4.6%</b>	<b>28.0%</b>	<b>28.8%</b>	<b>9.6x</b>	<b>8.9x</b>	<b>8.4x</b>	<b>8.9x</b>	<b>16.4x</b>	<b>14.4x</b>	<b>12.4x</b>	<b>14.8x</b>	<b>2.5x</b>

Source: Public filings and Capital IQ as of 6/13/2016.

<sup>1</sup>Stock Price reflects primary stock listing; enterprise value calculation considers all classes of stock.

<sup>2</sup>Luna debt excludes production loans and only includes convertible debt that is out of the money.

# Preliminary Select Precedent Transactions

## U.S. Cable Networks

(\$ in millions)

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PRELIMINARY DRAFT

Announced Date	Target	Acquiror	% Acquired	Implied EV	EV / LTM Revenue	EV / LTM OIBDA
1/22/2014	Pasiones / Centroamerica TV / TV Dominicana	Hemisphere Media Group	100.0%	\$100	4.3x <sup>1</sup>	8.1x <sup>1</sup>
2/12/2013	NBCUniversal	Comcast	49.0%	\$38,936 <sup>2</sup>	1.6x <sup>2</sup>	9.5x <sup>2</sup>
3/4/2013	Outdoor Channel Holdings Inc.	Kroenke Sports & Entertainment	100.0%	\$208	2.7x <sup>3</sup>	22.8x <sup>3</sup>
12/3/2009	NBCUniversal	Comcast	51.0%	\$28,269 <sup>4</sup>	1.8x <sup>4</sup>	10.0x <sup>4</sup>
11/5/2009	Travel Channel	Scripps Interactive	65.0%	\$975	4.5x <sup>5</sup>	15.3x <sup>5</sup>
<b>Average</b>					<b>3.0x</b>	<b>13.1x</b>
<b>Median</b>					<b>2.7x</b>	<b>10.0x</b>

Source: Filings, Wall Street Research, Publicly Available Information.

<sup>1</sup> Multiples based upon 2013 Revenue and OIBDA.

<sup>2</sup> Includes adjustments for the Weather Channel and Other unconsolidated investments and third party noncontrolling interests in RSNs per NBCU 2013 10K. Multiples based upon 2012 Revenue and OIBDA.

<sup>3</sup> Multiples based upon 2012 Revenue and OIBDA.

<sup>4</sup> Includes adjustments for AETN and other unconsolidated investments per DB research 12/11/2009 dated. Multiples based upon 2009 Revenue and OIBDA.

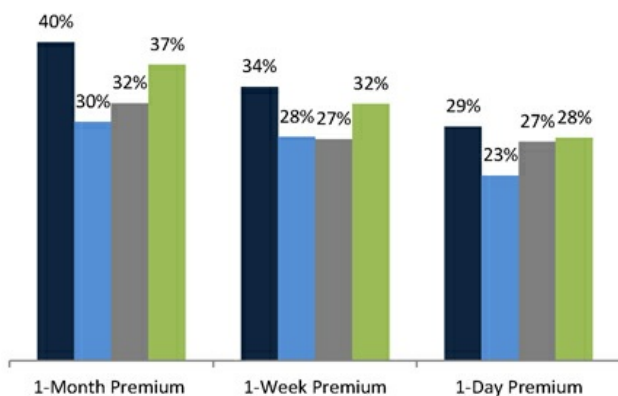
<sup>5</sup> Multiples based upon 2009 Revenue and OIBDA.

# Illustrative Premiums Paid Analysis

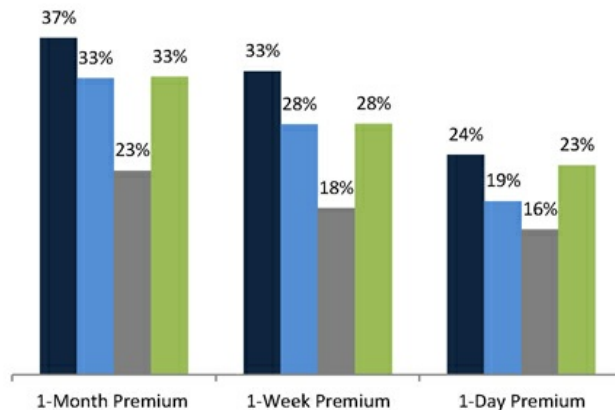
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## Premium Paid for Transactions with Enterprise Value Between \$1.0bn and \$10.0bn

### Average (%)



### Median (%)



■ All Cash (44 Deals) ■ All Stock (7 Deals) ■ Cash & Stock (9 Deals) ■ All Transactions (60 Deals)

### Analysis Criteria

- All publically announced transactions with a U.S. Target
- Transaction enterprise value between \$1,000mm and \$10,000mm
- Announced within last 10 years (6/8/2006 to 6/8/2016)
- Premium to unaffected price (adjusted for leaks)
- Excludes financial institutions and real estate transactions
- Excludes transactions marketed as mergers-of-equals

Source: CapitalIQ as of 6/10/2016.

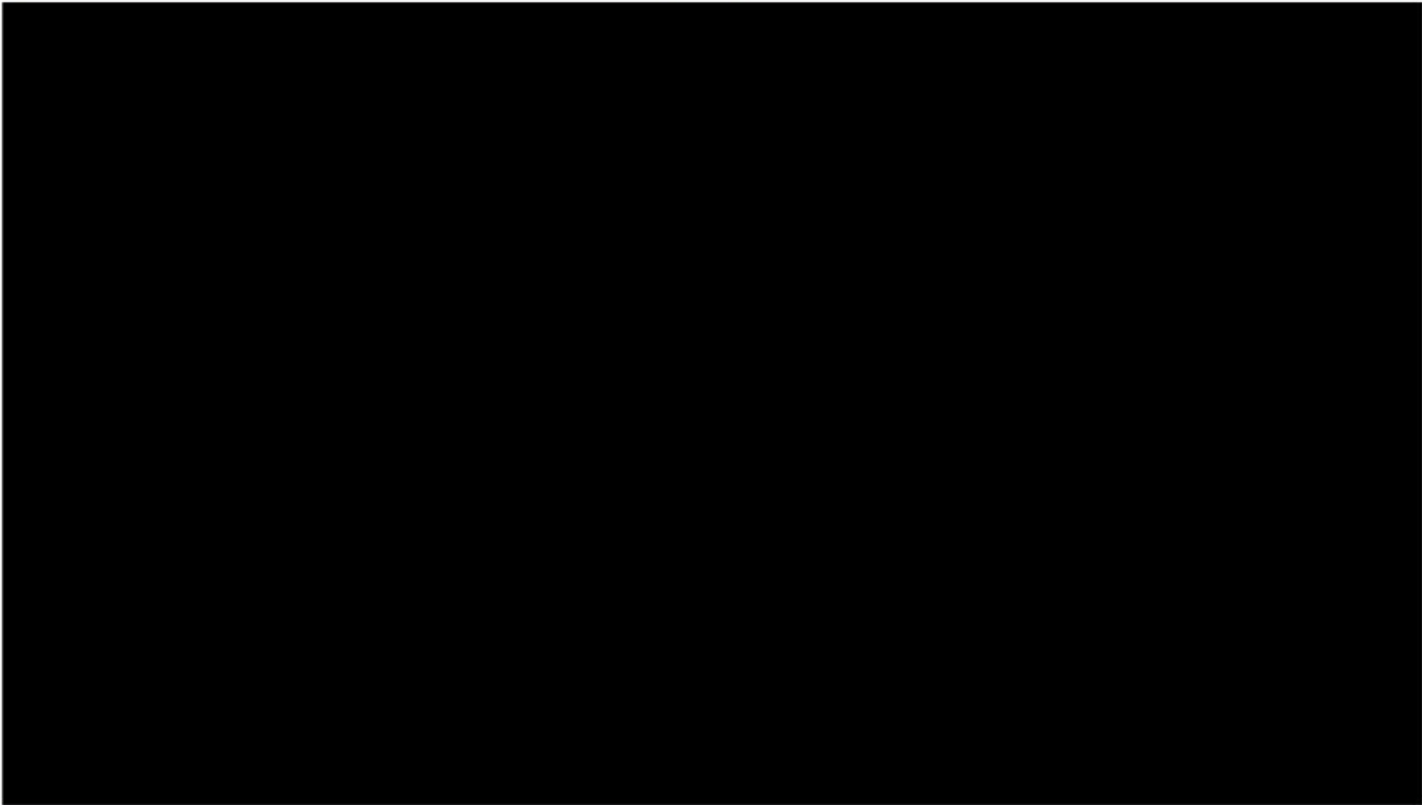
## IV. [REDACTED] – Company Overview

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Company Overview

Portfolio



*Source: Wall Street Research, Company Filings, Company Website.*

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

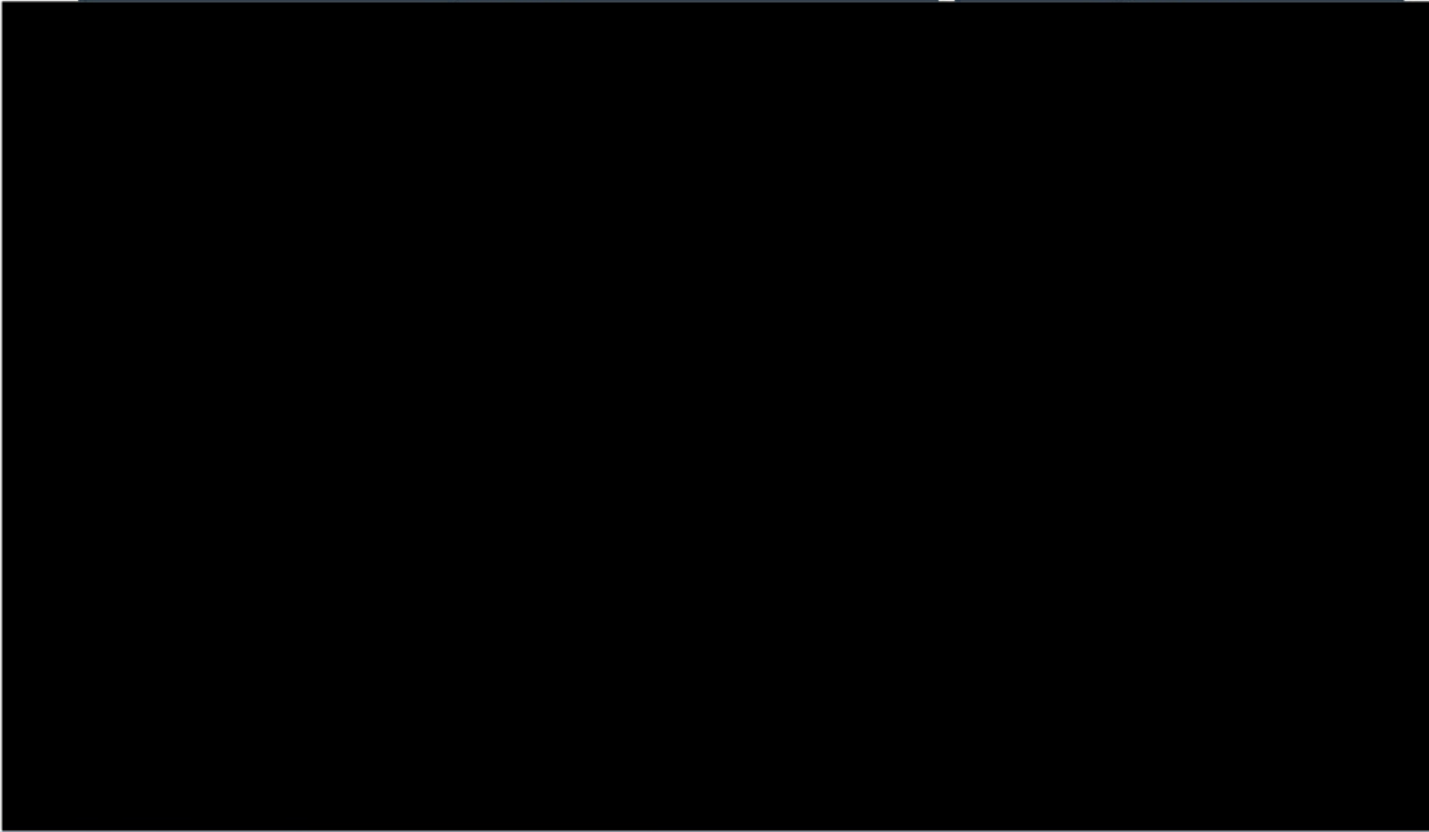
# Business Segments Overview

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(\$ in billions) | Calendar Years Ended 12/31

Segment Overview

Segment Allocation<sup>1</sup>



Source: SEC filings, Wall Street Research.

1. Excludes intersegment eliminations and corporate/eliminations.

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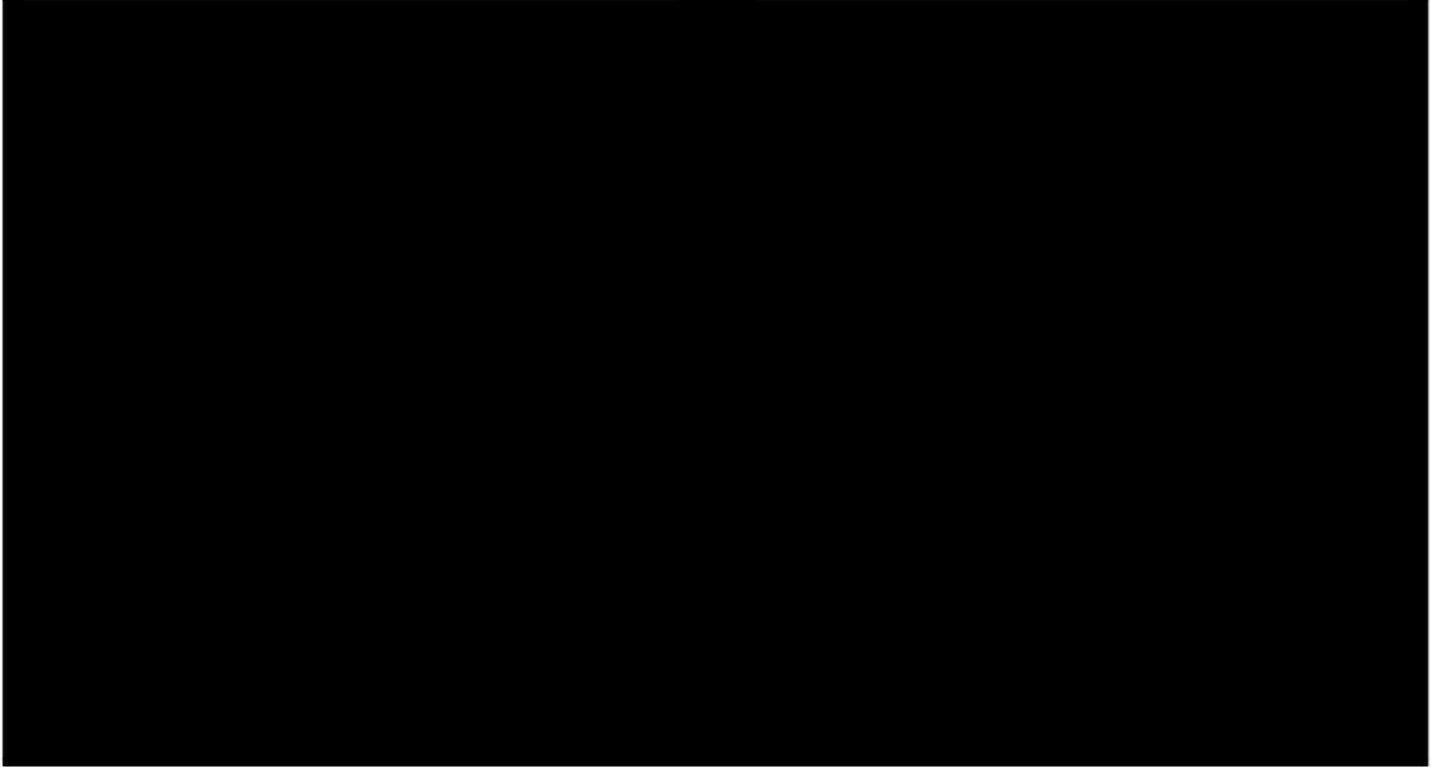
Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

# Management Team & Board of Directors

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Management Team

Board of Directors



*Source: Company Website.*

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# Shareholder Summary

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*Source: Company filings, Thomson One.  
Note: As of 6/10/2016.*

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**██████████ Stock Price Performance**  
Since January 14, 2013 (Date of Saturn Spin-off)

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**PRELIMINARY DRAFT**

██████████ ██████████ Share Price



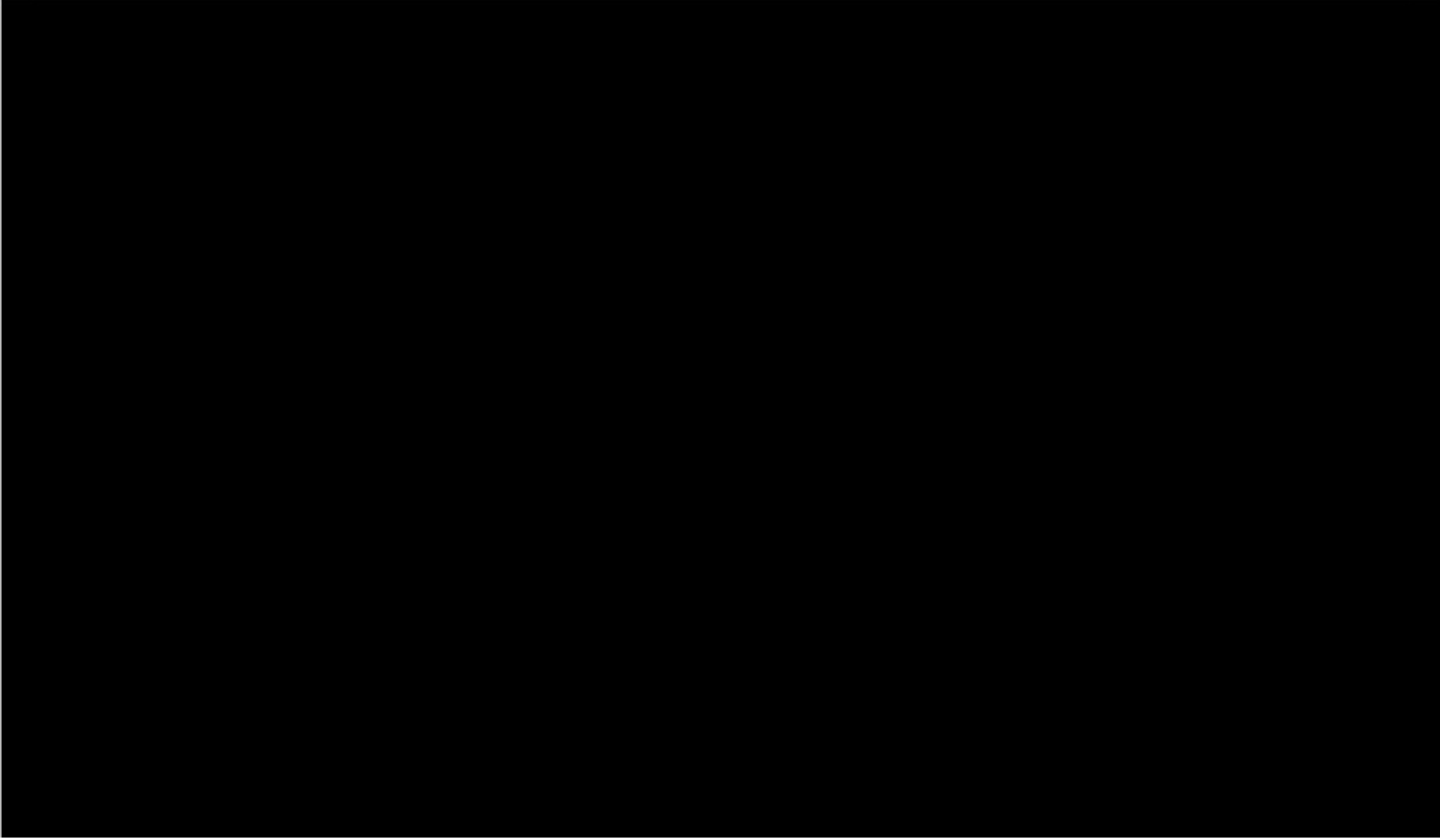
*Source: Capital IQ as of June 13, 2016.*

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

# ██████████ Financial Summary

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PRELIMINARY DRAFT

██████████ Wall Street Projections – *PENDING SATURN MANAGEMENT APPROVED CASE*  
(\$ in millions) | Calendar Years Ended 12/31



Source: Filings, Capital IQ.

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## V. [REDACTED] – Standalone Valuation

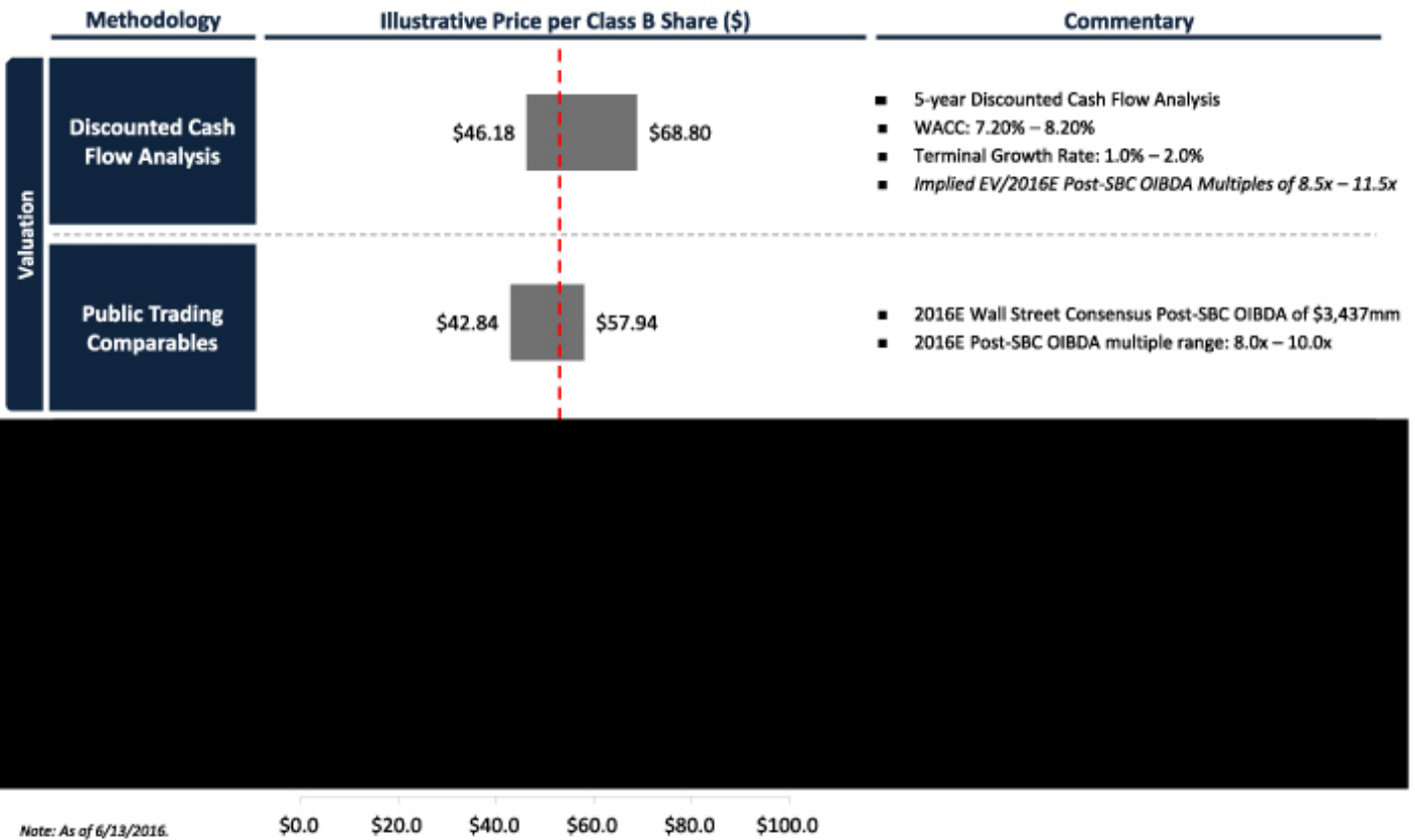
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# Preliminary Valuation Summary

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PRELIMINARY DRAFT

Wall Street Projections – PENDING SATURN MANAGEMENT APPROVED CASE

(\$ in millions, except per share values) | Calendar Years Ended 12/31



Note: As of 6/13/2016.

Source: Company filings, equity research

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# Preliminary Discounted Cash Flows Analysis

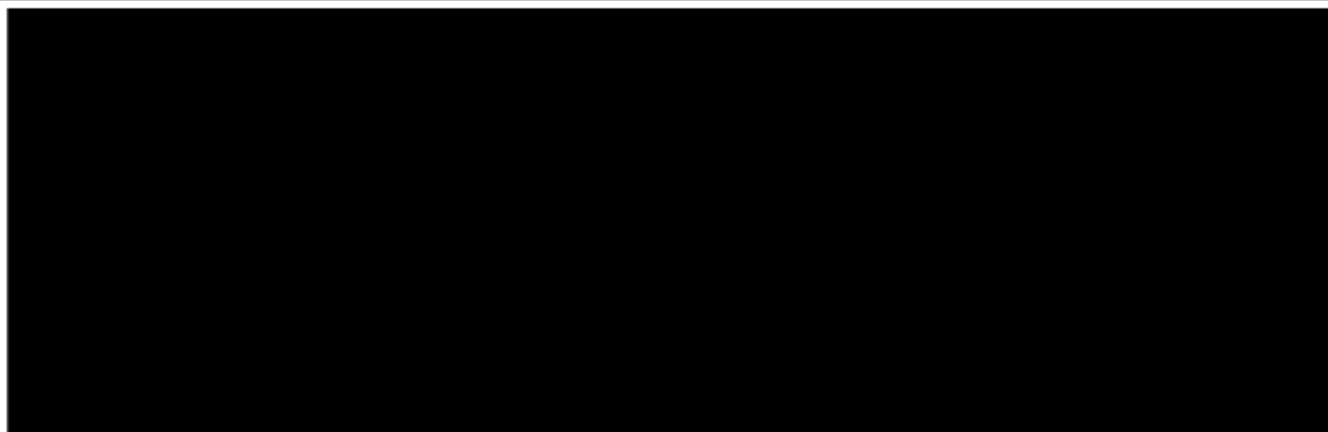
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PRELIMINARY DRAFT

Wall Street Projections – PENDING SATURN MANAGEMENT APPROVED CASE

(\$ in millions, except per share values) | Calendar Years Ended 12/31

## Unlevered Free Cash Flow Overview



### Implied Price per Share

Discount Rate	Implied Price per Share (No Premium)				
	Perpetuity Growth Rate				
	1.00%	1.25%	1.50%	1.75%	2.00%
7.25%	\$56.96	\$59.56	\$62.38	\$65.45	\$68.80
7.50%	54.05	56.44	59.02	61.82	64.87
7.75%	51.37	53.56	55.92	58.49	61.26
8.00%	48.87	50.89	53.07	55.41	57.96
8.25%	46.55	48.42	50.42	52.58	54.91

Discount Rate	Implied Price per Share (10% Premium)				
	Perpetuity Growth Rate				
	1.0%	1.3%	1.5%	1.8%	2.0%
7.25%	\$56.50	\$59.08	\$61.88	\$64.93	\$68.26
7.50%	53.62	55.99	58.55	61.32	64.35
7.75%	50.96	53.13	55.47	58.02	60.77
8.00%	48.48	50.48	52.64	54.97	57.49
8.25%	46.18	48.03	50.02	52.16	54.47

### Implied Terminal Multiple

Discount Rate	Implied Terminal Multiple ('20E Post-SBC OIBDA)				
	Perpetuity Growth Rate				
	1.00%	1.25%	1.50%	1.75%	2.00%
7.25%	8.3x	8.7x	9.1x	9.5x	10.0x
7.50%	8.0	8.4	8.7	9.1	9.6
7.75%	7.7	8.0	8.4	8.8	9.2
8.00%	7.5	7.7	8.1	8.4	8.8
8.25%	7.2	7.5	7.8	8.1	8.4

Source: Morgan Stanley research model for change in net working capital and Capital IQ as of 6/13/2016 for all other metrics.

Note: Valuation as of 3/31/2016.

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# Preliminary Comparable Companies Analysis

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(\$ in millions, except per share values) | Calendar Years Ended 12/31

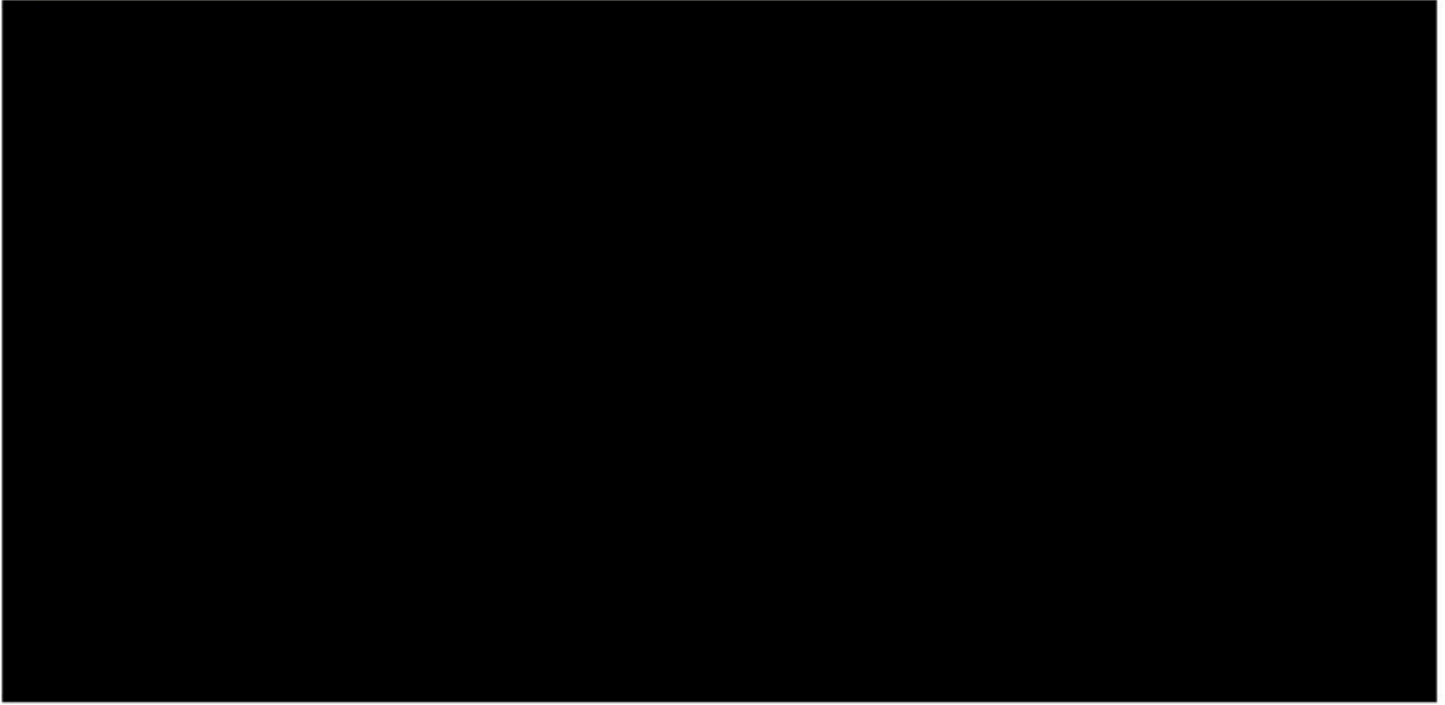
	Market Valuation				Growth Profile		Key Metrics		Valuation Metrics						Leverage		
	Stock Price <sup>1</sup>	% 52 Week	Equity	Adj. Enterprise	CY2016-CY2018		Post-SBC OIBDA Margin		EV / Post-SBC OIBDA			Net Income / Equity Value (P/E)			Net Debt / LTM		
	6/13/2016	High	Value	Value	Revenue	OIBDA	CY2016	CY2017	LTM	CY2016	CY2017	Avg.	LTM	CY2016	CY2017	Avg.	Pre-SBC OIBDA
- Consensus					2.8%	5.5%	23.7%	23.8%	9.9x	9.2x	9.1x	9.8x	16.8x	12.9x	11.8x	13.5x	2.3x
Saturn - Management	26.01	55.8%	2,688	3,772	1.8%	9.1%	27.0%	28.6%	9.4	8.2	7.4	7.7	12.6	10.4	8.6	10.8	2.8x
Saturn - Consensus	26.01	55.8%	2,688	3,772	1.8%	13.0%	25.2%	27.4%	9.4	8.8	8.0	8.1	12.6	10.9	8.9	10.6	2.8x
Luna - Management <sup>2</sup>	21.25	51.3%	3,169	2,658	1.0%	96.2%	2.4%	5.1%	68.3	41.0	18.8	32.5	64.6	51.2	40.7	50.3	20.2x
Luna - Consensus <sup>2</sup>	21.25	51.3%	3,169	2,658	4.1%	54.2%	4.1%	8.8%	68.3	25.4	11.0	20.6	64.6	38.3	18.6	31.4	20.2x
<b>Cable Networks</b>																	
Discovery	\$ 25.97	74.3%	\$ 16,205	\$ 23,127	6.0%	5.8%	37.2%	37.3%	9.5x	9.4x	8.9x	9.3x	16.0x	12.7x	11.3x	13.0x	3.1x
Scripps	62.89	91.9%	8,154	10,962	4.3%	4.0%	41.1%	41.0%	7.6	7.9	7.5	7.7	10.5	12.1	11.5	11.4	2.4x
AMC Networks	60.05	68.9%	4,470	6,892	5.1%	4.4%	32.3%	32.2%	7.9	7.7	7.3	7.6	12.3	10.1	9.3	10.4	2.6x
MSG Networks	16.58	19.3%	1,256	2,474	3.8%	4.8%	46.6%	46.6%	5.7	8.0	7.8	7.0	7.4	8.1	8.1	7.9	3.1x
<b>Cable Networks Median</b>					<b>4.7%</b>	<b>4.6%</b>	<b>39.1%</b>	<b>39.1%</b>	<b>7.8x</b>	<b>8.0x</b>	<b>7.7x</b>	<b>7.6x</b>	<b>11.4x</b>	<b>11.1x</b>	<b>10.3x</b>	<b>10.9x</b>	<b>2.8x</b>
<b>Diversified Media</b>																	
Walt Disney	\$ 97.57	79.9%	\$ 160,709	\$ 174,940	5.1%	5.6%	30.6%	30.5%	10.5x	10.1x	9.6x	10.0x	18.0x	16.7x	15.4x	16.6x	0.5x
Time Warner	73.13	80.1%	58,932	78,111	5.4%	3.6%	28.2%	28.6%	9.7	9.5	8.8	9.3	14.8	13.6	12.0	13.4	2.7x
Twenty-First Century Fox	28.91	83.3%	55,304	59,758	5.8%	8.1%	25.1%	25.4%	9.4	8.4	7.9	8.5	25.0	15.1	12.8	16.3	2.3x
Viacom	41.24	60.2%	16,678	28,105	2.2%	0.5%	27.8%	29.0%	7.4	7.6	7.1	7.4	7.4	8.2	7.6	7.7	3.3x
<b>Diversified Media Median</b>					<b>5.3%</b>	<b>4.6%</b>	<b>28.0%</b>	<b>28.8%</b>	<b>9.6x</b>	<b>8.9x</b>	<b>8.4x</b>	<b>8.9x</b>	<b>16.4x</b>	<b>14.4x</b>	<b>12.4x</b>	<b>14.8x</b>	<b>2.5x</b>

Source: Public filings and Capital IQ as of 6/13/2016.

<sup>1</sup>Stock Price reflects primary stock listing; enterprise value calculation considers all classes of stock.

<sup>2</sup>Luna debt excludes production loans and only includes convertible debt that is out of the money.

## Analyst Targets



Source: Wall Street Research and Bloomberg. Current trading price as of 6/13/2016.

<sup>1</sup> Blended valuation methodology including DCF, P/E Multiple, EBITDA Multiple, PEG Multiple, P/FCF Multiple, and Sum-of-the-Parts. Price target is the average of P/E Multiple and DCF.

<sup>2</sup> Blended valuation methodology including DCF, P/E Multiple and EBITDA Multiple.

<sup>3</sup> Blended valuation methodology including DCF, P/E Multiple, EBITDA Multiple, and Sum-of-the-Parts.

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## VI. [REDACTED] – Combination Analysis

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# Preliminary [REDACTED] + Saturn – 100% Stock

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Saturn Mngmt. Case & [REDACTED] Wall Street Projections – PENDING SATURN MANAGEMENT APPROVED CASE

(\$ in millions, except per share values) | Calendar Years Ended 12/31 | Excludes Synergies

	[REDACTED] @ Market	[REDACTED] Saturn @ [REDACTED] Offer	[REDACTED] Pro Forma	[REDACTED] Saturn @ [REDACTED] Offer	[REDACTED] Pro Forma
Low Vote Share Price	[REDACTED]	\$33.00	[REDACTED]	\$31.27	[REDACTED]
% Premium to Market	[REDACTED]	26.9%	[REDACTED]	20.2%	[REDACTED]
<b>Equity Value</b>	[REDACTED]	<b>\$3,489</b>	[REDACTED]	<b>\$3,297</b>	[REDACTED]
Plus: Total Debt	[REDACTED]	\$1,120	[REDACTED]	\$1,120	[REDACTED]
Less: Cash	[REDACTED]	(10)	[REDACTED]	(10)	[REDACTED]
Minority Interest / (Uncon. Asset)	[REDACTED]	(25)	[REDACTED]	(25)	[REDACTED]
<b>Total Enterprise Value</b>	[REDACTED]	<b>\$4,574</b>	[REDACTED]	<b>\$4,382</b>	[REDACTED]
<b>Valuation &amp; Leverage Metrics</b>					
Enterprise Value / 2016E Post-SBC OIBDA	[REDACTED]	9.9x	[REDACTED]	9.5x	[REDACTED]
Enterprise Value / 2017E Post-SBC OIBDA	[REDACTED]	8.9	[REDACTED]	8.6	[REDACTED]
2016E EPS Accretion / (Dilution)	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Net Debt / 2016E Pre-SBC OIBDA	[REDACTED]	2.3x	[REDACTED]	2.3x	[REDACTED]
<b>Economic Ownership</b>					
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Saturn	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Implied Saturn Price @ 0.60x Fixed Exchange Ratio:

- \$31.27 @ Market
- \$32.16 @ 30-day VWAP
- \$32.82 @ 60-day VWAP
- \$32.74 @ 90-day VWAP

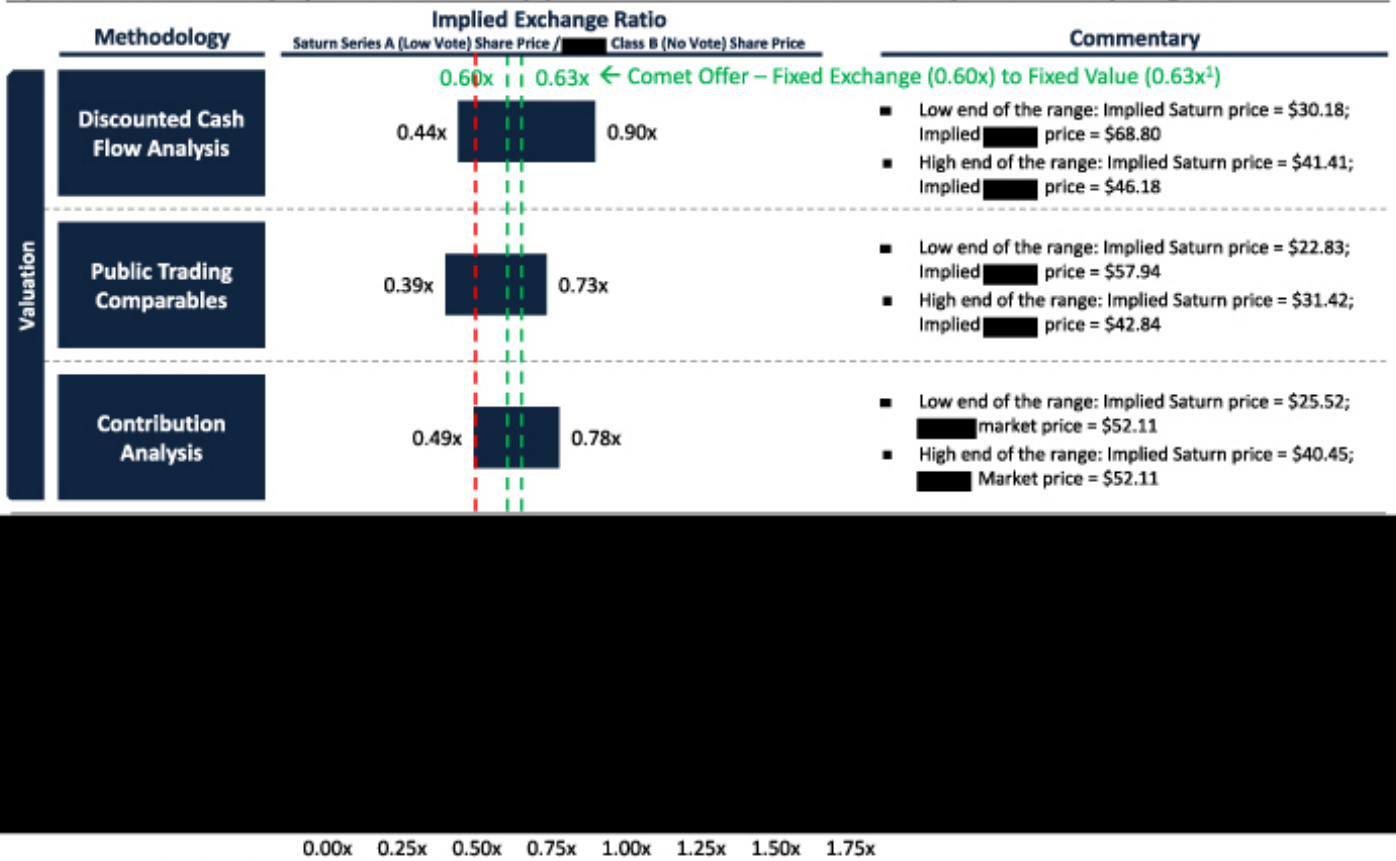
Source: Management projections and Wall Street Research. Current trading price as of 6/13/2016.

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

# Preliminary Implied Exchange Ratio Summary

Saturn Mngmt. Case & ██████████ Wall Street Projections – PENDING SATURN MANAGEMENT APPROVED CASE

(\$ in millions, except per share values) | Calendar Years Ended 12/31 | Excludes Synergies



Source: Company filings, Management projections, Wall Street research.

Notes: Data as of 6/13/2016.

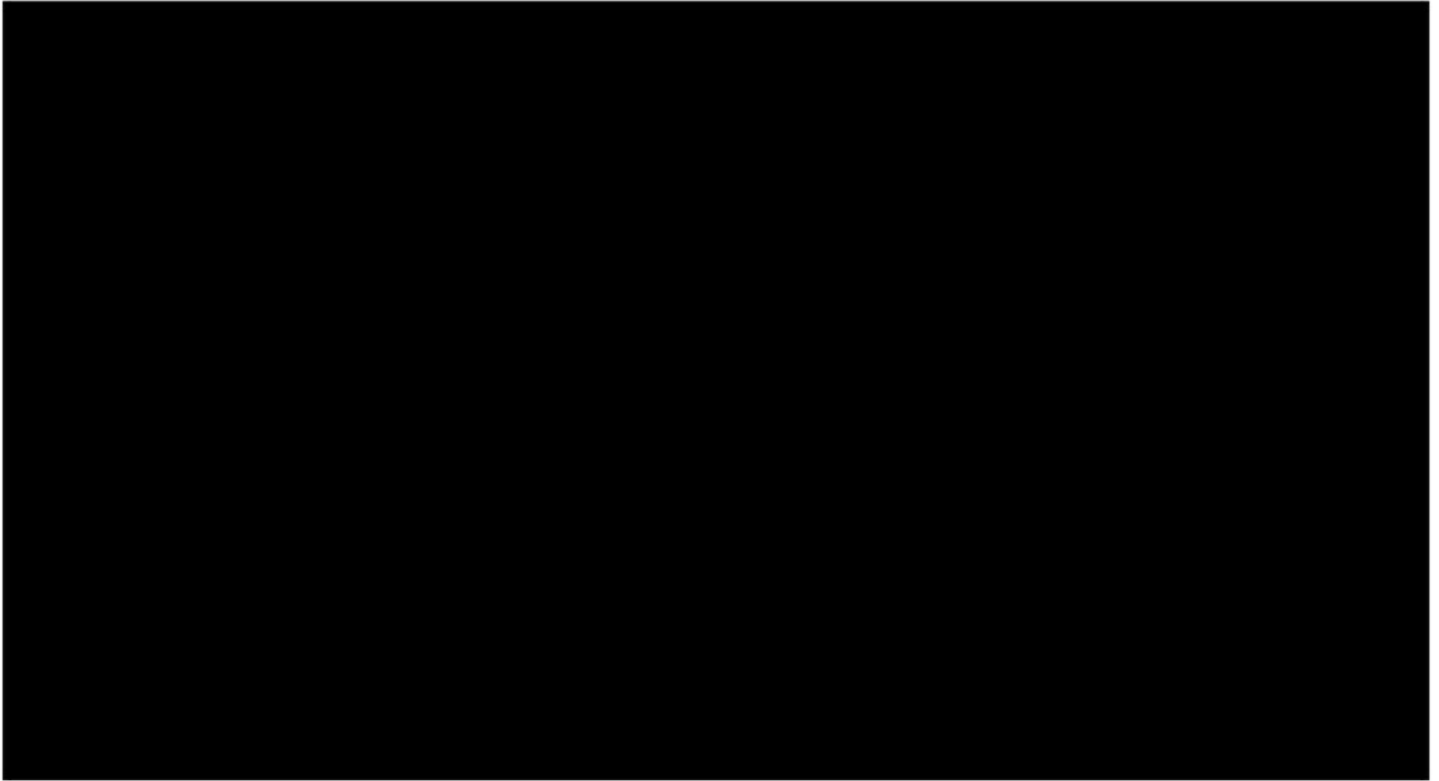
<sup>1</sup> Based on market prices as of 6/13/2016.

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

# Saturn Series A / [REDACTED] Exchange Ratio

Since Saturn Spin-off from Liberty Media

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*Source: Capital IQ as of June 13, 2016.*  
*<sup>1</sup> Based on market price as of 6/13/2016.*

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# Preliminary Contribution Analysis

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PRELIMINARY DRAFT

Saturn Mngmt. Case & ██████████ Wall Street Projections – PENDING SATURN MANAGEMENT APPROVED CASE

(\$ in millions) | Calendar Years Ended 12/31

	██████████	Saturn	Pro Forma Combined	Implied Exchange	Contribution (%)
<b>Revenue</b>					
LTM		\$1,735		0.52x	
2016E		1,700		0.49x	
2017E		1,789		0.51x	
<b>Adjusted OIBDA</b>					
LTM		\$433		0.70x	
2016E		460		0.58x	
2017E		511		0.65x	
<b>Net Income</b>					
LTM		\$217		0.78x	
2016E		247		0.59x	
2017E		287		0.63x	

Source: ██████████ per Capital IQ consensus estimates as of 6/13/2016. Saturn per company management.

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.



## VII. Luna – Company Overview

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## Company Overview

- Leading global entertainment company with a strong and diversified presence in motion picture production and distribution, television programming and syndication, home entertainment, family entertainment, digital distribution, new channel platforms and international distribution and sales
- Has become one of the major independent studios for leading intellectual property owners, third-party distributors and digital platforms
- The Company's feature films have grossed more than \$7 billion at the global box office over the past four years, and Luna and its predecessor companies have earned 77 Academy Award® nominations and 20 Oscar wins
- 16,000-title film and television library, one of the biggest content catalogues in the world
- Focused on expanding into location-based entertainment, video games and virtual reality to extend the longevity of existing franchises awhile identifying exciting new properties

## Recent Developments

- June 2016 – The Company announces it is seeking acquisitions
- April 2016 – Confirmed significant output agreement with Fox Networks Group's Pay TV and Basic Cable channels across LatAm
- March 2016 – Announced partnership with Comic-Con International for newly named subscription video-on-demand (SVOD) platform
- February 2016 – Luna rumored to be seeking acquisition of Saturn
- January 2016 – Investments in film ticketing company Atom Tickets and video gaming company Next Games Oy
- November 2015 – Acquired majority stake in Pilgrim Studios, Inc.

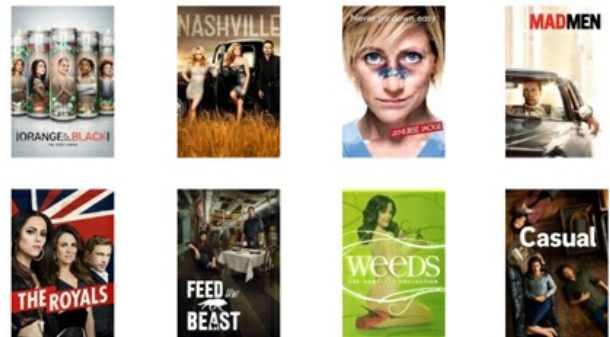
Source: Wall Street Research, Company Filings, Company Website.

## Illustrative Key Properties

*Earned 70 Academy Award Nominations and 20 Academy Award Wins*








*Earned 186 Emmy nominations and 29 Primetime Emmy wins*



# Luna Business Segments Overview

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Segment	Description
<b>MOVIES</b> 	<ul style="list-style-type: none"> <li>Diverse theatrical slate of tentpole, star-driven event films and branded properties includes 15 – 20 wide releases each year from its Luna and Summit Entertainment labels, and another 25 or more films annually from the Company's other six labels and partnerships</li> <li>Has released three of the four biggest young adult franchises of the past decade</li> <li>Reach a global audience through an international distribution infrastructure in the UK, Latin America and nearly 20 theatrical output agreements globally, and strong distribution partnerships with leading companies in China and India</li> </ul>
<b>TV</b> 	<ul style="list-style-type: none"> <li>Leading supplier of premium content to cable, broadcast and digital platforms</li> <li>Grown from \$8mm in revenue in 2000 to nearly \$700mm in fiscal 2016, a compounded annual growth rate of over 20%</li> <li>Programming roster includes nearly 80 shows on 40 different U.S. networks with 15 new scripted series planned for this year</li> <li>Building a nonfiction business alongside its premium scripted programming, with investment in leading reality producer Pilgrim Studios</li> <li>Has become a leading source of content for its own portfolio of channels as well (<i>Graves / EPIX; Nightcap / POP</i>, etc.)</li> </ul>
<b>HOME ENTERTAINMENT</b> 	<ul style="list-style-type: none"> <li>New distribution and replication agreements with Fox and Cinram</li> <li>Capitalizes on new technology, pioneering new business models and creating new windowing and pricing strategies to adapt to changing viewer habits</li> <li>Home Ent. business finished among the top five major studios in 2012, driven by <i>Hunger Games</i> and <i>Twilight</i> franchises</li> </ul>
<b>CHANNELS</b> 	<ul style="list-style-type: none"> <li>Launched its emerging channel business in 2006 as an extension of its growing content business, taking equity positions in nine branded channels globally</li> <li>[REDACTED]</li> </ul>
<b>INTERNATIONAL</b> 	<ul style="list-style-type: none"> <li>Global network of output deals with blue-chip partners in France, Germany, Spain, Benelux, Scandinavia, Russia, Poland and Austria/New Zealand that mitigate risk and increase the Company's international theatrical visibility</li> <li>Operates a self-distribution company in the U.K. and a JV with IDC serving the LatAm marketplace</li> <li>Partnered with Astro's Celestial Pictures serving Asia and with Universal Pictures for film distribution and Celestial Tiger for Channel delivery in India</li> </ul>

Source: Company Website, Wall Street Research.

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# Management Team & Board of Directors

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## Management Team



**Jon Feltheimer**  
*Chief Executive Officer*



**Michael Burns**  
*Vice Chairman*



**Steve Beeks**  
*Co-Chief Operating Officer & Co-President, Motion Picture Group*



**Brian Goldsmith**  
*Co-Chief Operating Officer*



**Wayne Levin**  
*General Counsel and Chief Strategic Officer*



**James W. Barge**  
*Chief Financial Officer*

## Board of Directors

**Michael Burns**  
*Vice Chairman*

**Dr. John C. Malone**  
*Chairman of the Board, Liberty Media Corporation*

**Gordon Crawford**  
*Formerly, Senior Vice President, Capital Research Management*

**G. Scott Paterson**  
*Vice Chairman, NeuLion Inc.*

**Arthur Evrensel**  
*Partner, Michael, Evrensel & Pawar LLP*

**Mark H. Rachesky, M.D.**  
*President and Founder, MHR Fund Management LLC*

**Jon Feltheimer**  
*Chief Executive Officer*

**Daryl Simm**  
*Chairman and CEO, Omnicom Media Group*

**Emily Fine**  
*Principal, MHR Fund Management LLC*

**Hardwick Simmons**  
*Formerly Chairman and CEO, NASDAQ*

**Michael T. Fries**  
*President and Chief Executive Officer, Liberty Global*

**Phyllis Yaffe**  
*Formerly CEO, Alliance Atlantis Communications*

**Harald Ludwig**  
*President and CEO, Malcuan Capital Corporation*

**David M. Zaslav**  
*Chief Executive, Discovery Communications*

# Luna Shareholder Summary

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- John Malone owns an effective 5% of Luna through his pro-rata voting interests in Discovery Communications (29% of voting rights) and Liberty Global (26% of voting rights)
- Malone and his affiliates have four board seats at Luna equivalent to 29% of the directors
  - Affiliates include Luna CEO Jon Feltheimer (who sits on the board of Saturn), Liberty CEO Michael Fries, and Discovery CEO David Zaslav

Shareholder	Shares	%	Saturn Shareholder?
MHR Fund Management	30,211,049	20.5%	
Capital World Investors	8,819,000	6.0%	
Fidelity Management & Research Company	8,468,505	5.8%	✓
Capital Research Global Investors	7,829,000	5.3%	
The Vanguard Group	7,403,290	5.0%	✓
Naya Management	5,443,495	3.7%	✓
Discovery Communications, Inc.	5,000,000	3.4%	
Liberty Global	5,000,000	3.4%	
John Malone	4,967,695	3.4%	✓
Kornitzer Capital Management	4,613,348	3.1%	
Fairpointe Capital	4,397,602	3.0%	
Shapiro Capital Management	3,341,300	2.3%	
BlackRock	3,145,992	2.1%	✓
Jefferies	3,103,300	2.1%	
LLBH Private Wealth Management	3,051,416	2.1%	
Matrix Capital Management Company	2,786,400	1.9%	
Neuberger Berman	2,315,179	1.6%	✓
ClearBridge Investments	2,231,884	1.5%	✓
Calamos Advisors	1,951,074	1.3%	
Michael Raymond Burns	1,693,356	1.2%	
Other	31,454,912	21.4%	
<b>Total</b>	<b>147,227,797</b>	<b>100.0%</b>	

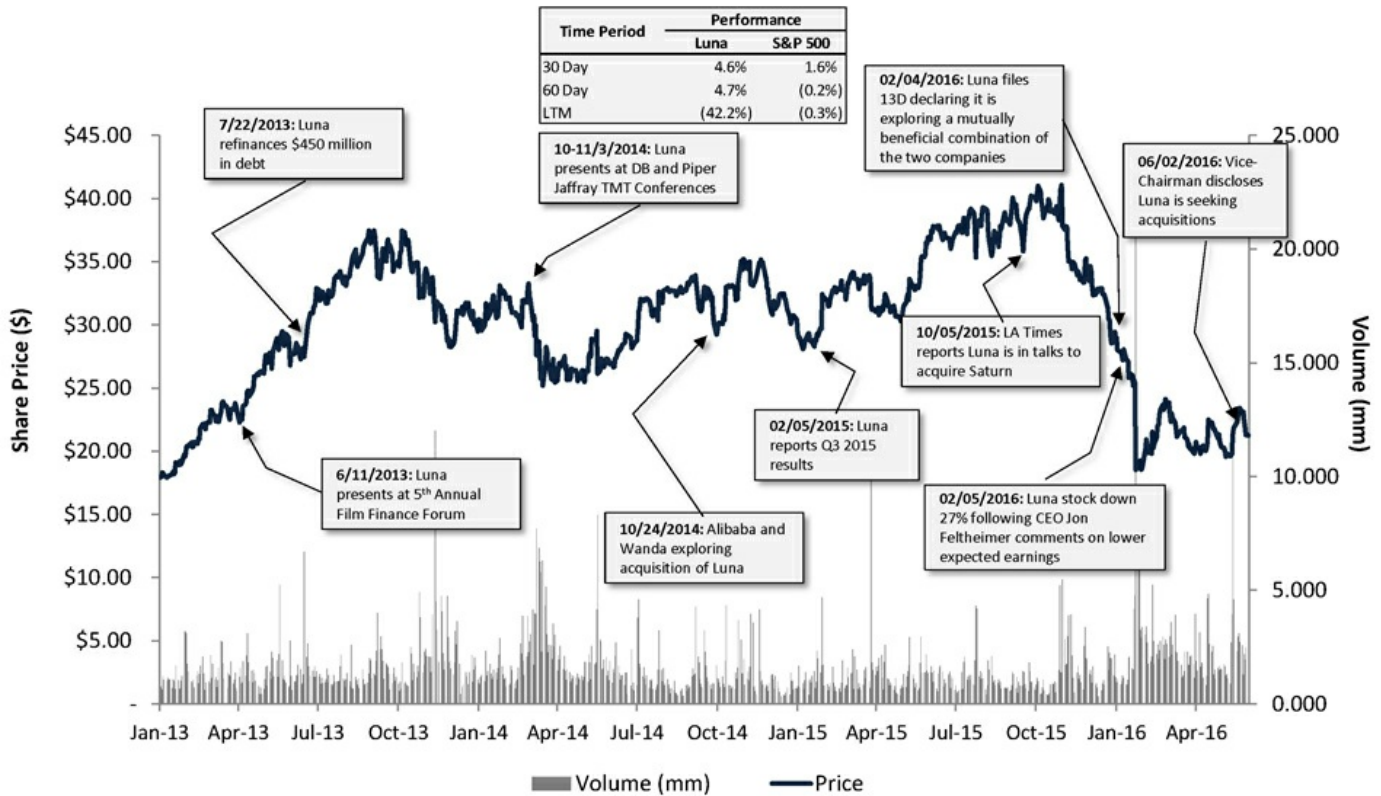
Source: Company filings, Thomson One.  
Note: As of 6/10/2016.

 John Malone Affiliated Shareholders

# Luna Stock Price Performance

Since January 14, 2013 (Date of Saturn Spin-off from Liberty Media)

(\$ per share)



Source: Capital IQ as of 6/13/2016.

# Luna Research Target Prices

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PRELIMINARY DRAFT

## Analyst Targets

Date	Firm	Valuation Methodology	Multiple Year	Rating	Target Price	% Premium to Current	% Premium to Publish Day
5/26/2016	Topeka Capital Markets	LFCF Multiple	2017	Buy	\$40.00	88.2%	102.4%
6/5/2016	Evercore ISI	DCF		Buy	\$32.00	50.6%	36.6%
6/7/2016	PiperJaffray	DCF		Overweight	\$30.00	41.2%	30.6%
5/27/2016	Jefferies	EBITDA Multiple	2018	Buy	\$29.00	36.5%	36.4%
6/6/2016	Barrington Research	EBITDA Multiple	2017	Outperform	\$27.00	27.1%	17.4%
5/27/2016	Macquarie	EBITDA Multiple	2018	Outperform	\$27.00	27.1%	27.0%
5/26/2016	JP Morgan	P/E Multiple	2018	Overweight	\$26.00	22.4%	31.6%
5/27/2016	Goldman Sachs	Blended <sup>1</sup>	2017	Neutral	\$24.00	12.9%	12.9%
5/27/2016	RBC Capital Markets	EBITDA Multiple	2016/17	Sector Perform	\$23.00	8.2%	8.2%
5/27/2016	Cowen and Company	Blended <sup>2</sup>		Market Perform	\$22.00	3.5%	1.1%
<b>Average</b>					<b>\$28.00</b>	<b>31.8%</b>	<b>30.4%</b>
<b>Median</b>					<b>\$27.00</b>	<b>27.1%</b>	<b>28.8%</b>
<b>Current Trading Price</b>					<b>\$21.25</b>		

Source: Wall Street Research and Bloomberg. Current trading price as of 6/13/2016.

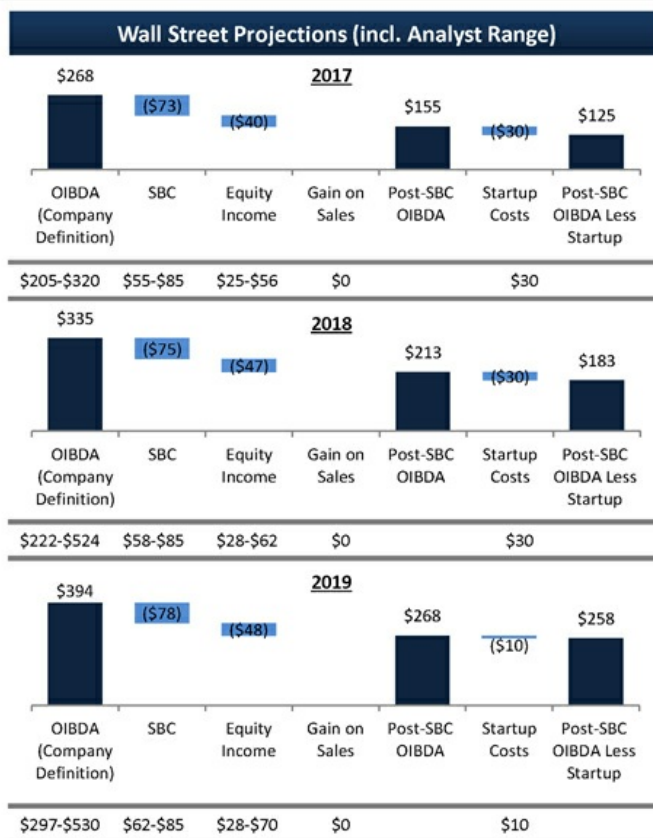
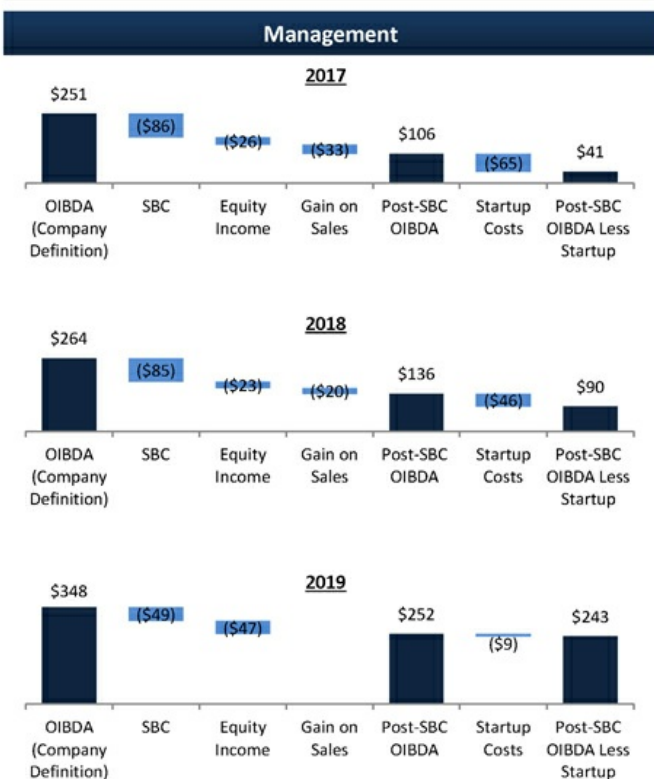
<sup>1</sup> Blended valuation methodology of 85% EBITDA Multiple and 15% M&A.

<sup>2</sup> Blended valuation methodology including DCF, P/E Multiple, EBITDA Multiple, and Sum-of-the-Parts.

# Luna Management Plan vs. Wall Street Summary

PRIVATE AND CONFIDENTIAL  
PRELIMINARY DRAFT

(\$ in millions) | Fiscal Years Ended 3/31



Source: Company Management, Filings, and Capital IQ as of June 13, 2016.

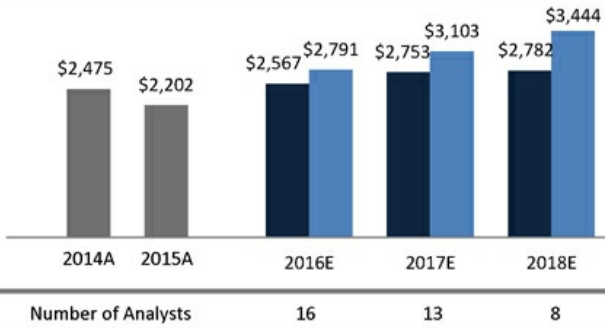


# Luna Calendar Year Financial Summary

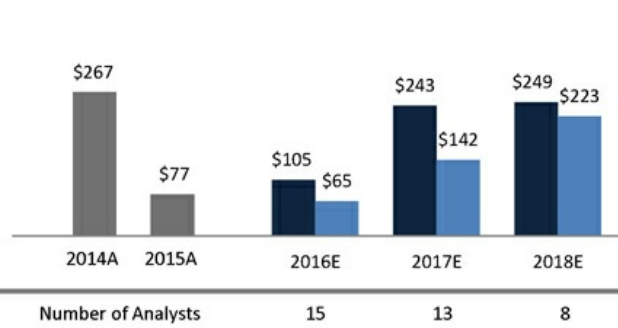
Luna Wall Street Projections – PENDING SATURN MANAGEMENT APPROVED CASE

(\$ in millions) | Calendar Years Ended 12/31

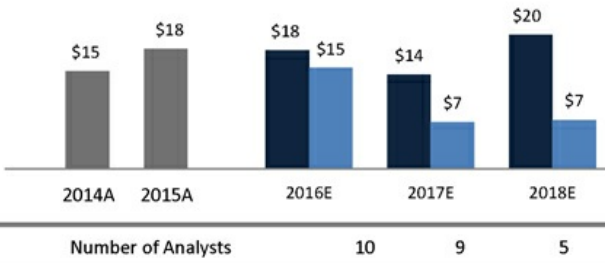
## Revenue



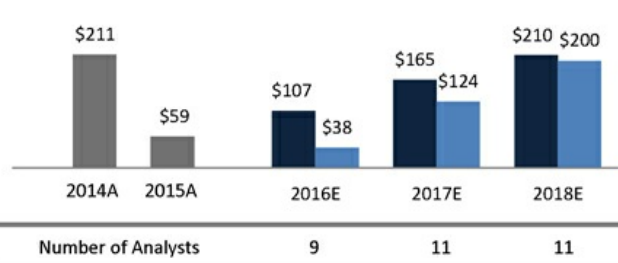
## Post-SBC OIBDA<sup>1</sup>



## Capex



## Net Income



■ Management Case ■ Consensus Estimates

Source: Company Management, Filings, and Capital IQ as of June 13, 2016.

<sup>1</sup>Adjusted OIBDA is post stock-based compensation and excludes equity interests.

# Luna Preliminary Comparable Companies Analysis

PRIVATE AND CONFIDENTIAL  
PRELIMINARY DRAFT

(\$ in millions, except per share values) | Calendar Years Ended 12/31

	Market Valuation				Growth Profile		Key Metrics		Valuation Metrics						Leverage		
	Stock Price <sup>1</sup>	% 52 Week High	Equity Value	Adj. Enterprise Value	CY2016-CY2018		Post-SBC OIBDA Margin		EV / Post-SBC OIBDA			Net Income / Equity Value (P/E)			Net Debt / LTM		
	6/13/2016				Revenue	OIBDA	CY2016	CY2017	LTM	CY2016	CY2017	Avg.	LTM	CY2016	CY2017	Avg.	Pre-SBC OIBDA
<b>Consensus</b>					2.8%	5.5%	23.7%	23.8%	9.9x	9.2x	9.1x	9.8x	16.8x	12.9x	11.8x	13.5x	2.3x
Saturn - Management	26.01	55.8%	2,688	3,772	1.8%	9.1%	27.0%	28.6%	9.4	8.2	7.4	7.7	12.6	10.4	8.6	10.8	2.8x
Saturn - Consensus	26.01	55.8%	2,688	3,772	1.8%	13.0%	25.2%	27.4%	9.4	8.8	8.0	8.1	12.6	10.9	8.9	10.6	2.8x
Luna - Management <sup>3</sup>	21.25	51.3%	3,169	2,658	1.0%	96.2%	2.4%	5.1%	68.3	41.0	18.8	32.5	64.6	51.2	40.7	50.3	20.2x
Luna - Consensus <sup>3</sup>	21.25	51.3%	3,169	2,658	4.1%	54.2%	4.1%	8.8%	68.3	25.4	11.0	20.6	64.6	38.3	18.6	31.4	20.2x
<b>Standalone Film Studio</b>																	
Dreamworks <sup>2</sup>	\$ 27.12	91.2%	\$ 2,350	\$ 2,709	16.7%	44.0%	12.1%	17.0%	21.3x	24.0x	14.8x	19.2x	18.9x	51.7x	35.2x	55.9x	2.0x
<b>Cable Networks</b>																	
Discovery	\$ 25.97	74.3%	\$ 16,205	\$ 23,127	6.0%	5.8%	37.2%	37.3%	9.5x	9.4x	8.9x	9.3x	16.0x	12.7x	11.3x	13.0x	3.1x
Scripps	62.89	91.9%	8,154	10,962	4.3%	4.0%	41.1%	41.0%	7.6	7.9	7.5	7.7	10.5	12.1	11.5	11.4	2.4x
AMC Networks	60.05	68.9%	4,470	6,892	5.1%	4.4%	32.3%	32.2%	7.9	7.7	7.3	7.6	12.3	10.1	9.3	10.4	2.6x
MSG Networks	16.58	19.3%	1,256	2,474	3.8%	4.8%	46.6%	46.6%	5.7	8.0	7.8	7.0	7.4	8.1	8.1	7.9	3.1x
<b>Cable Networks Median</b>					<b>4.7%</b>	<b>4.6%</b>	<b>39.1%</b>	<b>39.1%</b>	<b>7.8x</b>	<b>8.0x</b>	<b>7.7x</b>	<b>7.6x</b>	<b>11.4x</b>	<b>11.1x</b>	<b>10.3x</b>	<b>10.9x</b>	<b>2.8x</b>
<b>Diversified Media</b>																	
Walt Disney	\$ 97.57	79.9%	\$ 160,709	\$ 174,940	5.1%	5.6%	30.6%	30.5%	10.5x	10.1x	9.6x	10.0x	18.0x	16.7x	15.4x	16.6x	0.9x
Time Warner	73.13	80.1%	58,932	78,111	5.4%	3.6%	28.2%	28.6%	9.7	9.5	8.8	9.3	14.8	13.6	12.0	13.4	2.7x
Twenty-First Century Fox	28.91	83.3%	55,304	59,758	5.8%	8.1%	25.1%	25.4%	9.4	8.4	7.9	8.5	25.0	15.1	12.8	16.3	2.3x
Viacom	41.24	60.2%	16,678	28,105	2.2%	0.5%	27.8%	29.0%	7.4	7.6	7.1	7.4	7.4	8.2	7.6	7.7	3.3x
<b>Diversified Media Median</b>					<b>5.3%</b>	<b>4.6%</b>	<b>28.0%</b>	<b>28.8%</b>	<b>9.6x</b>	<b>8.9x</b>	<b>8.4x</b>	<b>8.9x</b>	<b>16.4x</b>	<b>14.4x</b>	<b>12.4x</b>	<b>14.8x</b>	<b>2.5x</b>

Source: Public filings and Capital IQ as of 6/13/2016.

<sup>1</sup>Stock Price reflects primary stock listing; enterprise value calculation considers all classes of stock.

<sup>2</sup>Dreamworks figures as of April 29<sup>th</sup>, 2015 prior to acquisition by Comcast.

<sup>3</sup>Luna debt excludes production loans and only includes convertible debt that is out of the money.

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## VIII. Luna – Combination Analysis

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# Preliminary Luna + Saturn - \$20 Cash + 0.566 Luna Shares **PRELIMINARY DRAFT**

Saturn Mngmt. Case & Luna Mnmgt. Case - *PENDING SATURN MANAGEMENT APPROVED CASE*

(\$ in millions, except per share values) | Calendar Years Ended 12/31 | Excludes Synergies

	Assuming Luna Voting Share Premium of:				\$20 Cash + 0.566 Luna Shares to Low Vote Shares				
	0.0%	2.5%	5.0%	10.0%	No Luna Voting Share Prem.		10% Luna Voting Share Prem.		
	@ Market	Saturn @	Pro Forma	Saturn @	Pro Forma	Saturn @	Pro Forma	Saturn @	Pro Forma
Low Vote Share Price	\$21.25	\$32.03	\$21.25	\$31.46	\$20.25				
% Premium to Market	0.0%	23.1%	0.0%	21.0%	(4.7%)				
<b>Equity Value</b>	<b>\$3,164</b>	<b>\$3,381</b>	<b>\$4,874</b>	<b>\$3,318</b>	<b>\$4,850</b>				
Plus: Total Debt	\$846	\$1,120	\$3,478	\$1,120	\$3,476				
Less: Cash	(58)	(10)	(68)	(10)	(68)				
Minority Interest / (Uncon. Asset) <sup>1</sup>	(1,177)	(25)	(1,203)	(25)	(1,203)				
<b>Total Enterprise Value</b>	<b>\$2,775</b>	<b>\$4,466</b>	<b>\$7,082</b>	<b>\$4,403</b>	<b>\$7,056</b>				
<b>Valuation &amp; Leverage Metrics</b>									
Enterprise Value / 2016E Post-SBC OIBDA	40.4x	9.7x	13.5x	9.6x	13.5x				
Enterprise Value / 2017E Post-SBC OIBDA	18.5	8.7	10.8	8.6	10.8				
2016E EPS Accretion / (Dilution)			229.7%		228.2%				
2017E EPS Accretion / (Dilution)			67.7%		66.9%				
Net Debt / 2016E Pre-SBC OIBDA	4.9x	2.3x	5.2x	2.3x	5.2x				
<b>Economic Ownership</b>									
Luna	100.0%	0.0%	64.9%	0.0%	64.6%				
Third Party Investor	0.0%	0.0%	10.3%	0.0%	10.7%				
Saturn	0.0%	100.0%	24.8%	100.0%	24.7%				

Assumes \$2.0bn of cash to Saturn S/Hs and \$500mm Third Party Equity Raise

Source: Management projections. Current trading price as of 6/13/2016.

Note: Assumes 6% external interest rate on new debt and 19% tax rate.

<sup>1</sup> Luna unconsolidated investment in Saturn valued at offer valuation. Includes \$450mm NPV adjustment for Luna tax rate differential vs. US peers.

# Preliminary Luna + Saturn Liquidity Profile

PRIVATE AND CONFIDENTIAL

PRELIMINARY DRAFT

Saturn Mngmt. Case & Luna Mnmgt. Case – PENDING SATURN MANAGEMENT APPROVED CASE

(\$ in millions, except per share values) | Calendar Years Ended 12/31 | Excludes Synergies

(\$ in millions)	2013E	2014E	2015E	2016E	2017E	2018E	2019E
Saturn Pre-SBC OIBDA	\$477	\$502	\$462	\$490	\$543	\$612	\$633
Lunar Pre-SBC OIBDA <sup>1</sup>	383	337	156	161	226	281	346
Synergies	TBD	TBD	TBD	TBD	TBD	TBD	TBD
<b>Pro Forma Pre-SBC OIBDA</b>	<b>\$859</b>	<b>\$839</b>	<b>\$618</b>	<b>\$651</b>	<b>\$769</b>	<b>\$893</b>	<b>\$979</b>
% Growth		(2.4%)	(26.4%)	5.4%	18.0%	16.2%	9.5%
Less: Combined Capex					(\$26)	(\$20)	(\$20)
Less: Combined Film & TV Inv. (Net of Amort.)					156	(13)	0
Less: NWC					(40)	(97)	(59)
Less: Other Adjustments					(46)	(17)	(2)
<b>Unlevered Pre-Tax Cash Flows</b>					<b>\$812</b>	<b>\$746</b>	<b>\$897</b>
Less: PF Interest Expense (assumes 6%)					(209)	(209)	(209)
Less: Luna Standalone Cash Taxes					(11)	(12)	(14)
Less: Saturn PF Cash Taxes					--	--	--
<b>Free Cash Flow</b>					<b>\$592</b>	<b>\$525</b>	<b>\$674</b>
<b>Total Debt</b>				<b>\$3,478</b>	<b>3,478</b>	<b>3,478</b>	<b>3,478</b>
<b>Cash</b>				<b>68</b>	<b>659</b>	<b>1,184</b>	<b>1,858</b>
<b>Total Debt / PF Pre-SBC OIBDA</b>				<b>5.3x</b>	<b>4.5x</b>	<b>3.9x</b>	<b>3.6x</b>
<b>Net Debt / PF Pre-SBC OIBDA</b>				<b>5.2</b>	<b>3.7</b>	<b>2.6</b>	<b>1.7</b>

Requires additional diligence

Source: Management projections. Current trading price as of 6/13/2016.

Note: Assumes 6% external interest rate on new debt.

<sup>1</sup> Excludes equity income from affiliates and gain on sales of affiliates.

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## Perspectives on Luna Standalone

*"On April 1, 2016, Moody's revised Luna's rating outlook to negative from stable and affirmed its Ba3 Corporate Family rating (CFR) and the Ba3 senior secured debt rating. The change in the company's rating outlook was driven by higher than expected debt levels for the rating as well as weaker than expected operating results at its Motion Pictures segment.... Elevated debt-to-EBITDA of 9.2x (as of 12/31/2015, incorporating Moody's standard adjustments) and high gross debt levels, weakly position the company in the Ba3 rating category.*

*Supporting the company's Ba3 CFR rating is the perceived value of Luna's assets, particularly its film and TV library. Its assets include its library consisting of over 16,000 motion picture titles and television episodes and programs, the company's 31.2% stake in EPIX, and its 50% ownership of Pop (formerly referred to as TVGuide Network, now with CBS (Baa2 senior unsecured, stable outlook) as its partner)."*

Source: Moody's Credit Opinion, Luna, April 4, 2016

## Perspectives on Luna and Saturn Combination

*"Moody's believes that a merger with Saturn would be strategically beneficial due to the potential for collaboration between the two companies. We believe, the deal will enable Luna to leverage its production capabilities to benefit from the increasing demand for original programming and theatrical output which are important to Saturn, and thereby boost revenues and profitability for the combined entity. The deal will also bring financial advantages to Luna as Saturn has a stronger balance sheet with low leverage of 2.5x (Moody's adjusted), a good track record of stable profitability and generates strong annual cash flows of over \$200 million. Moody's notes that if the two companies agree to a deal, Luna could retain a "Ba" rating if management is committed to its credit ratings and the transaction is funded with stock, a moderate amount of new debt and proceeds from potential asset sales. Moody's will continue to monitor developments during upcoming quarters as they unfold and evaluate the impact on Luna's credit profile."*

## Appendix A: Supplemental Valuation Material

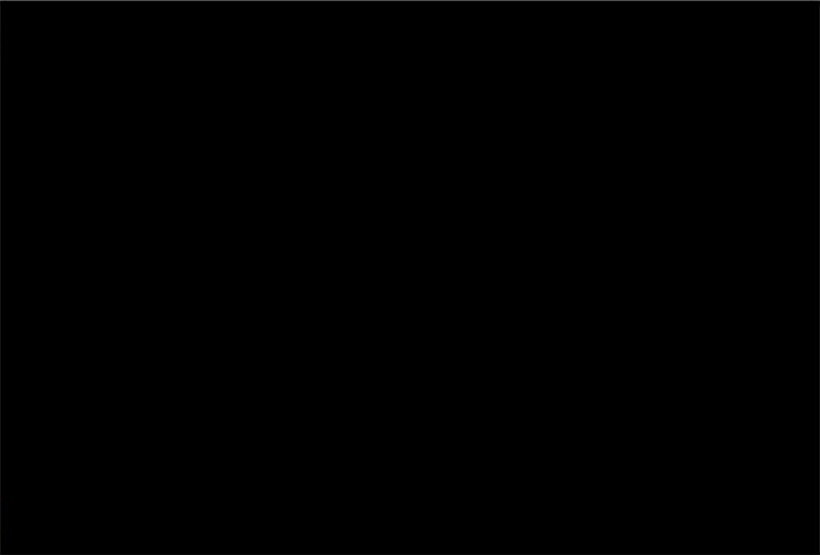
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# Saturn / ██████████ Research Summary

PRIVATE AND CONFIDENTIAL  
PRELIMINARY DRAFT

(\$ per Share)

Saturn Series A				
Date	Firm	Rating	Target Price	% Premium to Current
5/2/2016	CLSA	Outperform	\$31.00	19.2%
5/1/2016	Macquarie	Neutral	\$28.00	7.7%
4/29/2016	Pivotal Research Group	Buy	\$32.00	23.0%
4/29/2016	Morgan Stanley	Equal-weight	\$27.00	3.8%
4/29/2016	Evercore ISI	Buy	\$33.00	26.9%
4/29/2016	Deutsche Bank	Buy	\$47.00	80.7%
4/29/2016	FBN Securities	Outperform	\$35.38	36.0%
4/29/2016	FBR & Co.	Market Perform	\$26.00	(0.0%)
4/29/2016	Drexel Hamilton	Hold	\$27.50	5.7%
4/28/2016	Pacific Crest Securities	Sector Weight	\$26.00	(0.0%)
<b>Average</b>			<b>A</b> \$31.29	20.3%
<b>Median</b>			<b>C</b> \$29.50	13.4%



Note: Current price as of 6/13/2016.  
Source: Wall Street Research, Capital IQ.

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.



# Saturn / Luna Research Summary

PRIVATE AND CONFIDENTIAL  
PRELIMINARY DRAFT

(\$ per Share)

Saturn Series A					Luna					Implied Exchange Ratio
Date	Firm	Rating	Target Price	% Premium to Current	Date	Firm	Rating	Target Price	% Premium to Current	Saturn / Luna
5/2/2016	CLSA	Outperform	\$31.00	19.2%	6/7/2016	PiperJaffray	Overweight	\$30.00	41.2%	
5/1/2016	Macquarie	Neutral	\$28.00	7.7%	5/27/2016	Macquarie	Outperform	\$27.00	27.1%	1.04x
4/29/2016	Evercore ISI	Buy	\$33.00	26.9%	6/5/2016	Evercore ISI	Buy	\$32.00	50.6%	1.03x
4/29/2016	Pivotal Research Group	Buy	\$32.00	23.0%	6/6/2016	Barrington Research	Outperform	\$27.00	27.1%	
4/29/2016	Morgan Stanley	Equal-weight	\$27.00	3.8%	5/27/2016	Goldman Sachs	Neutral	\$24.00	12.9%	
4/29/2016	Deutsche Bank	Buy	\$47.00	80.7%	5/27/2016	RBC Capital Markets	Sector Perform	\$23.00	8.2%	
4/29/2016	FBN Securities	Outperform	\$35.38	36.0%	5/27/2016	Jefferies	Buy	\$29.00	36.5%	
4/29/2016	FBR & Co.	Market Perform	\$26.00	(0.0%)	5/27/2016	Cowen and Company	Market Perform	\$22.00	3.5%	
4/29/2016	Drexel Hamilton	Hold	\$27.50	5.7%	5/26/2016	Topeka Capital Markets	Buy	\$40.00	88.2%	
4/28/2016	Pacific Crest Securities	Sector Weight	\$26.00	(0.0%)	5/26/2016	JP Morgan	Overweight	\$26.00	22.4%	
<b>Average</b>					<b>B</b>					<b>A/B</b>
<b>Median</b>					<b>D</b>					<b>C/D</b>
			<b>A</b> \$31.29	20.3%				\$28.00	31.8%	1.12x
			<b>C</b> \$29.50	13.4%				\$27.00	27.1%	1.09x

Note: Current price as of 6/13/2016.  
Source: Wall Street Research, Capital IQ.

# Saturn Preliminary WACC Analysis

PRIVATE AND CONFIDENTIAL  
PRELIMINARY DRAFT

(\$ in millions)

Comparable Companies	Levered Beta <sup>1</sup>	Total Net Debt	Fully Diluted Equity Value	Net Debt / Equity	Net Debt / Total Cap.	Tax Rate	Unlevered Beta
Saturn	0.951	\$1,110	\$2,688	41.3%	29.2%	35.0%	0.75
Discovery	1.071	7,609	16,205	47.0%	32.0%	38.0%	0.83
Scripps	1.008	3,495	8,154	42.9%	30.0%	38.0%	0.80
AMC Networks	1.041	2,336	4,470	52.3%	34.3%	38.0%	0.79
<b>Average</b>	<b>1.018</b>	<b>\$3,638</b>	<b>\$7,879</b>	<b>45.9%</b>	<b>31.4%</b>	<b>37.3%</b>	<b>0.79</b>
<b>Median</b>	<b>1.025</b>	<b>\$2,916</b>	<b>\$6,312</b>	<b>44.9%</b>	<b>31.0%</b>	<b>38.0%</b>	<b>0.79</b>

Market Inputs	
Risk Free Rate	2.01%
Market Risk Premium	7.00%
Size Premium	1.65%

Saturn Cost of Debt	
Estimated Pre-Tax Cost of Debt	4.25%
Tax Rate	35.00%
<b>After-Tax Cost of Debt</b>	<b>2.77%</b>

Saturn Cost of Equity	
Risk Free Rate	2.01%
Unlevered Beta	0.79
Levered Beta	0.99
Market Risk Premium	7.00%
Size Premium	1.65%
<b>Saturn Cost of Equity</b>	<b>10.62%</b>

Saturn Weighted Average Cost of Capital	
Saturn Debt to Capitalization <sup>1</sup>	28.26%
Saturn Equity to Capitalization	71.74%
Weighted Average Cost of Debt	0.78%
Weighted Average Cost of Equity	7.62%
<b>Saturn WACC</b>	<b>8.40%</b>

Source: Public filings, Ibbotson, Bloomberg as of 6/13/2016.

<sup>1</sup> Debt to capitalization based on management guided future Net Debt to OIBDA target of 2.5x.

# Preliminary WACC Analysis

PRIVATE AND CONFIDENTIAL  
PRELIMINARY DRAFT

(\$ in millions)

Comparable Companies	Levered Beta <sup>1</sup>	Total Net Debt	Fully Diluted Equity Value	Net Debt / Equity	Gross Debt / Total Cap.	Tax Rate	Unlevered Beta
██████████	██████████	██████████	██████████	██████████	██████████	██████████	██████████
Walt Disney	1.027	16,126	160,709	10.0%	9.1%	38.0%	0.97
Time Warner	0.800	22,448	58,932	38.1%	27.6%	38.0%	0.65
Twenty-First Century Fox	1.099	14,752	55,304	26.7%	21.1%	38.0%	0.94
Viacom	1.318	12,768	16,678	76.6%	43.4%	38.0%	0.89
<b>Average</b>	██████████	██████████	██████████	██████████	██████████	██████████	██████████
<b>Median</b>	██████████	██████████	██████████	██████████	██████████	██████████	██████████

Market Inputs	
Risk Free Rate	2.01%
Market Risk Premium	7.00%
Size Premium	(0.32%)
Cost of Debt	
Estimated Pre-Tax Cost of Debt	██████████
Tax Rate	██████████
After-Tax Cost of Debt	██████████
Cost of Equity	
Risk Free Rate	██████████
Unlevered Beta	██████████
Levered Beta	██████████
Market Risk Premium	██████████
Size Premium	██████████
Cost of Equity	██████████

Weighted Average Cost of Capital	
Debt to Capitalization <sup>1</sup>	██████████
Equity to Capitalization	██████████
Weighted Average Cost of Debt	██████████
Weighted Average Cost of Equity	██████████
<b>WACC</b>	██████████

Source: Public filings, Bloomberg as of 6/13/2016, Ibbotson  
<sup>1</sup> Debt to capitalization based on management guided future Net Debt to OIBDA target of between 2.50x and 2.75x

Confidential information has been omitted and filed separately with the Securities and Exchange Commission. Confidential treatment has been requested with respect to this omitted information.

## Appendix B: Differential Consideration

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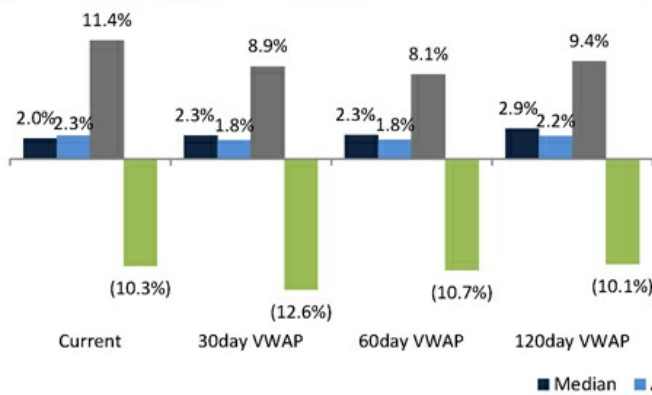
# Public Trading – Market Premium

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PRELIMINARY DRAFT

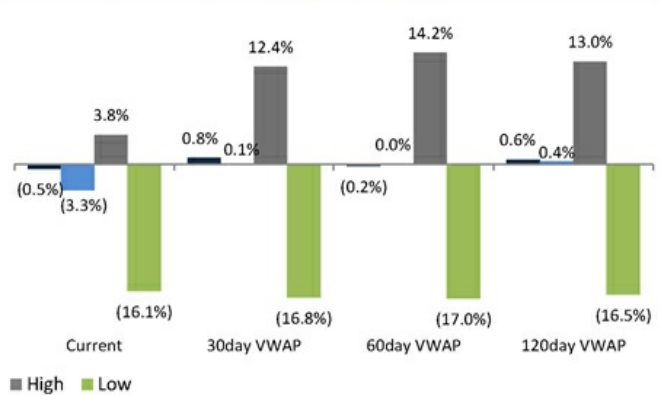
## Analysis Description

- An analysis of 21 companies with differential voting rights for stock classes shows that there is typically a market premium attached to stock classes with greater voting rights.
- Analysis Criteria
  - Primary and secondary listings on major US exchanges
  - Industry classification of media or information technology or telecommunication services (TMT)

### Market Premium for Vote over No-Vote<sup>1</sup>



### Market Premium for High Vote over Low Vote<sup>2</sup>



■ Median ■ Average ■ High ■ Low

Screening criteria of companies in TMT sector with differential voting rights for primary and secondary listings on major US stock exchanges.

<sup>1</sup>Vote over No-Vote companies: Google, Bel Fuse, [redacted], Discovery, Liberty Broadband, News Corporation, Radio One, Reading International, The Liberty Braves, Liberty Media, The Liberty SiriusXM Group, Twenty-First Century Fox, Viacom, Zillow

<sup>2</sup>High Vote over Low Vote companies: Discovery Communications, Gray Television, John Wiley & Sons, Liberty TripAdvisor Holdings, QAD, Saturn

Source: Capital IQ as of June 13, 2016.

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# Public Trading – Market Premium Detail

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Comparing Vote to No Vote			Market Premium / (Discount)			
Company Name	Current Price		Vote to Non Vote			
	High Vote	No Vote	Current	30day VWAP	60day VWAP	120day VWAP
Alphabet Inc.	\$731.88	\$718.27	1.9%	1.9%	2.1%	2.5%
Bel Fuse Inc.	\$15.55	\$17.33	(10.3%)	(12.6%)	(10.7%)	(10.1%)
██████████	██████████	██████████	██████████	██████████	██████████	██████████
Discovery Communications, Inc.	\$25.97	\$24.82	4.6%	4.0%	3.2%	3.4%
Liberty Broadband Corporation	\$58.44	\$58.99	(0.9%)	0.0%	0.1%	0.2%
News Corporation	\$11.78	\$11.55	2.0%	3.3%	3.6%	4.3%
Radio One Inc.	\$2.82	\$2.72	3.7%	(1.3%)	(1.6%)	0.8%
Reading International, Inc.	\$12.59	\$12.50	0.7%	2.4%	1.8%	(1.4%)
The Liberty Braves Group	\$14.79	\$14.50	2.0%	3.1%	3.3%	3.3%
The Liberty Media Group	\$18.56	\$18.12	2.4%	2.2%	2.3%	2.3%
The Liberty SiriusXM Group	\$32.60	\$30.75	6.0%	4.1%	4.3%	4.3%
Twenty-First Century Fox, Inc.	\$28.98	\$28.91	0.2%	0.8%	0.2%	0.4%
Viacom, Inc.	\$45.94	\$41.24	11.4%	8.9%	8.1%	9.4%
Zillow Group, Inc.	\$32.62	\$32.71	(0.3%)	1.6%	2.3%	3.9%
Low	██████████	██████████	██████████	██████████	██████████	██████████
Median	██████████	██████████	██████████	██████████	██████████	██████████
Average	██████████	██████████	██████████	██████████	██████████	██████████
High	██████████	██████████	██████████	██████████	██████████	██████████

Comparing High Vote to Low Vote			Market Premium / (Discount)			
Company Name	Current Price		High Vote to Low Vote			
	High Vote	Low Vote	Current	30day VWAP	60day VWAP	120day VWAP
Discovery Communications, Inc.	\$26.05	\$25.97	0.3%	0.7%	0.3%	0.4%
Gray Television, Inc.	\$11.05	\$10.65	3.8%	12.4%	14.2%	13.0%
John Wiley & Sons Inc.	\$48.50	\$51.84	(6.4%)	(1.4%)	(1.1%)	(1.5%)
Liberty TripAdvisor Holdings, Inc.	\$22.47	\$22.65	(0.8%)	4.7%	4.6%	6.3%
QAD Inc.	\$16.07	\$19.15	(16.1%)	(16.8%)	(17.0%)	(16.5%)
Saturn	\$25.94	\$26.01	(0.3%)	1.0%	(0.7%)	0.9%
Low	██████████	██████████	(16.1%)	(16.8%)	(17.0%)	(16.5%)
Median	██████████	██████████	(0.5%)	0.8%	(0.2%)	0.6%
Average	██████████	██████████	(3.3%)	0.1%	0.0%	0.4%
High	██████████	██████████	3.8%	12.4%	14.2%	13.0%

Source: Capital IQ as of June 13, 2016 and company filings or investor relations.

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# Precedent Transactions - Differential Consideration

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(\$ in millions)

## Analysis Description

- Of 58 transactions with classes of stock with unequal voting since 2008, 3 transactions resulted in the high vote class receiving a premium for their shares
  - Analysis Criteria
    - All publicly announced transactions with a US or non-US public target and at least one SEC filer participant
    - Deals valued over \$100 million
    - Announced since 2008
    - Target with classes of stock with unequal voting
- Plus, select additional pre-2008 transactions that resulted in differential consideration for unequal voting classes of stock

## Differential Consideration Transaction Detail

Ann. Date	Target	Acquiror	Trx. Equity Value	% High Vote Voting	Ownership Economic	High Vote to Low Vote Premium	Total Premium Consid. as % of	
							Total Consid.	Low Vote Consid.
Feb-13	Assisted Living Concepts, Inc.	TPG	\$279	59.0%	12.6%	7.5%	0.9%	1.1%
Dec-11	Delphi Financial Group, Inc.	Tokio Marine Holdings, Inc.	2,743	49.9%	12.3%	20.1%	2.4%	2.8%
Sep-09	Affiliated Computer Services, Inc.	Xerox Corporation	6,467	41.2%	6.6%	74.2%	4.6%	5.2%
Nov-04	Robert Mondavi Corporation	Constellation Brands, Inc.	1,031	83.4%	36.9%	16.5%	5.2%	8.3%
Feb-00	SFX Entertainment	Clear Channel Communications, Inc.	3,378	28.4%	3.8%	66.7%	2.5%	2.6%
Mar-99	Century Communications Corp.	Adelphia Communications Corporation	3,597	92.3%	54.5%	9.1%	4.7%	10.9%
Jun-98	Tele-Communications Inc. <sup>1</sup>	AT&T Corp.	36,023	56.8%	11.6%	10.0%	1.1%	1.3%
Aug-97	SFX Broadcasting, Inc.	Capstar Broadcasting Partners Inc. / Hicks, Muse, Tate & Furst, Inc.	1,108	49.3%	8.1%	30.0%	2.4%	2.6%
Aug-96	Home Shopping Network, Inc.	Silver King Communications, Inc.	1,197	74.3%	22.4%	20.0%	4.3%	5.8%
					<b>Low</b>	<b>7.5%</b>	<b>0.9%</b>	<b>1.1%</b>
					<b>Median</b>	<b>20.0%</b>	<b>2.5%</b>	<b>2.8%</b>
					<b>Mean</b>	<b>28.2%</b>	<b>3.1%</b>	<b>4.5%</b>
					<b>High</b>	<b>74.2%</b>	<b>5.2%</b>	<b>10.9%</b>
					Satellite Offer	10.0%	0.9%	1.1%

<sup>1</sup> TCI Group Series A and Series B consideration (excludes TCI Ventures Group and Liberty Media Group tracking stocks).

Source: Dealpoint Data as of 6/10/2016. Public filings.

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## Appendix D: Supplemental Combination Analyses

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# Preliminary [REDACTED] + Saturn – 100% Stock

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PRELIMINARY DRAFT

Saturn Mngmt. Case & [REDACTED] Wall Street Projections – PENDING SATURN MANAGEMENT APPROVED CASE

(\$ in millions, except per share values) | Calendar Years Ended 12/31 | Excludes Synergies

	Saturn @ Market	\$33 Fixed Offer; 10% B Premium			0.60x Exchange Offer; 10% B Premium		
		[REDACTED] @ Market	Saturn @ Offer	Pro Forma	[REDACTED] @ Market	Saturn @ Offer	Pro Forma
Low Vote Share Price	\$26.01	[REDACTED]	\$33.00	[REDACTED]	[REDACTED]	\$31.27	[REDACTED]
% Premium to Market	0.0%	[REDACTED]	26.9%	[REDACTED]	[REDACTED]	20.2%	[REDACTED]
High Vote Share Price	\$25.94	[REDACTED]	\$36.30	[REDACTED]	[REDACTED]	\$34.39	[REDACTED]
% Premium to Market	0.0%	[REDACTED]	39.9%	[REDACTED]	[REDACTED]	32.6%	[REDACTED]
% Premium to A Shares	(0.3%)	[REDACTED]	10.0%	[REDACTED]	[REDACTED]	10.0%	[REDACTED]
TSM Share Count	103.4	[REDACTED]	104.8	[REDACTED]	[REDACTED]	104.5	[REDACTED]
<b>Equity Value</b>	<b>\$2,688</b>	[REDACTED]	<b>\$3,489</b>	[REDACTED]	[REDACTED]	<b>\$3,297</b>	[REDACTED]
Plus: Total Debt	\$1,120	[REDACTED]	\$1,120	[REDACTED]	[REDACTED]	\$1,120	[REDACTED]
Less: Cash	(10)	[REDACTED]	(10)	[REDACTED]	[REDACTED]	(10)	[REDACTED]
Plus/Less: Minority Interest / (Unconsol. Asset)	(25)	[REDACTED]	(25)	[REDACTED]	[REDACTED]	(25)	[REDACTED]
<b>Total Enterprise Value</b>	<b>\$3,772</b>	[REDACTED]	<b>\$4,574</b>	[REDACTED]	[REDACTED]	<b>\$4,382</b>	[REDACTED]
<b>Financials</b>							
2016E Post-SBC OIBDA	\$460	[REDACTED]	\$460	[REDACTED]	[REDACTED]	\$460	[REDACTED]
2017E Post-SBC OIBDA	511	[REDACTED]	511	[REDACTED]	[REDACTED]	511	[REDACTED]
2016E Net Income	\$247	[REDACTED]	\$247	[REDACTED]	[REDACTED]	\$247	[REDACTED]
2017E Net Income	287	[REDACTED]	287	[REDACTED]	[REDACTED]	287	[REDACTED]
<b>Valuation</b>							
Enterprise Value / 2016E Post-SBC OIBDA	8.2x	9.2x	9.9x	[REDACTED]	9.2x	9.5x	[REDACTED]
Enterprise Value / 2017E Post-SBC OIBDA	7.4	9.1	8.9	[REDACTED]	9.1	8.6	[REDACTED]
Equity Value / 2016E Net Income	10.9x	[REDACTED]	14.1x	[REDACTED]	[REDACTED]	13.3x	[REDACTED]
Equity Value / 2017E Net Income	9.3	[REDACTED]	12.1	[REDACTED]	[REDACTED]	11.5	[REDACTED]
<b>Accretion / (Dilution)</b>							
2016E Net Income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
2017E Net Income	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
<b>Leverage</b>							
Total Debt / 2016E Pre-SBC OIBDA	2.3x	[REDACTED]	2.3x	[REDACTED]	[REDACTED]	2.3x	[REDACTED]
Net Debt / 2016E Pre-SBC OIBDA	2.3	[REDACTED]	2.3x	[REDACTED]	[REDACTED]	2.3x	[REDACTED]
<b>Economic Ownership</b>							
[REDACTED]	0.0%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Saturn	100.0%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Note: Prices as of 6/13/2016.

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# Preliminary Luna + Saturn - \$20 Cash + 0.566 Luna Shares

PRELIMINARY DRAFT

Saturn Mngmt. Case &amp; Luna Mngmt. Case - PENDING SATURN MANAGEMENT APPROVED CASE

(\$ in millions, except per share values) | Calendar Years Ended 12/31 | Excludes Synergies

	Saturn Market	\$20 Cash + 0.566 Luna Shares; 10% B Premium				\$20 Cash + 0.566 L Shares; 10% B Prem.   10% No Vote Disc.				
		Luna @ Market <sup>1</sup>	Saturn @ Lunar Offer	Saturn Trx. Adj.	Equity Issuance	Pro Forma	Luna @ 5% Non-Vote Disc.	Saturn @ Offer	Saturn Trx. Adj.	Equity Issuance
Low Vote Share Price	\$26.01	\$21.25	\$32.03			\$20.25				
% Premium to Market	0.0%	0.0%	23.1%			(4.7%)				
High Vote Share Price	\$25.94	\$21.25	\$35.23			\$22.27				
% Premium to Market	0.0%	0.0%	35.8%			4.8%				
% Premium to A Shares	(0.3%)	0.0%	10.0%			10.0%				
TSM Share Count	103.4	148.9	104.6			148.9				
<b>Equity Value</b>	<b>\$2,688</b>	<b>\$3,164</b>	<b>\$3,381</b>	<b>(\$2,171)</b>	<b>\$500</b>	<b>\$3,164</b>			<b>\$2,166</b>	<b>\$500</b>
Plus: Total Debt	\$1,120	\$846	\$1,120	\$2,012	(\$500)	\$846			\$2,010	(\$500)
Less: Cash	(10)	(58)	(10)	--	--	(58)			--	--
Plus/Less: MI / (UA) / (NPV Tax Benefit)	(25)	(1,177)	(25)	--	--	(1,177)			--	--
Less: Saturn Minority Stake	--	(159)	--	159	--	(156)			156	--
<b>Total Enterprise Value</b>	<b>\$3,772</b>	<b>\$2,616</b>	<b>\$4,466</b>	<b>\$0</b>		<b>\$2,618</b>			<b>\$0</b>	
<b>Financials</b>										
2016E Net Income	\$247	\$38	\$247	(\$92)		\$38			(\$92)	
2017E Net Income	287	124	287	(\$92)		124			(\$92)	
<b>Valuation</b>										
Enterprise Value / 2016E Post-SBC OIBDA	8.2x	40.4x	9.7x			40.4x				
Enterprise Value / 2017E Post-SBC OIBDA	7.4	18.5	8.7			18.5				
Equity Value / 2016E Net Income	10.9x	82.9x	13.7x			82.9x				
Equity Value / 2017E Net Income	9.3	25.6	11.8			25.6				
<b>Accretion / (Dilution)</b>										
2016E Net Income										
2017E Net Income										
<b>Leverage</b>										
Total Debt / 2016E Pre-SBC OIBDA	2.3x	5.3x	2.3x			5.3x				
Net Debt / 2016E Pre-SBC OIBDA	2.3	4.9x	2.3x			4.9x				
<b>Economic Ownership</b>										
	0.0%	100.0%	0.0%			64.9%	100.0%	0.0%		64.6%
Third Party Investors	0.0%	0.0%	0.0%			10.3%	0.0%	0.0%		10.7%
Saturn	100.0%	0.0%	100.0%			24.8%	0.0%	100.0%		24.7%

Note: Assumes 6% external interest rate on new debt and 15% tax rate. Assumes incremental 2% tax rate on Saturn debt and 19% tax rate. Prices as of 6/13/2016.

<sup>1</sup> Luna unconsolidated investment in Saturn valued at offer valuation.

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