

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

**SCHEDULE 13E-3**

(Rule 13e-100)  
**Transaction Statement under Section 13(e) of the Securities  
Exchange Act of 1934 and Rule 13e-3 thereunder**

**Rule 13e-3 Transaction Statement under Section 13(e)  
of the Securities Exchange Act of 1934**

**RLJ Entertainment, Inc.**

(Name of the Issuer)

**RLJ Entertainment, Inc.  
AMC Networks Inc.  
Digital Entertainment Holdings LLC  
River Merger Sub Inc.**  
(Names of Persons Filing Statement)

**Common Stock, par value \$0.001 per share**  
(Title of Class of Securities)

**74965F203**  
(CUSIP Number)

**RLJ Entertainment, Inc.  
8515 Georgia Avenue, Suite 650  
Silver Spring, Maryland 20910  
(301) 608-2115**

**AMC Networks Inc.  
11 Penn Plaza  
New York, NY 10001  
(212) 324-8500**

(Name, Address and Telephone Number of Person Authorized to Receive Notices and Communications on behalf of the Persons Filing Statement)

*Copies to:*

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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, Regulation 14-C or Rule 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:

**Calculation of Filing Fee**

<b>Transactional Valuation*</b>	<b>Amount of Filing Fee**</b>
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- \* The transaction value was determined based upon the sum of (A) the product of the number of shares equaling (i) 15,614,607 shares of common stock outstanding as of August 23, 2018 (including 104,368 shares of restricted common stock) minus (ii) the 11,477,085 shares of common stock beneficially owned in the aggregate by the AMC Entities and the Johnson Entities, multiplied by the per share merger consideration of \$6.25, plus (B) the product of 1,400,000 shares of common stock underlying stock options, multiplied by \$3.42 (the difference between the per share merger consideration of \$6.25 and the weighted average exercise price of such options), plus (C) the product of 654,961 restricted stock units multiplied by the per share merger consideration of \$6.25, plus (D) the product of 431,250 shares of performance stock units multiplied by the per share merger consideration of \$6.25, plus (E) the product of (i) \$7.81 multiplied by (ii) 3,021,473 shares of common stock issuable upon conversion of the shares of preferred stock (excluding the shares of preferred stock owned by the AMC Entities) plus (F) the product of 751,166 shares of restricted common stock issued upon the exercise of the warrants with an initial exercise date of May 20, 2015 (excluding warrants owned by the AMC Entities and the Johnson Entities), multiplied by the excess, if any, of (i) the per share merger consideration of \$6.25 minus (ii) the exercise price per share of such warrants.
- \*\* The amount of the filing fee is calculated in accordance with Regulation 240.0-11 of the Securities Exchange Act and the Securities and Exchange Commission Fee Rate Advisory #1 for Fiscal Year 2018. The fee is calculated by multiplying 0.0001245 by the proposed maximum aggregate value of the transaction of \$64,470,874.
- Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

Amount Previously Paid: \$8,026.62

Filing Party: RLJ Entertainment, Inc.

Form or Registration No.: Schedule 14A

Date Filed: August 28, 2018

**NEITHER THE U.S. SECURITIES EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THIS TRANSACTION, PASSED UPON THE MERITS OR FAIRNESS OF THIS TRANSACTION OR PASSED UPON THE ADEQUACY OR ACCURACY OF THE DISCLOSURE IN THIS SCHEDULE 13E-3. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

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## INTRODUCTION

This Transaction Statement on Schedule 13E-3, together with the exhibits attached hereto (this “Schedule 13E-3”), is being filed with the Securities and Exchange Commission (the “SEC”) pursuant to Section 13(e) of the Securities Exchange Act of 1934, as amended (together with the rules and regulations promulgated thereunder, the “Exchange Act”), jointly by the following persons (each, a “Filing Person” and collectively, the “Filing Persons”): (i) RLJ Entertainment, Inc., a Nevada corporation (the “Company,” or “RLJE”), the issuer of the common stock, par value \$0.001 per share (the “Common Stock”), that is subject to the transaction pursuant to Rule 13e-3 under the Exchange Act, (ii) AMC Networks Inc., a Delaware corporation (“AMC”), (iii) Digital Entertainment Holdings LLC, a Delaware limited liability company (“Parent” or “DEH”), and (iv) Merger Sub Inc., a Nevada corporation and wholly owned subsidiary of Parent (“Merger Sub”, and collectively with AMC and DEH, the “AMC Entities”).

This Schedule 13E-3 is being filed in connection with the pending acquisition of RLJE pursuant to the Agreement and Plan of Merger, entered into on July 29, 2018 (the “Merger Agreement”), by and among RLJE, AMC (solely for the purposes of Section 10.7 thereof), Parent and Merger Sub. Pursuant to the Merger Agreement, Merger Sub will be merged with and into the Company, with the Company surviving as a wholly owned subsidiary of Parent (the “Merger”).

Under the terms of the Merger Agreement, at the effective time of the Merger (the “Effective Time”), each share of Common Stock issued and outstanding immediately prior to the Effective Time, except for certain excluded shares (which include shares beneficially owned by the AMC Entities), will be automatically converted into the right to receive \$6.25 in cash without interest (the “Per Share Merger Consideration”). The Merger Agreement also includes provisions for the payment at the Effective Time of consideration, calculated based on the amount of the Per Share Merger Consideration, to the holders of outstanding RLJE preferred stock who elect to receive such cash consideration and holders of warrants to purchase Common Stock, except for certain excluded shares (which include shares beneficially owned by the AMC Entities). Such holders of outstanding RLJE preferred stock will be entitled to receive \$7.81 per underlying share of Common Stock, in accordance with the terms of the RLJE preferred stock, if they elect cash as their consideration. Such holders of outstanding warrants will be paid the difference between \$6.25 and the per share exercise price of their warrants.

Simultaneously with the execution of the Merger Agreement, DEH entered into separate arrangements with RLJ SPAC Acquisition, LLC, a Delaware limited liability company, The RLJ Companies, LLC, a Delaware limited liability company, and Robert L. Johnson (together with RLJ SPAC Acquisition, LLC and The RLJ Companies, LLC, the “Johnson Entities”) related to the contribution of their RLJE securities to DEH immediately prior to the Merger and their vote for and support of the Merger. As of August 28, 2018, the Johnson Entities own approximately 43.5% of the issued and outstanding Common Stock. Upon completion of the Merger, RLJE will become a majority owned subsidiary of each of AMC and Parent, with the Johnson Entities owning a stake of 17% in RLJE.

Concurrently with the filing of the Schedule 13E-3, RLJE is filing with the SEC a preliminary proxy statement (the “Preliminary Proxy Statement”) pursuant to Regulation 14A under the Exchange Act, relating to a special meeting of RLJE’s stockholders (the “Special Meeting”) at which the holders of Common Stock will be asked to consider and vote on a proposal to approve the Merger Agreement. A copy of the Preliminary Proxy Statement is attached hereto as Exhibit (a)(2)(i), and a copy of the Merger Agreement is attached as Annex A to the Preliminary Proxy Statement (as well as Exhibit (d)(i) to the Schedule 13E-3). Concurrently with the filing of the Schedule 13E-3, the Johnson Entities are also filing a Transaction Statement on Schedule 13E-3.

The Special Committee of the Board of Directors of RLJE has (a) determined that the Merger Agreement and the transactions contemplated thereby, including the Merger, are advisable, fair to and in the best interests of RLJE and its stockholders (other than AMC, the Johnson Entities and their respective affiliates); (b) adopted the Merger Agreement and the transactions contemplated by the Merger Agreement, including the Merger; (c) directed that the Merger Agreement be submitted by RLJE for approval by the stockholders of RLJE at the Special Meeting; and (d) recommended that the stockholders of RLJE vote affirmatively at the Special Meeting to approve the Merger Agreement.

The cross references below are being supplied pursuant to General Instruction G to Schedule 13E-3 and show the location in the Preliminary Proxy Statement of the information required to be included in response to the items of Schedule 13E-3. Pursuant to General Instruction F to Schedule 13E-3, the information set forth in the Preliminary Proxy Statement, including all annexes attached thereto, is incorporated in its entirety herein by reference, and the responses to each such item in this Schedule 13E-3 are qualified in their entirety by the information contained in the Preliminary Proxy Statement and the annexes thereto. Capitalized terms used but not defined herein shall have the meanings given to them in the Preliminary Proxy Statement. As of the date hereof, the Preliminary Proxy Statement is in preliminary form and is subject to completion and/or amendment.

While each of the Filing Persons acknowledges that the Merger is a “going-private” transaction for purposes of Rule 13E-3 under the Exchange Act, the filing of this Transaction Statement shall not be construed as an admission by any Filing Person, or by any affiliate of a Filing Person, that the Company is “controlled” by any other Filing Person.

All information contained in this Schedule 13E-3 concerning any Filing Person has been provided by such Filing Person, and no Filing Person has produced any disclosure with respect to any other Filing Person.

Under the SEC rules governing “going private” transactions, each of the Filing Persons may be deemed to be an affiliate of the Company and engaged in a “going private” transaction for purposes of Rule 13e-3 under the Exchange Act. This filing is being made only in response to the SEC’s suggestion that certain of the Filing Persons may be “affiliates” within the meaning of Rule 13e-3. The fact of this filing is not intended to and does not express the view of any Filing Person as to its legal relationships or its engagement in the transactions contemplated by the Merger Agreement.

## TRANSACTION STATEMENT

### Item 1. Summary Term Sheet

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”

### Item 2. Subject Company Information

#### a) *Name and Address*

The name of the subject company is RLJ Entertainment, Inc., a Nevada corporation (“RLJE” or the “Company”). Its principal executive office is located at 8515 Georgia Avenue, Suite 650, Silver Spring, Maryland 20910, and its telephone number is (301) 608-2115.

#### b) *Securities*

The subject class of equity securities to which this Schedule 13E-3 relates is the common stock, par value \$0.001 per share, of RLJE. The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET – The Special Meeting – Record Date and Quorum”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “THE SPECIAL MEETING – Record Date and Quorum”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Security Ownership of Certain Beneficial Owners and Management”

#### c) *Trading Market and Price*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET – The Merger Agreement – Market Price of Our Common Stock”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Market Price of the Common Stock and Dividend Information – Market Information”

#### d) *Dividends*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “THE MERGER AGREEMENT – Representations and Warranties”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Market Price of the Common Stock and Dividend Information – Market Information”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – LIQUIDITY AND CAPITAL RESOURCES – Capital Resources – Senior Term Notes”

#### e) *Prior Public Offerings*

Not applicable.

f) *Prior Stock Purchases*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SPECIAL FACTORS – Background of the Merger”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Security Ownership of Certain Beneficial Owners and Management”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Common Stock During the Past 60 Days”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Common Stock During the Past Two Years”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Connection with Credit Agreement Amendments”

**Item 3. Identity and Background of Filing Person**

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “WHERE YOU CAN FIND MORE INFORMATION”

a) *Name and Address of Each Filing Person*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET – The Parties to the Merger Agreement”
- “THE PARTIES TO THE MERGER AGREEMENT”
- “IMPORTANT INFORMATION REGARDING THE COMPANY”
- “IMPORTANT INFORMATION REGARDING THE AMC ENTITIES AND THE JOHNSON ENTITIES”

b) *Business and Background of Entities*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “NOTICE OF SPECIAL MEETING OF STOCKHOLDERS”
- “SUMMARY TERM SHEET – The Parties to the Merger Agreement”
- “THE PARTIES TO THE MERGER AGREEMENT”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Company Background”
- “IMPORTANT INFORMATION REGARDING THE AMC ENTITIES AND THE JOHNSON ENTITIES”

c) *Business Background of Natural Persons*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “IMPORTANT INFORMATION REGARDING THE COMPANY – Directors and Executive Officers”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Company Background”
- “SUMMARY TERM SHEET – The Parties to the Merger Agreement”
- “THE PARTIES TO THE MERGER AGREEMENT”

**Item 4. Terms of the Transaction**

a) *Material Terms*

(1) Tender Offers. Not applicable.

(2) Mergers or Similar Transactions.

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Plans for the Company after the Merger”
- “SPECIAL FACTORS – Certain Effects of the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “SPECIAL FACTORS – Effect of the Merger on Company Stock Awards”
- “SPECIAL FACTORS – Material U.S. Federal Income Tax Consequences of the Merger”
- “SPECIAL FACTORS – Payment of Merger Consideration and Surrender of Stock Certificates; Payment for Company Stock Awards”
- “THE SPECIAL MEETING – Vote Required”
- “THE MERGER AGREEMENT – Explanatory Note Regarding the Merger Agreement”
- “THE MERGER AGREEMENT – Structure of the Merger; Charter and Bylaws; Directors and Officers”
- “THE MERGER AGREEMENT – Terms of the Merger Agreement”
- “THE MERGER AGREEMENT – Effect of the Merger on the Common Stock; Preferred Stock; 2015 Warrants”
- “THE MERGER AGREEMENT – Treatment of Company Options; Company Restricted Shares; Company RSUs; Company PSUs”
- “THE MERGER AGREEMENT – Representations and Warranties”
- “THE MERGER AGREEMENT – Other Covenants and Agreements”
- “THE MERGER AGREEMENT – Conditions to the Merger”
- “THE MERGER AGREEMENT – Termination”
- “THE MERGER AGREEMENT – Termination Fees”
- “THE MERGER AGREEMENT – Amendment”
- “THE MERGER AGREEMENT – Specific Performance”
- “THE MERGER AGREEMENT – Ultimate Parent Guarantee”
- “THE MERGER AGREEMENT – Governing Law”

c) *Different Terms*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Certain Effects of the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “SPECIAL FACTORS – Advisory Vote on Merger-Related Compensation”
- “SPECIAL FACTORS – Material U.S. Federal Income Tax Consequences of the Merger”
- “THE MERGER AGREEMENT – Effect of the Merger on the Common Stock; Preferred Stock; 2015 Warrants”
- “THE MERGER AGREEMENT – Treatment of Company Options; Company Restricted Shares; Company RSUs; Company PSUs”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Common Stock During the Past Two Years – Preferred Stock and 2015 Warrants”

d) *Appraisal Rights*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “NOTICE OF SPECIAL MEETING OF STOCKHOLDERS”
- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “NO DISSENTER’S OR APPRAISAL RIGHTS FOR HOLDERS OF COMMON STOCK”
- “DISSENTER’S RIGHTS FOR HOLDERS OF PREFERRED STOCK”

e) *Provisions for Unaffiliated Security Holders*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “THE MERGER AGREEMENT – No Solicitation and the Company’s Fiduciary Exceptions Thereto”
- “PROVISIONS FOR NON-AFFILIATE STOCKHOLDERS”

f) *Eligibility for Listing or Trading*

The information set forth in the Preliminary Proxy Statement under the following caption is incorporated herein by reference:

- “DELISTING AND DEREGISTRATION OF OUR COMMON STOCK”

**Item 5. Past Contacts, Transactions, Negotiations and Agreements**

a) *Transactions*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Financing of the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “THE MERGER AGREEMENT”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Common Stock During the Past 60 Days”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Common Stock During the Past Two Years”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Connection with Credit Agreement Amendments”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Other Transactions”
- ANNEX A – Agreement and Plan of Merger, dated July 29, 2018, by and among RLJ Entertainment, Inc., AMC Networks Inc., Digital Entertainment Holdings LLC and River Merger Sub Inc.

b)—c) *Significant Corporate Events; Negotiations or Contacts*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”

- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Financing of the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “THE MERGER AGREEMENT”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Connection with Credit Agreement Amendments”
- ANNEX A – Agreement and Plan of Merger, dated July 29, 2018, by and among RLJ Entertainment, Inc., AMC Networks Inc., Digital Entertainment Holdings LLC and River Merger Sub Inc.

e) *Agreements Involving the Subject Company’s Securities*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Certain Effects of the Merger”
- “SPECIAL FACTORS – Financing of the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “THE SPECIAL MEETING – Vote Required”
- “THE MERGER AGREEMENT”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Security Ownership of Certain Beneficial Owners and Management”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Common Stock During the Past 60 Days”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Common Stock During the Past Two Years”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Connection with Credit Agreement Amendments”
- ANNEX A – Agreement and Plan of Merger, dated July 29, 2018, by and among RLJ Entertainment, Inc., AMC Networks Inc., Digital Entertainment Holdings LLC and River Merger Sub Inc.

**Item 6. Purposes of the Transaction and Plans or Proposals**

b) *Use of Securities Acquired*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Certain Effects of the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “SPECIAL FACTORS – Payment of Merger Consideration and Surrender of Stock Certificates; Payment for Company Stock Awards”
- “THE MERGER AGREEMENT – Structure of the Merger; Charter and Bylaws; Directors and Officers”
- “THE MERGER AGREEMENT – Effect of the Merger on the Common Stock; Preferred Stock; 2015 Warrants”
- “THE MERGER AGREEMENT – Treatment of Company Options; Company Restricted Shares; Company RSUs; Company PSUs”
- “DELISTING AND DEREGISTRATION OF OUR COMMON STOCK”
- ANNEX A – Agreement and Plan of Merger, dated July 29, 2018, by and among RLJ Entertainment, Inc., AMC Networks Inc., Digital Entertainment Holdings LLC and River Merger Sub Inc.

c) *Plans*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Plans for the Company after the Merger”
- “SPECIAL FACTORS – Certain Effects of the Merger”
- “SPECIAL FACTORS – Financing of the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “THE MERGER AGREEMENT – Structure of the Merger; Charter and Bylaws; Directors and Officers”
- “THE MERGER AGREEMENT – Effect of the Merger on the Common Stock; Preferred Stock; 2015 Warrants”
- “THE MERGER AGREEMENT – Treatment of Company Options; Company Restricted Shares; Company RSUs; Company PSUs”
- “THE MERGER AGREEMENT – Other Covenants and Agreements”
- “LIQUIDITY AND CAPITAL RESOURCES – Capital Resources”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Company Background”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Market Price of the Common Stock and Dividend Information”
- “DELISTING AND DEREGISTRATION OF OUR COMMON STOCK”
- ANNEX A – Agreement and Plan of Merger, dated July 29, 2018, by and among RLJ Entertainment, Inc., AMC Networks Inc., Digital Entertainment Holdings LLC and River Merger Sub Inc.

**Item 7. Purposes, Alternatives, Reasons and Effects**

a) *Purposes*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Plans for the Company after the Merger”
- “SPECIAL FACTORS – Certain Effects of the Merger”

b) *Alternatives*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the Company for the Merger”
- “SPECIAL FACTORS – Plans for the Company after the Merger”

c) *Reasons*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Opinion of Financial Advisor”
- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Plans for the Company after the Merger”
- “SPECIAL FACTORS – Certain Effects of the Merger”

d) *Effects*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Plans for the Company after the Merger”
- “SPECIAL FACTORS – Certain Effects of the Merger”
- “SPECIAL FACTORS – Financing of the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “SPECIAL FACTORS – Material U.S. Federal Income Tax Consequences of the Merger”
- “SPECIAL FACTORS – Fees and Expenses”
- “THE MERGER AGREEMENT – Structure of the Merger; Charter; Bylaws; Directors and Officers”
- “THE MERGER AGREEMENT – Effect of the Merger on the Common Stock; Preferred Stock; 2015 Warrants”
- “THE MERGER AGREEMENT – Treatment of Company Options; Company Restricted Shares; Company RSUs; Company PSUs”
- “THE MERGER AGREEMENT – Other Covenants and Agreements”
- “PROVISIONS FOR NON-AFFILIATE STOCKHOLDERS”
- “DELISTING AND DEREGISTRATION OF OUR COMMON STOCK”
- “NO DISSENTER’S OR APPRAISAL RIGHTS FOR HOLDERS OF COMMON STOCK”
- ANNEX A – Agreement and Plan of Merger, dated July 29, 2018, by and among RLJ Entertainment, Inc., AMC Networks Inc., Digital Entertainment Holdings LLC and River Merger Sub Inc.

**Item 8. Fairness of the Transaction**

a)—b) *Fairness; Factors Considered in Determining Fairness*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “NOTICE OF SPECIAL MEETING OF STOCKHOLDERS”

- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Opinion of Financial Advisor”
- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “THE SPECIAL MEETING - Special Committee Recommendation of the Merger Agreement”
- ANNEX B – Opinion of Allen & Company LLC dated July 29, 2018

c) *Approval of Security Holders*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “THE SPECIAL MEETING - Record Date and Quorum”
- “THE SPECIAL MEETING – Vote Required”
- “THE MERGER AGREEMENT – Conditions to the Merger”
- ANNEX A – Agreement and Plan of Merger, dated July 29, 2018, by and among RLJ Entertainment, Inc., AMC Networks Inc., Digital Entertainment Holdings LLC and River Merger Sub Inc.

d) *Unaffiliated Representative*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “PROVISIONS FOR NON-AFFILIATE STOCKHOLDERS”

e) *Approval of Directors*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Opinion of Financial Advisor”
- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “SPECIAL FACTORS – Interest of the Company’s Directors and Executive Officers in the Merger”
- “THE SPECIAL MEETING – Special Committee Recommendation of the Merger Agreement”

f) *Other Offers*

Not applicable.

## Item 9. Reports, Opinions, Appraisals and Negotiations

### a)—c) *Report, Opinion or Appraisal; Preparer and Summary of the Report, Opinion or Appraisal; Availability of Documents*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Opinion of Financial Advisor”
- “WHERE YOU CAN FIND MORE INFORMATION”
- ANNEX B – Opinion of Allen & Company LLC dated July 29, 2018

The presentation materials and presentation of Allen & Company LLC to the Special Committee of the Board of Directors of the Company, dated July 29, 2018 and May 2, 2018, are attached hereto as Exhibits (c)(ii) and (c)(iii), respectively, and are incorporated by reference herein.

The discussion materials dated September 12, 2017, October 24, 2017, February 26, 2018, April 20, 2018, May 2, 2018, July 27, 2018 and July 28, 2018, each prepared by Citigroup Global Markets Inc. for AMC Networks Inc., are attached hereto as Exhibits (c)(iv) through (c)(x), respectively, and are incorporated by reference herein.

The reports, opinions or appraisals referenced in this Item 9 will be made available for inspection and copying at the principal executive offices of the Company or AMC (as applicable) during each company’s regular business hours by any interested holder of Common Stock or any representative who has been so designated in writing.

## Item 10. Source and Amount of Funds or Other Consideration

### a)—b) *Source of Funds; Conditions*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET – Conditions to the Merger”
- “SPECIAL FACTORS – Financing of the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “THE MERGER AGREEMENT – Other Covenants and Agreements”

### c) *Expenses*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “SPECIAL FACTORS – Fees and Expenses”
- “THE SPECIAL MEETING – Solicitation of Proxies”
- “THE MERGER AGREEMENT – Other Covenants and Agreements”
- “THE MERGER AGREEMENT – Termination Fees”

### d) *Borrowed Funds*

- “SPECIAL FACTORS—Financing of the Merger”

## Item 11. Interest in Securities of the Subject Company

### a) *Securities Ownership*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Security Ownership of Certain Beneficial Owners and Management”

### b) *Securities Transactions*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “ABOUT THIS PROXY STATEMENT”
- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Common Stock During the Past 60 Days”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Common Stock During the Past Two Years”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Transactions in Connection with Credit Agreement Amendments”

## Item 12. The Solicitation or Recommendation

### d) *Intent to Tender or Vote in a Going-Private Transaction*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “SUMMARY TERM SHEET”
- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “THE SPECIAL MEETING – Vote Required”

### e) *Recommendations of Others*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Position of the AMC Entities and the Johnson Entities as to Fairness of the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of Company for the Merger”
- “SPECIAL FACTORS – Purposes and Reasons of the AMC Entities and the Johnson Entities for the Merger”
- “SPECIAL FACTORS – Opinion of Financial Advisor”
- “THE SPECIAL MEETING – Vote Required”

### **Item 13. Financial Statements**

a) *Financial Information*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “IMPORTANT INFORMATION REGARDING THE COMPANY – Company Background”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Management’s Discussion and Analysis of Financial Conditions and Results of Operations – YEARS ENDED DECEMBER 31, 2017 AND 2016”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Management’s Discussion and Analysis of Financial Conditions and Results of Operations – THREE AND SIX MONTH PERIODS ENDED June 30, 2018 AND 2018”
- “IMPORTANT INFORMATION REGARDING THE COMPANY – Book Value Per Share”
- “WHERE YOU CAN FIND MORE INFORMATION”
- INDEX TO COMPANY FINANCIAL STATEMENTS

b) *Pro Forma Information*

Pro forma financial information is not material to the transaction.

### **Item 14. Personal/Assets, Retained, Employed, Compensated or Used**

a)—b) *Solicitations or Recommendations; Employees and Corporate Assets*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Background of the Merger”
- “SPECIAL FACTORS – Reasons for the Merger; Recommendation of the Special Committee; Fairness of the Merger”
- “SPECIAL FACTORS – Fees and Expenses”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “THE SPECIAL MEETING – Solicitation of Proxies”
- “THE SPECIAL MEETING – Questions and Additional Information”

### **Item 15. Additional Information**

b) *Information Required by Item 402(t)(2) and (3)*

The information set forth in the Preliminary Proxy Statement under the following captions is incorporated herein by reference:

- “QUESTIONS AND ANSWERS ABOUT THE SPECIAL MEETING AND THE MERGER”
- “SPECIAL FACTORS – Interests of the Company’s Directors and Executive Officers in the Merger”
- “SPECIAL FACTORS – Advisory Vote on Merger-Related Compensation”
- “THE MERGER AGREEMENT – Treatment of Company Options; Company Restricted Shares; Company RSUs; Company PSUs”

c) *Other Material Information*

The entirety of the Preliminary Proxy Statement and all annexes thereto, is incorporated herein by reference.

### **Item 16. Exhibits**

- (a)(2)(i) Preliminary Proxy Statement of RJE Entertainment, Inc. (incorporated by reference to the Schedule 14A filed concurrently with this Schedule 13E-3 with the SEC).
- (a)(2)(ii) Form of Proxy Card (incorporated herein by reference to the Preliminary Proxy Statement).

- (a)(2)(iii) Letter to Stockholders (incorporated herein by reference to the Preliminary Proxy Statement).
- (a)(2)(iv) Notice of Special Meeting of Stockholders (incorporated herein by reference to the Preliminary Proxy Statement).
- (a)(2)(v) Joint Press Release issued by AMC Networks Inc. and RJE Entertainment, Inc., dated July 30, 2018, (incorporated herein by reference to Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on July 30, 2018).
- (b) Not applicable.
- (c)(i) Opinion of Allen & Company LLC, dated July 29, 2018 (incorporated herein by reference to Annex B of the Proxy Statement).
- (c)(ii) Presentation of Allen & Company LLC to the Special Committee, dated July 29, 2018.\*
- (c)(iii) Presentation Materials of Allen & Company LLC, dated May 2, 2018.\*
- (c)(iv) Discussion Materials of Citigroup Global Markets Inc. prepared for AMC Networks Inc., dated September 12, 2017.\*
- (c)(v) Discussion Materials of Citigroup Global Markets Inc. prepared for AMC Networks Inc., dated October 24, 2017.\*
- (c)(vi) Discussion Materials of Citigroup Global Markets Inc. prepared for AMC Networks Inc., dated February 26, 2018.\*
- (c)(vii) Discussion Materials of Citigroup Global Markets Inc. prepared for AMC Networks Inc., dated April 20, 2018.\*
- (c)(viii) Discussion Materials of Citigroup Global Markets Inc. prepared for AMC Networks Inc., dated May 2, 2018.\*
- (c)(ix) Discussion Materials of Citigroup Global Markets Inc. prepared for AMC Networks Inc., dated July 27, 2018.\*
- (c)(x) Discussion Materials of Citigroup Global Markets Inc. prepared for AMC Networks Inc., dated July 28, 2018.\*
- (d)(i) Agreement and Plan of Merger, dated July 29, 2018, by and among RLJ Entertainment, Inc., AMC Networks Inc., Digital Entertainment Holdings LLC and River Merger Sub Inc. (incorporated herein by reference to Annex A of the Preliminary Proxy Statement).
- (d)(ii) Voting and Transaction Support Agreement, dated as of July 29, 2018, by and among Parent, the Johnson Entities and the Company (incorporated herein by reference to Annex C of the Preliminary Proxy Statement).
- (d)(iii) Contribution Agreement, dated as of July 29, 2018, by and between the Johnson Entities and Parent (incorporated herein by reference to Exhibit 99.17 to Amendment No. 12 to the Johnson Entities' Schedule 13D filed with the SEC on July 30, 2018).
- (f) Not applicable.
- (g) None.

\* Filed herewith.

**SIGNATURES**

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

Date: August 28, 2018

**RLJ ENTERTAINMENT, INC.**

By: /s/ Miguel Penella

Name: Miguel Penella

Title: Chief Executive Officer

**AMC NETWORKS INC.**

By: /s/ Anne G. Kelly

Name: Anne G. Kelly

Title: Senior Vice President and Secretary

**DIGITAL ENTERTAINMENT HOLDINGS LLC**

By: /s/ Anne G. Kelly

Name: Anne G. Kelly

Title: Senior Vice President and Secretary

**RIVER MERGER SUB INC.**

By: /s/ Anne G. Kelly

Name: Anne G. Kelly

Title: Senior Vice President and Secretary

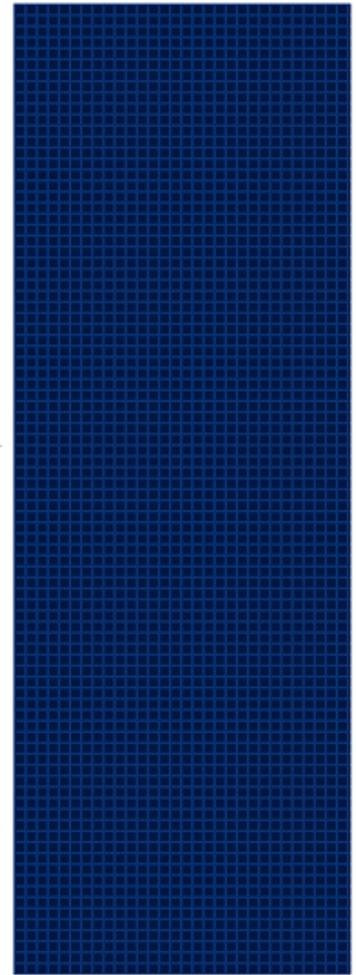


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## Presentation to the Special Committee

July 29, 2018

*ALLEN & COMPANY LLC*



## Disclaimer

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The following pages contain material provided to the Special Committee of the Board of Directors (the "Committee") of "River" ("River" or the "Company") by Allen & Company LLC ("Allen" or "Allen & Company") for discussion purposes in connection with a potential transaction involving a company code-named "Aqua". Allen has been retained by, and reports solely to, the Committee. The accompanying material was compiled and prepared on a confidential basis solely for use by the Committee and not with a view toward public disclosure under any securities laws or otherwise, and may not be used for any other purpose without Allen's prior written consent.

The information utilized in preparing this material was obtained from the management of the Company ("Management") and other representatives and public sources. Allen has relied upon and assumed the accuracy and completeness of all financial, accounting, tax and other information available to Allen from public sources, provided to Allen by the Company or its representatives, or otherwise reviewed by Allen. Any estimates or budgetary information for the Company contained herein have been prepared by Management or are based upon such estimates or budgetary information, and involve numerous and significant subjective judgments, which may or may not prove to be correct. Certain forward-looking information with respect to the anticipated future performance of the Company has been derived from Management or Wall Street estimates for the Company. Allen does not take responsibility for such estimates and projections or the basis on which they were prepared. Furthermore, with respect to the estimates and projections provided to Allen, Allen has assumed that they have been prepared in good faith reflecting the best currently available estimates and judgments of the Management as to the Company's future operating and financial performance. No representation or warranty, express or implied, is made as to the accuracy or completeness of any such information and nothing contained herein is, or shall be relied upon as, a representation, whether as to the past, the present or the future operational or financial performance of the Company. Since the material contained herein was prepared for use in the context of a presentation to the Committee, which is familiar with the business and the affairs of the Company, neither the Company nor Allen nor any of their respective advisors take any responsibility for the accuracy or completeness of any of the material if used by persons other than the Committee. Allen undertakes no obligation to update or otherwise revise the accompanying material. Nothing contained herein should be construed as tax, accounting, regulatory, insurance, legal or other similar professional advice.

Allen expresses no opinion as to the trading price of the securities of any company in the future. Nothing herein constitutes an opinion or a recommendation as to what course of action the Committee or any security holder of the Company should pursue in conjunction with any proposed transaction or otherwise.

# Transaction Overview

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*ALLEN & COMPANY LLC*



## Situation Overview

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*On February 26, 2018, Aqua offered to purchase all outstanding shares of River common stock not currently owned by Aqua or Robert L. Johnson for \$4.25 / share in cash ("Initial Offer")*

- This represents a 10% premium to the unaffected price of \$3.87 as of February 23, 2018
- Aqua also announced that it was not interested in selling its existing stake in River or participating in any other strategic process
- River's Board of Directors appointed a special committee of independent directors to evaluate, negotiate and approve or disapprove Aqua's proposal

*On April 5, 2018, Allen & Company and Citibank, Aqua's financial advisor, held a call in which Allen relayed the message that the Special Committee would only be interested in proceeding with Aqua if Aqua submitted a meaningfully higher offer*

- River made select key financial data available to Citibank to help refine their view on valuation

*On May 2, 2018, Allen and Citibank held a meeting in which Citibank verbally communicated a revised offer from Aqua of \$4.92 / share in cash, subject to further diligence*

- Allen and Citibank began negotiations relating to Aqua's offer on May 7, 2018

*On May 22, 2018, the Special Committee and Aqua held a meeting in which both sides agreed on an offer of \$6.25 / share in cash, subject to completion of documentation and due diligence*

## Summary of Selected Transaction Terms

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<b>Structure</b>	<ul style="list-style-type: none"><li>■ Purchase by Aqua of all outstanding shares of River not currently owned by Aqua or Robert L. Johnson, representing approximately 22% of outstanding shares on a fully diluted basis</li></ul>
<b>Consideration</b>	<ul style="list-style-type: none"><li>■ \$6.25 in cash per River common stock (“Offer Price”)</li></ul>
<b>Equity Awards, Warrants and Preferred Equity</b>	<ul style="list-style-type: none"><li>■ Equity awards and certain warrants:<ul style="list-style-type: none"><li>• Receive difference between Offer Price and applicable exercise prices (net of tax withholdings)</li></ul></li><li>■ Preferred equity, at holder’s election:<ul style="list-style-type: none"><li>• Convert into right to receive transaction consideration (adjusted for 25% premium), or</li><li>• Continue to hold an equivalent security issued by Aqua</li></ul></li></ul>
<b>Certain Closing Conditions</b>	<ul style="list-style-type: none"><li>■ Approval of the transaction by the majority of River shareholders (no majority-of-the-minority voting condition)</li><li>■ HSR and other regulatory approvals</li></ul>
<b>Termination Fees</b>	<ul style="list-style-type: none"><li>■ Termination fees payable by River under certain circumstances</li></ul>

Source: Execution version, dated July 29, 2018, of Agreement and Plan of Merger.

## Overview of Transaction Economics

### Implied Transaction Multiples

(\$USD in Millions)

<b>Aqua Offer (May 22, 2018)</b>	<b>\$6.25</b>
Fully Diluted Shares Outstanding	43.3
Equity Value	\$271
Plus: Debt (1)	25
Less: Cash (2)	(6)
Less: Present Value of NOLs	(21)
<b>Adj. Firm Value</b>	<b>\$269</b>
Less: Unconsolidated Assets	(23)
<b>Enterprise Value</b>	<b>\$246</b>

<u>Enterprise Value / Revenue</u>	<u>Metrics</u>	<u>Implied Multiples</u>
2017A	\$86.3	2.8x
2018B	100.5	2.4x
2019E	115.3	2.1x
<b>Adj. Firm Value / Adj. EBITDA</b>		
2017A	\$16.6	16.2x
2018B	21.3	12.6x
2019E	24.6	10.9x

Source: Company filings and management.

1. Includes \$2mm of liabilities owed to the RLJ Companies.
2. Includes 64% of ACL balance sheet cash.

### Summary Ownership

Shareholder	Fully Diluted Shares	
	Shares (mm)	% Ownership
Aqua	26.1	60%
Robert L. Johnson	7.6	18%
<b>All Other</b>	<b>9.6</b>	<b>22%</b>
<i>Non-Aqua Preferred Shares</i>	3.0	7%
<i>Management and Board</i>	2.2	5%
<i>Other</i>	4.5	10%
<b>Total Shareholders</b>	<b>43.3</b>	<b>100%</b>

## River Overview

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*ALLEN & COMPANY LLC*



## Overview of Segments

# RLJ | Entertainment

### Digital Channels

- Distributes film and television content through proprietary subscription OTT platforms Acorn TV and UMC
- Niche audiences: Acorn TV focused on British content and UMC on urban content
- \$9.8 mm 2017 Adj. EBITDA (40% growth vs. 2016)
- 680k total subscribers as of December 2017 (49% growth vs. 2016)



### IP Licensing

- Monetizes library of owned IP via licensing and production
- Includes 64% stake in Agatha Christie Limited, which includes more than 80 novels, 19 plays, and 100 made-for-TV films
- \$6.0 mm 2017 Adj. EBITDA (89% growth vs. 2016)



### Wholesale Distribution

- Distributes film and television content in various formats, including DVD, Blu-ray, digital downloads, broadcast, and SVOD through partners
- \$11.2 mm 2017 Adj. EBITDA (-1% growth vs. 2016)



Source: Company filings.

# 5-Year Historical Stock Price Performance



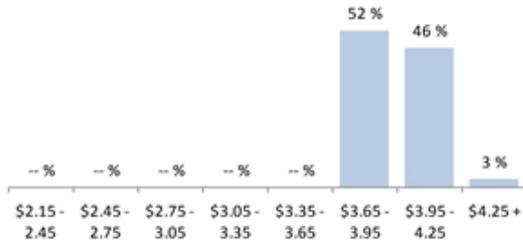
Source: CapIQ as of July 27, 2018.

# LTM Trading Volume Histograms as of Unaffected Date (February 23, 2018)

*Below based on closing prices*

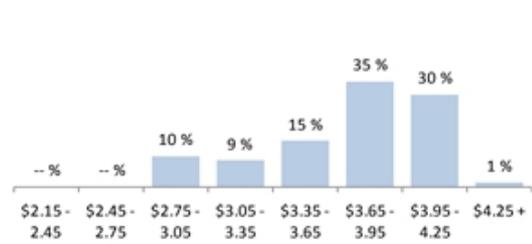
**Last 3 months**

(% of total volume)



**Last 6 months**

(% of total volume)



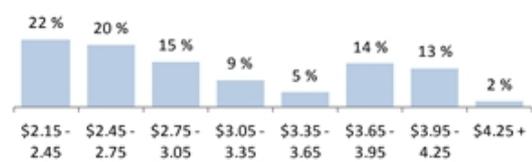
**Last 9 months**

(% of total volume)



**Last 12 months**

(% of total volume)



Source: CapIQ.

Note: Rounding may result in total sums not equaling 100%.

# Financial Analyses

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*ALLEN & COMPANY LLC*



## Segment Considerations

	Acorn TV	UMC	Wholesale	IP Licensing
Tailwinds	<ul style="list-style-type: none"> <li>▲ Growing demand for OTT platforms with niche content</li> <li>▲ 50%+ annual subscriber growth since respective launches</li> <li>▲ Increasing adoption by MVPDs presents opportunity for fast growth</li> <li>▲ Established brand with a loyal, passionate audience</li> <li>▲ Robust library of content consisting of 3000+ hours of programming</li> <li>▲ Target demo of educated, high-income 35+ females</li> </ul>	<ul style="list-style-type: none"> <li>▲ Bob Johnson has a track record of success building out a platform targeting African American and Urban audiences</li> <li>▲ Ability to scale quickly by leveraging Acorn TV platform</li> </ul>	<ul style="list-style-type: none"> <li>▲ Content investment complementary with digital channels spend</li> <li>▲ Financials stabilizing after a period of decline until 2017</li> <li>▲ Currently over 50% of the segment related to digital downloads vs. physical sales</li> </ul>	<ul style="list-style-type: none"> <li>▲ Established brand with a loyal audience</li> <li>▲ Strong pipeline of ACL TV and film content in 2018-2019, including <i>Murder on the Orient Express</i>, <i>Death on the Nile</i>, and <i>ABC Murders</i></li> <li>▲ Publishing segment highly profitable and stable business</li> </ul>
Headwinds	<ul style="list-style-type: none"> <li>▼ Competitive industry with majority of market share from large established players such as Netflix, Hulu, and Amazon Prime</li> <li>▼ Require significant cash investment in content to grow</li> <li>▼ One of River's vendors, ITV, launched Acorn TV's direct competitor BritBox with BBC in March 2017</li> <li>▼ Small TAM of 10-12mm households</li> </ul>	<ul style="list-style-type: none"> <li>▼ New, untested brand with ~55k subscribers and no established fan base</li> <li>▼ Historically high monthly churn rate of ~20% (as compared to ~3% for Acorn TV)</li> <li>▼ Relatively thin library of lower quality content (~400 hours of programming)</li> <li>▼ Path to scale and profitability unclear</li> </ul>	<ul style="list-style-type: none"> <li>▼ Declining demand for DVDs and Blu-rays</li> <li>▼ Continued headwinds in retail sector</li> <li>▼ Exposure to sales returns and unsold inventory puts dollars at risk</li> <li>▼ High customer concentration, with top 5 customers representing 54% of sales in 2017</li> <li>▼ Digital channel growth likely to accelerate cannibalization of wholesale customers</li> </ul>	<ul style="list-style-type: none"> <li>▼ No owned IP outside of ACL</li> <li>▼ ACL TV and film segment highly unpredictable</li> <li>▼ ACL copyright set to expire 70 years after death of the author (2046)</li> </ul>

Source: Company management.

## Comparison of Historical Results vs. Budget

	Budget				Actuals				% Variance			
	Incl. Disc. Ops.		2016	2017	Incl. Disc. Ops.		2016	2017	Incl. Disc. Ops.		2016	2017
	2014	2015			2014	2015			2014	2015		
<i>(USD in Millions)</i>												
<b>Subscribers (000s)</b>												
Acorn TV			405	665	118	198	433	633			7%	(5%)
UMC			25	63	--	4	24	55			(5%)	(12%)
Total Subscribers			430	728	118	203	457	688			6%	(5%)
% Growth			--	69%	--	72%	125%	51%				
<b>Revenue</b>												
Digital Channels		\$9.7	\$17.2	\$28.1	\$4.1	\$7.5	\$16.3	\$27.2		(22%)	(6%)	(3%)
IP Licensing		3.0	--	--	8.8	3.1	0.2	0.0		3%	NA	NA
Wholesale Distribution		140.9	80.3	62.9	124.8	114.3	63.8	59.1		(19%)	(21%)	(6%)
Total Revenue	\$160.3	\$153.6	\$97.5	\$91.0	\$137.7	\$124.9	\$80.2	\$86.3	(14%)	(19%)	(18%)	(5%)
64% of ACL Equity Earnings	\$3.2	\$2.1	\$2.9	\$3.0	\$3.2	\$2.8	\$3.6	\$6.4	(1%)	34%	21%	117%
Adj. EBITDA	23.6	16.7	17.6	15.4	9.5	7.5	13.1	16.6	(60%)	(55%)	(25%)	7%

Source: Company management.

Note: Grey shading denotes data not available.

## Summary of Acorn TV Financial Cases

	Actual	Budget	Base Case				Adjusted Case			
	Fiscal Year Ending December 31,									
(\$USD in Millions)	2017A	2018B	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Subscribers (000s)	633	990	1,154	1,327	1,526	1,755	1,128	1,275	1,444	1,639
% Growth	46%	56%	17%	15%	15%	15%	14%	13%	13%	14%
Content Spend		\$11.5	\$12.0	\$12.0	\$16.0	\$20.0	\$12.0	\$12.0	\$16.0	\$20.0
% Growth			4%	0%	33%	25%	4%	0%	33%	25%
Net Revenue		\$39.1	\$48.5	\$57.9	\$66.6	\$76.6	\$47.9	\$56.1	\$63.5	\$72.0
% Growth			24%	19%	15%	15%	23%	17%	13%	13%
Gross Profit		\$27.9	\$33.9	\$40.1	\$45.2	\$51.7	\$33.4	\$38.5	\$42.4	\$47.7
% Margin		71%	70%	69%	68%	68%	70%	69%	67%	66%
Marketing		(\$9.1)	(\$10.4)	(\$12.0)	(\$13.8)	(\$15.9)	(\$8.8)	(\$10.1)	(\$11.4)	(\$13.0)
Overhead		(3.0)	(3.1)	(3.4)	(3.7)	(4.1)	(3.1)	(3.4)	(3.7)	(4.1)
Adj. EBITDA (Pre-Corp. Exp.)		\$15.8	\$20.4	\$24.7	\$27.6	\$31.7	\$21.5	\$25.0	\$27.3	\$30.6
% Margin		40%	42%	43%	41%	41%	45%	45%	43%	43%

### Assumptions

- 1 Incremental annual net subscribers reduced by 15% to reflect ~100k fewer subs vs. Base Case by 2022
- 2 Content spend consistent between cases reflecting management plan
- 3 Subscriber acquisition cost of \$23-24 and 35% churn in 2019-2022
  - 55% attributed subscribers in Adjusted Case vs. 65% in Base Case to reflect higher mix of non-native platform subscribers
- 4 Direct overhead consistent between cases
  - Cost-efficient segment with 10 dedicated employees to Acorn TV and UMC
  - All other costs (IT costs, credit card, customer service, marketing) variable based on subscribers

Source: Company management.

## Summary of UMC Financial Cases

	Actual	Budget	Base Case				Adjusted Case				
	Fiscal Year Ending December 31,										
(\$USD in Millions)	2017A	2018B	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	
Subscribers (000s)	55	100	244	488	732	1,098	1	177	299	421	604
% Growth	129%	82%	144%	100%	50%	50%	77%	69%	41%	43%	
Content Spend		\$6.0	\$7.0	\$10.0	\$10.0	\$10.0	2	\$7.0	\$10.0	\$10.0	\$10.0
% Growth			17%	43%	0%	0%	17%	43%	0%	0%	
Net Revenue		\$3.3	\$8.5	\$17.1	\$28.5	\$42.7		\$6.9	\$11.1	\$16.8	\$23.9
% Growth			159%	100%	67%	50%	110%	60%	51%	42%	
Gross Profit		\$0.9	\$3.4	\$8.5	\$16.3	\$27.6		\$2.0	\$3.3	\$6.2	\$11.4
% Margin		28%	39%	50%	57%	64%	28%	30%	37%	47%	
Marketing		(\$1.6)	(\$2.1)	(\$3.3)	(\$5.1)	(\$7.7)	3	(\$1.3)	(\$1.8)	(\$2.6)	(\$3.8)
Overhead		(1.1)	(1.3)	(1.5)	(1.6)	(1.8)	4	(1.3)	(1.5)	(1.6)	(1.8)
Adj. EBITDA (Pre-Corp. Exp.)		(\$1.8)	(\$0.0)	\$3.7	\$9.6	\$18.1		(\$0.7)	\$0.1	\$2.0	\$5.8
% Margin		NM	NM	22%	34%	42%	NM	0%	12%	24%	

### Assumptions

- 1 Incremental annual net subscribers reduced by 50% to reflect slower growth vs. Acorn TV historical growth trend
  - Less established brand compared to Acorn TV
  - Thin content library that requires significant content spend on new releases
- 2 Content spend consistent between cases reflecting management plan
- 3 Subscriber acquisition cost of \$8-11 and 90% churn in 2019-2022
  - 55% attributed subscribers in Adjusted Case vs. 65% in Base Case to reflect higher mix of non-native platform subscribers
- 4 Direct overhead consistent between cases
  - Cost-efficient segment with 10 dedicated employees to Acorn TV and UMC
  - All other costs (IT costs, credit card, customer service, marketing) variable based on subscribers

Source: Company management.

## Summary of Wholesale Financial Cases

	Actual	Budget	Base Case				Adjusted Case			
	Fiscal Year Ending December 31,									
<i>(\$USD in Millions)</i>	2017A	2018B	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Content Spend		\$33.6	\$31.0	\$28.0	\$24.0	\$20.0	1 \$29.5	\$26.6	\$22.8	\$19.0
% Growth			(8%)	(10%)	(14%)	(17%)	(12%)	(10%)	(14%)	(17%)
US Revenue	\$46.2	\$45.5	\$44.8	\$42.5	\$42.5	\$42.5	\$42.4	\$38.1	\$36.2	\$34.4
International Revenue	12.8	12.6	12.6	12.6	12.6	12.6	12.0	11.4	10.8	10.3
<b>Total Revenue</b>	<b>\$59.1</b>	<b>\$58.2</b>	<b>\$57.4</b>	<b>\$55.2</b>	<b>\$55.2</b>	<b>\$55.2</b>	2 \$54.4	\$49.5	\$47.1	\$44.7
% Growth	(7%)	(2%)	(1%)	(4%)	0%	0%	(6%)	(9%)	(5%)	(5%)
US Gross Profit	\$12.6	\$13.6	\$13.4	\$12.8	\$12.8	\$12.8	\$12.7	\$11.4	\$10.9	\$10.3
International Gross Profit	5.0	5.8	5.3	5.3	5.3	5.1	5.0	4.8	4.6	4.1
<b>Total Gross Profit</b>	<b>\$17.6</b>	<b>\$19.4</b>	<b>\$18.7</b>	<b>\$18.1</b>	<b>\$18.1</b>	<b>\$17.8</b>	<b>\$17.8</b>	<b>\$16.2</b>	<b>\$15.4</b>	<b>\$14.4</b>
% Margin	30%	33%	33%	33%	33%	32%	33%	33%	33%	32%
<b>Adj. EBITDA (Pre-Corp. Exp.)</b>	<b>\$11.2</b>	<b>\$12.7</b>	<b>\$9.6</b>	<b>\$9.2</b>	<b>\$9.2</b>	<b>\$8.9</b>	<b>\$9.1</b>	<b>\$8.2</b>	<b>\$7.8</b>	<b>\$7.2</b>
% Margin	19%	22%	17%	17%	17%	16%	17%	17%	17%	16%

### Assumptions

- 1 Declining content spend to reflect lower revenue vs. Base Case      ■ All other expenses variable based on revenue
- 2 Incremental annual 5% decline in US and International revenue, to reflect:
  - Continued headwinds in retail sector
  - Shift in retail partners moving away from DVD sales (e.g., Costco)

Source: Company management.

## Summary of IP Licensing and ACL Financial Cases

	Actual	Budget	Base Case				Adjusted Case			
	Fiscal Year Ending December 31,									
(USD in Millions)	2017A	2018B	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Revenue	\$0.0	\$0.0	\$0.8	\$0.8	\$0.8	\$0.8	<sup>1</sup> \$0.1	\$0.1	\$0.1	\$0.1
% Growth	(72%)	(60%)	NM	0%	0%	0%	518%	0%	0%	0%
Gross Profit	\$0.0	\$0.0	\$0.3	\$0.3	\$0.3	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0
% Margin	100%	229%	31%	31%	31%	31%	39%	39%	39%	39%
SG&A	(\$0.5)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)
Adj. EBITDA (Pre-Corp. Exp.)	(\$0.4)	(\$0.4)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)
64% of ACL Equity Earnings	\$6.4	\$6.9	\$6.7	\$7.6	\$7.0	\$7.0	<sup>2</sup> \$5.9	\$5.9	\$5.9	\$5.9

### Assumptions

- <sup>1</sup> No other co-produced content in 2019-2022
- <sup>2</sup> Reflects lower revenue and profitability from commissioned TV and film content, including *Murder on the Orient Express*, *Death on the Nile*, and *ABC Murders* in 2019-2020

Source: Company management.

## Management Base Case Projections

(\$USD in Millions)	FYE December 31,							
	2015A	2016A	2017A	2018B	2019E	2020E	2021E	2022E
<b>Revenue:</b>								
Digital Channels	\$7.5	\$16.3	\$27.2	\$42.4	\$57.0	\$75.0	\$95.1	\$119.3
IP Licensing	3.1	0.2	0.0	0.0	0.8	0.8	0.8	0.8
Wholesale Distribution	88.3	63.8	59.1	58.2	57.4	55.2	55.2	55.2
<b>Total Revenue</b>	<b>\$99.0</b>	<b>\$80.2</b>	<b>\$86.3</b>	<b>\$100.5</b>	<b>\$115.3</b>	<b>\$131.0</b>	<b>\$151.1</b>	<b>\$175.3</b>
<i>% Growth</i>	--	(19%)	8%	16%	15%	14%	15%	16%
<b>% Growth by Segment:</b>								
Digital Channels		116%	67%	56%	35%	32%	27%	25%
Wholesale Distribution		(28%)	(7%)	(2%)	(1%)	(4%)	--%	--%
Equity Income from ACL		39%	93%	(10%)	7%	16%	(9%)	--%
<b>Adj. EBITDA (Pre-Corporate Allocation):</b>								
Digital Channels	(\$0.7)	\$7.0	\$9.8	\$14.0	\$20.4	\$28.4	\$37.2	\$49.9
IP Licensing (excl. ACL)	0.8	(0.4)	(0.4)	(0.4)	(0.2)	(0.2)	(0.2)	(0.2)
64% of ACL Equity Earnings	3.3	3.6	6.4	6.9	6.7	7.6	7.0	7.0
Wholesale Distribution	15.5	11.3	11.2	12.7	9.6	9.2	9.2	8.9
Corporate Expenses	(11.0)	(8.4)	(10.4)	(11.8)	(11.9)	(12.7)	(16.0)	(18.8)
<b>Total Adj. EBITDA (incl. ACL)</b>	<b>\$8.0</b>	<b>\$13.1</b>	<b>\$16.6</b>	<b>\$21.3</b>	<b>\$24.6</b>	<b>\$32.3</b>	<b>\$37.2</b>	<b>\$46.9</b>
<i>% Growth</i>	--	64%	26%	29%	15%	31%	15%	26%
<i>% Margin (excl. 64% of ACL Equity Earnings)</i>	5%	12%	12%	14%	16%	19%	20%	23%
<b>% Margin by Segment:</b>								
Digital Channels	NM	43%	36%	33%	36%	38%	39%	42%
Wholesale Distribution	18%	18%	19%	22%	17%	17%	17%	16%

Source: Company management.

## Management Adjusted Case Projections

(\$USD in Millions)	FYE December 31,							
	2015A	2016A	2017A	2018B	2019E	2020E	2021E	2022E
<b>Revenue:</b>								
Digital Channels	\$7.5	\$16.3	\$27.2	\$42.4	\$54.8	\$67.2	\$80.3	\$95.9
IP Licensing	3.1	0.2	0.0	0.0	0.1	0.1	0.1	0.1
Wholesale Distribution	88.3	63.8	59.1	58.2	54.4	49.5	47.1	44.7
<b>Total Revenue</b>	<b>\$99.0</b>	<b>\$80.2</b>	<b>\$86.3</b>	<b>\$100.5</b>	<b>\$109.3</b>	<b>\$116.9</b>	<b>\$127.5</b>	<b>\$140.7</b>
<i>% Growth</i>	--	(19%)	8%	16%	9%	7%	9%	10%
<b>% Growth by Segment:</b>								
Digital Channels		116%	67%	56%	29%	23%	19%	19%
Wholesale Distribution		(28%)	(7%)	(2%)	(6%)	(9%)	(5%)	(5%)
Equity Income from ACL		39%	93%	(10%)	(8%)	(0%)	(0%)	(0%)
<b>Adj. EBITDA (Pre-Corporate Allocation):</b>								
Digital Channels	(\$0.7)	\$7.0	\$9.8	\$14.0	\$20.8	\$25.1	\$29.3	\$36.5
IP Licensing (excl. ACL)	0.8	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
64% of ACL Equity Earnings	3.3	3.6	6.4	6.9	5.9	5.9	5.9	5.9
Wholesale Distribution	15.5	11.3	11.2	12.7	9.1	8.2	7.8	7.2
Corporate Expenses	(11.0)	(8.4)	(10.4)	(11.8)	(11.9)	(12.7)	(14.4)	(16.0)
<b>Total Adj. EBITDA (incl. ACL)</b>	<b>\$8.0</b>	<b>\$13.1</b>	<b>\$16.6</b>	<b>\$21.3</b>	<b>\$23.5</b>	<b>\$26.1</b>	<b>\$28.3</b>	<b>\$33.2</b>
<i>% Growth</i>	--	64%	26%	29%	10%	11%	8%	18%
<i>% Margin (excl. 64% of ACL Equity Earnings)</i>	5%	12%	12%	14%	16%	17%	18%	19%
<b>% Margin by Segment:</b>								
Digital Channels	NM	43%	36%	33%	38%	37%	36%	38%
Wholesale Distribution	18%	18%	19%	22%	17%	17%	17%	16%

Source: Company management.

## Methodologies and Analytical Approach

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### General Approach

- Conducted financial analysis of River using publicly available information and financial forecasts provided by River management
  - Assumed and relied, without independent verification, upon accuracy and completeness of all financial information and data reviewed
  - Considered results of all analyses undertaken and assessed as a whole, and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis
- 

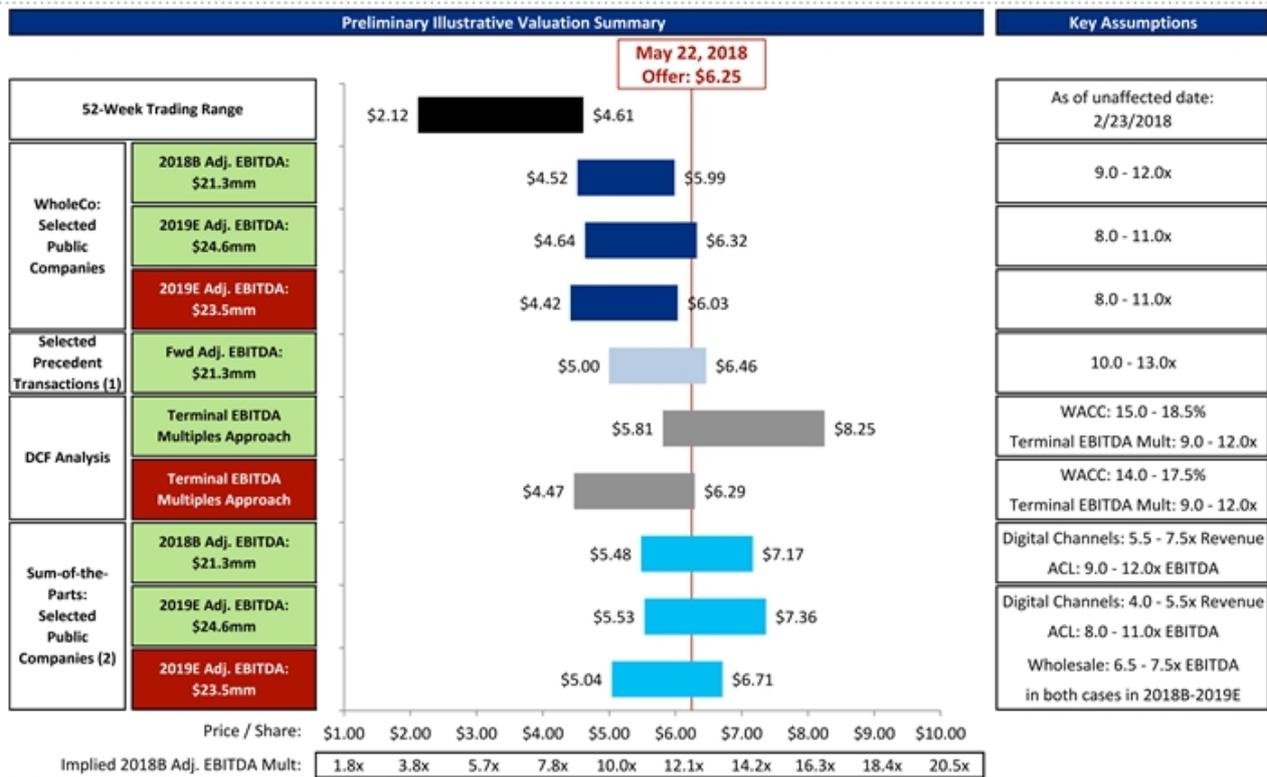
### Financial Analyses

- Financial analyses performed include
    - Selected public companies analysis
    - Selected precedent transactions analysis
    - Discounted cash flow analysis (Base Case and Adjusted Case)
    - Sum-of-the-parts analysis
- 

### Additional Information

- 52-week trading range as of unaffected date of February 23, 2018

# Preliminary Illustrative Valuation Summary



Source: Company management, Company filings, and CapIQ.

Note: Includes present value of NOLs.

1. Fwd Adj. EBITDA represents 2018B Adj. EBITDA. Provided for reference only.

2. Corporate SG&A expenses valued at blended multiple of Digital Channels, IP Licensing, and Wholesale segments.

## Selected Public Companies

(\$ in millions, except per share data)	Share Price	Equity Value	Enterprise Value	EV / EBITDA			'17A - '19E Growth		'18E EBITDA Margin	
				LTM	2018E	2019E	Revenue	EBITDA		
<b>Traditional Media</b>										
Disney	\$112.62	\$169,725	\$195,601	11.2 x	10.8 x	10.6 x	5%	4%	31%	
CBS	54.04	20,848	30,338	9.2	8.5	7.9	7%	9%	24%	
Discovery	24.91	18,244	36,855	9.2	9.1	7.9	5%	7%	38%	
Viacom	29.91	12,113	21,775	7.2	7.0	6.8	2%	4%	24%	
ITV (1)	2.18	8,830	10,114	8.5	8.9	8.8	1%	(2%)	27%	
AMC	59.08	3,583	6,521	7.2	7.1	7.1	3%	1%	32%	
				<b>Mean</b>	<b>8.8 x</b>	<b>8.6 x</b>	<b>8.2 x</b>	<b>4%</b>	<b>4%</b>	<b>29%</b>
				<b>Median</b>	<b>8.8</b>	<b>8.7</b>	<b>7.9</b>	<b>4%</b>	<b>4%</b>	<b>29%</b>
<b>Independent Content Production &amp; Distribution</b>										
Liongate	\$22.69	\$4,889	\$6,979	11.6 x	11.8 x	10.8 x	(2%)	1%	15%	
Entertainment One	4.71	2,240	2,889	12.3	11.4	10.3	8%	11%	17%	
Eros	13.25	970	1,298	16.5	14.1	11.3	20%	34%	31%	
DHX Media (2)	2.53	340	1,087	11.5	12.3	11.6	1%	(3%)	24%	
				<b>Mean</b>	<b>13.0 x</b>	<b>12.4 x</b>	<b>11.0 x</b>	<b>7%</b>	<b>11%</b>	<b>22%</b>
				<b>Median</b>	<b>11.9</b>	<b>12.0</b>	<b>11.0</b>	<b>5%</b>	<b>6%</b>	<b>21%</b>
<b>Total</b>										
				<b>Mean</b>	<b>10.4 x</b>	<b>10.1 x</b>	<b>9.3 x</b>	<b>5%</b>	<b>7%</b>	<b>26%</b>
				<b>Median</b>	<b>10.2</b>	<b>9.9</b>	<b>9.5</b>	<b>4%</b>	<b>4%</b>	<b>26%</b>
				Max	16.5	14.1	11.6	20%	34%	38%
				Min	7.2	7.0	6.8	(2%)	(3%)	15%

Source: Company filings and CapIQ as of July 27, 2018.

Note: EBITDA excludes stock-based compensation expense.

1. LTM based on CY 2017 EBITDA as Q1 trading update does not include EBITDA metric.

2. Pro forma for sale of 49% of DHX Media's 80% stake in Peanuts Holdings for \$185mm, announced on May 13, 2018.

## Selected Precedent Transactions

Date Announced	Target	Acquiror	Firm Value (\$B)	FV / Fwd EBITDA
07/11/18	Sky	Comcast	\$44.0	12.8 x
06/20/18	21st Century Fox	The Walt Disney Company	70.6	13.5
07/31/17	Scripps Networks Interactive	Discovery	15.4	9.9
10/22/16	Time Warner	AT&T	105.9	11.7
06/30/16	Starz	Lionsgate	4.4	9.3
04/28/16	Dreamworks Animation	Comcast	4.4	33.9
11/20/12	YES Network	News Corp.	3.0	11.3
10/30/12	Lucasfilm	The Walt Disney Company	4.1	22.0
04/02/12	Image Entertainment	RLJ Acquisition	0.1	12.4
04/02/12	Acorn Media	RLJ Acquisition	0.1	6.2
05/10/11	CORE Media	Apollo Global Management	0.5	7.0
08/05/10	Shed Media	Warner Bros.	0.2	6.5
12/03/09	NBCUniversal	Comcast/GE JV	30.0	11.2
11/05/09	Travel Channel	Scripps	1.0	11.5
08/31/09	Marvel Entertainment	The Walt Disney Company	4.0	13.1
07/06/08	The Weather Channel	NBC, Bain, Blackstone	3.5	11.2
		<b>Mean</b>		<b>12.7 x</b>
		<b>Median</b>		<b>11.4</b>
		Max		33.9
		Min		6.2

Source: Company filings and CapIQ.

## WholeCo Base Case Financials: Illustrative DCF Analysis

### Illustrative 5-Year Cash Flow

(USD in Millions)	Fiscal Year Ending December 31,					Adj. Terminal
	2018B	2019E	2020E	2021E	2022E	2022E
Adj. EBITDA (excl. Equity Income & Excess Dividends)	\$14.9	\$18.4	\$25.2	\$30.7	\$40.4	\$40.4
Less: D&A	(3.7)	(3.8)	(3.8)	(3.8)	(3.8)	(2.0)
Less: Stock-based Compensation	(2.8)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
EBIT	\$8.3	\$12.7	\$19.4	\$25.0	\$34.6	\$36.4
Less: Taxes (@26%)	(2.2)	(3.3)	(5.0)	(6.5)	(9.0)	(9.5)
NOPAT	\$6.2	\$9.4	\$14.4	\$18.5	\$25.6	\$26.9
Plus: Equity Income from ACL (incl. Excess Dividends)	6.5	6.2	7.1	6.5	6.5	6.5
Plus: D&A	3.7	3.8	3.8	3.8	3.8	2.0
Less: Capex	(2.9)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Plus: Content Amortization	38.3	37.1	41.4	45.9	49.0	50.0
Less: Investment in Content	(54.6)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
Less: Δ Working capital	(0.2)	1.6	2.0	1.5	1.5	1.5
Unlevered Free Cash Flow	(\$3.1)	\$6.0	\$16.6	\$24.1	\$34.4	\$34.9

### Implied Share Price

Discount Rate	Terminal EBITDA Multiple		
	9.0x	10.5x	12.0x
15.0%	\$6.58	\$7.42	\$8.25
16.8%	6.18	6.96	7.74
18.5%	5.81	6.54	7.27

### Implied Adj. Firm Value

Discount Rate	Terminal EBITDA Multiple		
	9.0x	10.5x	12.0x
15.0%	\$305	\$342	\$380
16.8%	287	322	357
18.5%	270	303	336

Source: Company management and Company filings.

Note: Present value of cash flows as of June 30, 2018 using mid-year discounting convention. Includes present value of NOLs. Please refer to appendix slides for detailed calculation of WACC.

## WholeCo Adjusted Case Financials: Illustrative DCF Analysis

### Illustrative 5-Year Cash Flow

(USD in Millions)	Fiscal Year Ending December 31,					Adj. Terminal
	2018B	2019E	2020E	2021E	2022E	2022E
Adj. EBITDA (excl. Equity Income & Excess Dividends)	\$14.9	\$18.1	\$20.7	\$22.9	\$27.8	\$27.8
Less: D&A	(3.7)	(3.8)	(3.8)	(3.8)	(3.8)	(2.0)
Less: Stock-based Compensation	(2.8)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
EBIT	\$8.3	\$12.3	\$15.0	\$17.1	\$22.1	\$23.8
Less: Taxes (@26%)	(2.2)	(3.2)	(3.9)	(4.4)	(5.7)	(6.2)
NOPAT	\$6.2	\$9.1	\$11.1	\$12.7	\$16.3	\$17.6
Plus: Equity Income from ACL (incl. Excess Dividends)	6.5	5.4	5.4	5.4	5.4	5.4
Plus: D&A	3.7	3.8	3.8	3.8	3.8	2.0
Less: Capex	(2.9)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Plus: Content Amortization	38.3	37.1	41.4	45.9	49.0	49.0
Less: Investment in Content	(54.6)	(48.5)	(48.6)	(48.8)	(49.0)	(49.0)
Less: Δ Working capital	(0.2)	2.2	2.5	1.9	1.9	1.9
Unlevered Free Cash Flow	(\$3.1)	\$7.1	\$13.5	\$18.8	\$25.4	\$24.9

### Implied Share Price

Discount Rate	Terminal EBITDA Multiple		
	9.0x	10.5x	12.0x
14.0%	\$5.06	\$5.68	\$6.29
15.8%	4.75	5.33	5.90
17.5%	4.47	5.00	5.54

### Implied Adj. Firm Value

Discount Rate	Terminal EBITDA Multiple		
	9.0x	10.5x	12.0x
14.0%	\$236	\$264	\$292
15.8%	222	248	274
17.5%	210	234	258

Source: Company management and Company filings.

Note: Present value of cash flows as of June 30, 2018 using mid-year discounting convention. Includes present value of NOLs. Please refer to appendix slides for detailed calculation of WACC.

SOTP Base Case Financials:  
Selected Public Companies Analysis: 2018B

(\$USD in Millions)

2018B							
	Revenue	Adj. EBITDA	Selected Multiple Range		Implied Reference Range		
			Metric	Low	High	Low	High
Digital Channels	\$42.4	\$14.0	Revenue	5.5x	7.5x	\$233	\$318
IP Licensing	0.0	(0.4)	NA	--	--	--	--
Wholesale Distribution	58.2	12.7	EBITDA	6.5x	7.5x	82	95
64% Stake in ACL (1)	--	6.9	EBITDA	9.0x	12.0x	62	83
Corporate Expenses	--	(11.8)	EBITDA	12.0x	15.7x	(142)	(186)
<b>Total</b>	<b>\$100.5</b>	<b>\$21.3</b>				<b>\$235</b>	<b>\$309</b>
Less: Debt (2)						(\$25)	(\$25)
Plus: Cash (3)						6	6
Plus: Present Value of NOLs						20	22
<b>Implied Equity Value</b>						<b>\$236</b>	<b>\$312</b>
Fully Diluted Shares Outstanding						43.0	43.5
<b>Implied Equity Value / Share</b>						<b>\$5.48</b>	<b>\$7.17</b>

Source: Company management and Company filings.

1. Adj. EBITDA represents River's 64% share of ACL's after-tax equity income. For purposes of calculating value range, Adj. EBITDA is grossed up to reflect that it is non-taxable income to River.
2. Includes \$2mm of liabilities owed to the RLJ Companies.
3. Includes 64% of ACL balance sheet cash.

## SOTP Base Case Financials: Selected Public Companies Analysis: 2019E

(\$USD in Millions)

2019E							
	Revenue	Adj. EBITDA	Selected Multiple Range		Implied Reference Range		
			Metric	Low	High	Low	High
Digital Channels	\$57.0	\$20.4	Revenue	4.0x	5.5x	\$228	\$314
IP Licensing	0.8	(0.2)	NA	--	--	--	--
Wholesale Distribution	57.4	9.6	EBITDA	6.5x	7.5x	62	72
64% Stake in ACL (1)	--	6.7	EBITDA	8.0x	11.0x	63	86
Corporate Expenses	--	(11.9)	EBITDA	9.7x	12.9x	(116)	(154)
<b>Total</b>	<b>\$115.3</b>	<b>\$24.6</b>				<b>\$237</b>	<b>\$318</b>
Less: Debt (2)						(\$25)	(\$25)
Plus: Cash (3)						6	6
Plus: Present Value of NOLs						20	22
<b>Implied Equity Value</b>						<b>\$238</b>	<b>\$321</b>
Fully Diluted Shares Outstanding						43.1	43.5
<b>Implied Equity Value / Share</b>						<b>\$5.53</b>	<b>\$7.36</b>

Source: Company management and Company filings.

1. Adj. EBITDA represents River's 64% share of ACL's after-tax equity income. For purposes of calculating value range, Adj. EBITDA is grossed up to reflect that it is non-taxable income to River.
2. Includes \$2mm of liabilities owed to the RLJ Companies.
3. Includes 64% of ACL balance sheet cash.

## SOTP Adjusted Case Financials: Selected Public Companies Analysis: 2019E

(\$USD in Millions)

2019E							
	Revenue	Adj. EBITDA	Selected Multiple Range		Implied Reference Range		
			Metric	Low	High	Low	High
Digital Channels	\$54.8	\$20.8	Revenue	4.0x	5.5x	\$219	\$302
IP Licensing	0.1	(0.4)	NA	--	--	--	--
Wholesale Distribution	54.4	9.1	EBITDA	6.5x	7.5x	59	68
64% Stake in ACL (1)	--	5.9	EBITDA	8.0x	11.0x	50	68
Corporate Expenses	--	(11.9)	EBITDA	9.4x	12.5x	(112)	(149)
<b>Total</b>	<b>\$109.3</b>	<b>\$23.5</b>				<b>\$216</b>	<b>\$289</b>
Less: Debt (2)						(\$25)	(\$25)
Plus: Cash (3)						6	6
Plus: Present Value of NOLs						19	21
<b>Implied Equity Value</b>						<b>\$216</b>	<b>\$291</b>
Fully Diluted Shares Outstanding						42.9	43.4
<b>Implied Equity Value / Share</b>						<b>\$5.04</b>	<b>\$6.71</b>

Source: Company management and Company filings.

1. Adj. EBITDA represents River's 64% share of ACL's after-tax equity income. For purposes of calculating value range, Adj. EBITDA is grossed up to reflect that it is non-taxable income to River.
2. Includes \$2mm of liabilities owed to the RLJ Companies.
3. Includes 64% of ACL balance sheet cash.

# Appendix

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*ALLEN & COMPANY LLC*



## Selected Premiums Paid Analysis

*Acquirors have, on average, paid roughly 26-38% premiums to unaffected share price for 100% control transactions*

- Aqua's offer of \$6.25 represents a 61% premium to River's unaffected share price of \$3.87 as of February 23, 2018

Ann. Date	Target	Acquiror	Transaction Value (\$mm)	Premium to Unaffected Share Price			
				1-Day	7-Day	30-Day	
03/12/18	Cogentix Medical	Laborie Medical	\$235	14%	27%	40%	
07/26/17	Guidance Software	Open Text Corporation	256	3%	2%	5%	
06/22/17	EnerNOC	Enel Green Power North America	250	42%	29%	37%	
06/14/17	Rightside Group	Donuts	218	9%	9%	14%	
04/11/17	UCP	Century Communities	217	22%	18%	11%	
02/21/17	Delta Natural Gas	PNG Companies	218	17%	17%	14%	
02/14/17	GigPeak	Integrated Device Technology	225	14%	18%	18%	
01/25/17	Arctic Cat	Textron Specialized Vehicles	245	41%	35%	17%	
01/11/17	Derma Sciences	Integra LifeSciences	201	40%	33%	46%	
11/07/16	Datalink	Insight Enterprises	253	19%	19%	6%	
08/30/16	USMD Holdings	WellMed Medical Management	255	9%	12%	8%	
08/12/16	Silicon Graphics International	Hewlett Packard Enterprise	296	30%	36%	49%	
06/21/16	American Science & Engineering	OSI Systems	269	14%	16%	23%	
11/02/15	Furmanite	Team	290	8%	17%	23%	
10/08/15	Journal Media Group	Gannett	300	45%	59%	83%	
09/03/15	Millennial Media	Oath	263	13%	9%	4%	
08/11/15	NTEL0S	Shenandoah Telecommunications	206	27%	38%	95%	
02/05/15	Courier Corporation	R.R. Donnelley & Sons	265	59%	58%	60%	
10/15/14	Penford Corporation	Ingredion	246	73%	61%	28%	
09/28/14	Ambit Biosciences	Daiichi Sankyo	279	83%	78%	98%	
07/02/14	Vitacost.com	Kroger	276	27%	27%	24%	
06/30/14	Enventis	Consolidated Communications	226	17%	20%	21%	
06/25/14	Medical Action Industries	Owens & Minor	228	95%	94%	112%	
12/16/13	Solta Medical	Valeant Pharmaceuticals	245	40%	42%	45%	
11/08/13	Costa	Essilor International	284	8%	7%	18%	
11/06/13	Mindspeed Technologies	MACOM Technology Solutions	219	70%	76%	75%	
10/01/13	Edgen Group	Sumitomo	228	58%	52%	63%	
09/04/13	Rochester Medical	C. R. Bard	252	45%	44%	33%	
				<b>Mean</b>	<b>34%</b>	<b>34%</b>	<b>38%</b>
				<b>Median</b>	<b>27%</b>	<b>28%</b>	<b>26%</b>
				<b>Max</b>	<b>95%</b>	<b>94%</b>	<b>112%</b>
				<b>Min</b>	<b>3%</b>	<b>2%</b>	<b>4%</b>

Source: Company filings and CapIQ.

Note: Represents US transactions valued between \$200 mm to \$300 mm in the past 5 years.

Excludes transactions in the financial, real estate, and energy industries.

Only includes 100% acquisition transactions.

## Selected Public Companies

(\$ in millions, except per share data)	Share Price	Equity Value	Enterprise Value	EV / Revenue			'17A - '19E Growth		'18E EBITDA Margin	
				LTM	2018E	2019E	Revenue	EBITDA		
<b>Subscription Streaming</b>										
Netflix	\$355.21	\$160,470	\$164,981	11.9 x	10.4 x	8.4 x	30%	68%	13%	
Spotify	186.27	35,951	32,986	6.5	5.4	4.2	26%	NM	NM	
Gaia	18.80	359	298	9.3	6.7	3.8	66%	NM	NM	
				<b>Mean</b>	<b>9.2 x</b>	<b>7.5 x</b>	<b>5.5 x</b>	<b>41%</b>	<b>68%</b>	<b>13%</b>
				<b>Median</b>	<b>9.3</b>	<b>6.7</b>	<b>4.2</b>	<b>30%</b>	<b>68%</b>	<b>13%</b>
				Max	11.9	10.4	8.4	66%	68%	13%
				Min	6.5	5.4	3.8	26%	68%	13%

Source: Company filings and CapIQ as of July 27, 2018.

# Acorn TV: Illustrative WACC Analysis

Illustrative WACC		
	Low	High
<b>Cost of Equity</b>		
U.S. Risk Free Rate (30-Yr Treasury)	3.1%	3.1%
Equity Market Risk Premium (1)	6.0%	7.1%
Asset Beta (2)	0.98	1.47
Debt / Capitalization (Market)	4.9%	4.9%
Effective Marginal Tax Rate	26.0%	26.0%
Adjusted Equity Market Risk Premium	6.2%	10.8%
Size Premium (3)	5.4%	5.4%
<b>Cost of Equity</b>	<b>14.6%</b>	<b>19.3%</b>
<b>Cost of Debt</b>		
Cost of Debt (Pretax) (4)	5.8%	5.8%
Effective Marginal Tax Rate	26.0%	26.0%
<b>Cost of Debt (After tax)</b>	<b>4.3%</b>	<b>4.3%</b>
<b>WACC</b>		
Cost of Equity	14.6%	19.3%
Cost of Debt (After Tax)	4.3%	4.3%
Debt / Capitalization (Market)	4.9%	4.9%
<b>Weighted Average Cost of Capital</b>	<b>14.1%</b>	<b>16.3%</b>

Selected Companies			
Company	Debt / Total Cap	Equity Beta	Asset Beta
<b>Subscription Streaming</b>			
Netflix	4.9%	1.28	1.23
Gaia (2)	0.0%	0.61	0.61

Source: Bloomberg, CapIQ, Duff & Phelps, and company filings.

Note: Market data as of July 27, 2018.

1. "Low" reflects long-horizon expected equity risk premium (supply-side). "High" reflects long-horizon expected equity risk premium (historical).
2. Asset beta based on two-year beta of Netflix +/- 20%. Due to Gaia's limited liquidity and limited float, its asset beta is not viewed as an adequate data point for calculating cost of equity.
3. Duff & Phelps size premium based on companies with comparable market capitalizations.
4. Based on yield to worst of Netflix 10 year note issued April 26, 2018.

# UMC: Illustrative WACC Analysis

Illustrative WACC		
	Low	High
<b>Cost of Equity</b>		
U.S. Risk Free Rate (30-Yr Treasury)	3.1%	3.1%
Equity Market Risk Premium (1)	6.0%	7.1%
Asset Beta (2)	0.98	1.47
Debt / Capitalization (Market)	4.9%	4.9%
Effective Marginal Tax Rate	26.0%	26.0%
Adjusted Equity Market Risk Premium	6.2%	10.8%
Size Premium (3)	11.4%	11.4%
<b>Cost of Equity</b>	<b>20.6%</b>	<b>25.3%</b>
<b>Cost of Debt</b>		
Cost of Debt (Pretax) (4)	5.8%	5.8%
Effective Marginal Tax Rate	26.0%	26.0%
<b>Cost of Debt (After tax)</b>	<b>4.3%</b>	<b>4.3%</b>
<b>WACC</b>		
Cost of Equity	20.6%	25.3%
Cost of Debt (After Tax)	4.3%	4.3%
Debt / Capitalization (Market)	4.9%	4.9%
<b>Weighted Average Cost of Capital</b>	<b>19.8%</b>	<b>22.1%</b>

Selected Companies			
Company	Debt / Total Cap	Equity Beta	Asset Beta
<b>Subscription Streaming</b>			
Netflix	4.9%	1.28	1.23
Gaia (2)	0.0%	0.61	0.61

Source: Bloomberg, CapIQ, Duff & Phelps, and company filings.

Note: Market data as of July 27, 2018.

1. "Low" reflects long-horizon expected equity risk premium (supply-side). "High" reflects long-horizon expected equity risk premium (historical).
2. Asset beta based on two-year beta of Netflix +/- 20%. Due to Gaia's limited liquidity and limited float, its asset beta is not viewed as an adequate data point for calculating cost of equity.
3. Duff & Phelps size premium based on companies with comparable market capitalizations.
4. Based on yield to worst of Netflix 10 year note issued April 26, 2018.



## Blended WACC Calculation Detail

<i>(\$USD in millions)</i>	2022 Adj. EBITDA (Pre Corp. Exp.)		WACC		
	\$	%	Low	Mid	High
<b>Base Case</b>					
Acorn TV	\$31.7	48%	14.1%	16.3%	18.6%
UMC	18.1	28%	19.8%	22.1%	24.3%
Wholesale + IP	15.8	24%	10.2%	11.3%	12.3%
<b>Total (Pre Corp. Exp.)</b>	<b>\$65.6</b>	<b>100%</b>	<b>14.8%</b>	<b>16.7%</b>	<b>18.6%</b>
<b>Adjusted Case</b>					
Acorn TV	\$30.6	62%	14.1%	16.3%	18.6%
UMC	5.8	12%	19.8%	22.1%	24.3%
Wholesale + IP	12.8	26%	10.2%	11.3%	12.3%
<b>Total (Pre Corp. Exp.)</b>	<b>\$49.2</b>	<b>100%</b>	<b>13.8%</b>	<b>15.7%</b>	<b>17.6%</b>

Source: Company management, Bloomberg, CapIQ, Duff & Phelps, and Company filings.

Note: Terminal Adj. EBITDA being utilized as a proxy for estimated value contribution for each segment.

## Base Case Financials: Illustrative Value of NOLs

### Illustrative Value of NOLs

(\$USD in Millions)	Fiscal Year Ending December 31,												
	2018B	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Pre-Tax Income	\$14.9	\$18.4	\$25.2	\$30.7	\$40.4								
Beginning NOL Balance	\$55.4	\$51.8	\$42.8	\$27.0	\$5.7	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
Plus: NOLs Newly Available in Current Year	11.2	9.4	9.4	9.4	9.4	9.4	9.4	9.4	0.3	0.2	0.2	0.2	0.2
<b>Total NOLs Available</b>	<b>\$66.6</b>	<b>\$61.2</b>	<b>\$52.2</b>	<b>\$36.5</b>	<b>\$15.2</b>	<b>\$9.4</b>	<b>\$9.4</b>	<b>\$9.4</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.2</b>
Increase / (Decrease) in NOLs	(14.9)	(18.4)	(25.2)	(30.7)	(15.2)	(9.4)	(9.4)	(9.4)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Ending NOL Balance	\$51.8	\$42.8	\$27.0	\$5.7	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
<b>Tax Savings</b>	<b>\$3.9</b>	<b>\$4.8</b>	<b>\$6.5</b>	<b>\$8.0</b>	<b>\$3.9</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.0</b>

#### PV of Tax Savings / Share

@ 15.0% WACC:	\$0.55
@ 16.8% WACC:	0.52
@ 18.5% WACC:	0.50

Source: Company management and Company filings.

Note: Present value of cash flows as of June 30, 2018 using mid-year discounting convention.

## Adjusted Case Financials: Illustrative Value of NOLs

### Illustrative Value of NOLs

(USD in Millions)	Fiscal Year Ending December 31,												
	2018B	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Pre-Tax Income	\$14.9	\$18.1	\$20.7	\$22.9	\$27.8								
Beginning NOL Balance	\$55.4	\$51.8	\$43.1	\$31.8	\$18.4	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
Plus: NOLs Newly Available in Current Year	11.2	9.4	9.4	9.4	9.4	9.4	9.4	9.4	0.3	0.2	0.2	0.2	0.2
<b>Total NOLs Available</b>	<b>\$66.6</b>	<b>\$61.2</b>	<b>\$52.5</b>	<b>\$41.2</b>	<b>\$27.8</b>	<b>\$9.4</b>	<b>\$9.4</b>	<b>\$9.4</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.2</b>
Increase / (Decrease) in NOLs	(14.9)	(18.1)	(20.7)	(22.9)	(27.8)	(9.4)	(9.4)	(9.4)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Ending NOL Balance	\$51.8	\$43.1	\$31.8	\$18.4	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
<b>Tax Savings</b>	<b>\$3.9</b>	<b>\$4.7</b>	<b>\$5.4</b>	<b>\$5.9</b>	<b>\$7.2</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.0</b>

#### PV of Tax Savings / Share

@ 14.0% WACC:	\$0.54
@ 15.8% WACC:	0.51
@ 17.5% WACC:	0.49

Source: Company management and Company filings.

Note: Present value of cash flows as of June 30, 2018 using mid-year discounting convention.

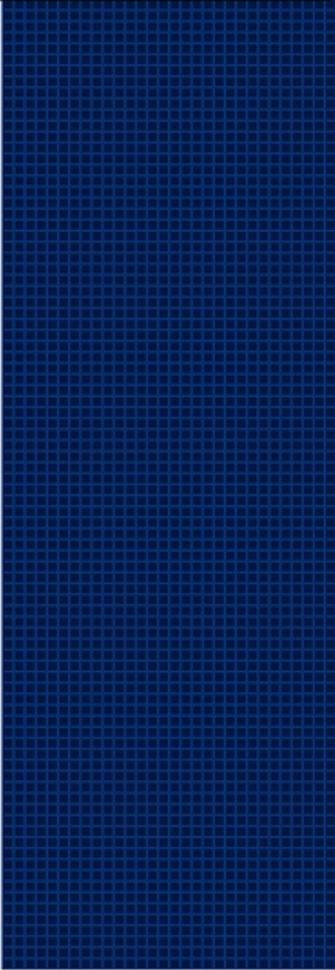


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## Presentation Materials

May 2018

*ALLEN & COMPANY LLC*



## Disclaimer

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The following pages contain material provided to the Special Committee of the Board of Directors (the "Committee") of "River" ("River" or the "Company") by Allen & Company LLC ("Allen" or "Allen & Company") for discussion purposes in connection with a potential transaction involving a company code-named "Aqua". Allen has been retained by, and reports solely to, the Committee. The accompanying material was compiled and prepared on a confidential basis solely for use by the Committee and not with a view toward public disclosure under any securities laws or otherwise, and may not be used for any other purpose without Allen's prior written consent.

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# Transaction Overview

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*ALLEN & COMPANY LLC*



## Situation Overview

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*On February 26, 2018, Aqua offered to purchase all outstanding shares of River common stock not currently owned by Aqua or Robert L. Johnson for \$4.25 / share in cash ("Initial Offer")*

- This represents a 10% premium to the unaffected price of \$3.87 as of February 23, 2018
- Aqua also announced that it was not interested in selling its existing stake in River or participating in any other strategic process
- River's Board of Directors appointed a special committee of independent directors to evaluate and consider Aqua's proposal

*On April 5, 2018, Allen & Company and Citi, Aqua's financial advisor, held a call in which Allen & Company relayed the message that the Special Committee would only be interested in proceeding with Aqua if Aqua submitted a meaningfully higher offer*

- River made select key financial data available to Citi to help refine their view on valuation

*On April 25, 2018, Citi and Aqua held a diligence session with River management to review the financial model in detail*

*On May 2, 2018, Allen & Company and Citi held a meeting in which Citi verbally communicated a revised offer from Aqua of \$4.92 / share in cash, subject to further diligence*

## Overview of Transaction Economics

### Implied Transaction Multiples

(\$USD in Millions)

<b>Aqua Offer (May 2, 2018)</b>	<b>\$4.92</b>
Fully Diluted Shares Outstanding	42.4
Equity Value	\$209
Plus: Debt	26
Less: Cash	(4)
<b>Adj. Firm Value</b>	<b>\$230</b>
Less: Unconsolidated Assets	(23)
<b>Enterprise Value</b>	<b>\$207</b>

<u>Enterprise Value / Revenue</u>	<u>Metrics</u>	<u>Implied Multiples</u>
2017A	\$86.3	2.4x
2018E	100.5	2.1x
2019E	115.3	1.8x
<u>Adj. Firm Value / Adj. EBITDA</u>		
2017A	\$16.6	13.9x
2018E	21.3	10.8x
2019E	24.6	9.3x

### Summary Ownership

Shareholder	Fully Diluted Shares	
	Shares (mm)	% Ownership
Aqua	26.0	61%
Robert L. Johnson	7.4	17%
<b>All Other</b>	<b>9.0</b>	<b>21%</b>
<i>Preferred Shareholders</i>	3.9	9%
<i>Management and Board</i>	2.0	5%
<i>Other Common Shareholders</i>	3.1	7%
Total Shareholders	42.4	100%

Source: Company filings and management.

## River Overview

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*ALLEN & COMPANY LLC*



# Overview of Segments

## RLJ | Entertainment

### Digital Channels

- Distributes film and television content through proprietary subscription OTT platforms Acorn TV and UMC
- Niche audiences: Acorn TV focused on British content and UMC on urban content
- \$9.8 mm 2017 Adj. EBITDA (40% growth vs. 2016)
- 680k total subscribers as of December 2017 (49% growth vs. 2016)



### IP Licensing

- Monetizes library of owned IP via licensing and production
- Includes 64% stake in Agatha Christie Limited, which includes more than 80 novels, 19 plays and 100 made-for-TV films
- \$6.0 mm 2017 Adj. EBITDA (89% growth vs. 2016)



### Wholesale Distribution

- Distributes film and television content in various formats, including DVD, Blu-ray, digital downloads, broadcast, and SVOD through partners
- \$11.2 mm 2017 Adj. EBITDA (-1% growth vs. 2016)



Source: Company filings.

## 5-Year Historical Stock Price Performance



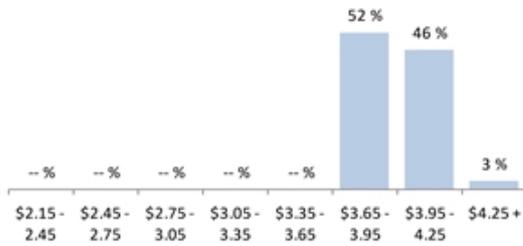
Source: CapIQ as of April 30, 2018.

# LTM Trading Volume Histograms as of Unaffected Date (February 23, 2018)

Below based on closing prices

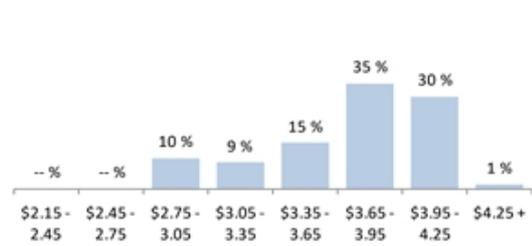
**Last 3 months**

(% of total volume)



**Last 6 months**

(% of total volume)



**Last 9 months**

(% of total volume)



**Last 12 months**

(% of total volume)



Source: CapIQ.

Note: Rounding may result in total sums not equaling 100%.

# Financial Analyses

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*ALLEN & COMPANY LLC*



## Segment Considerations

	Acorn TV	UMC	Wholesale	IP Licensing
Tailwinds	<ul style="list-style-type: none"> <li>▲ Growing demand for OTT platforms with niche content</li> <li>▲ 50%+ annual subscriber growth since respective launches</li> <li>▲ Increasing adoption by MVPDs presents opportunity for fast growth</li> <li>▲ Established brand with a loyal, passionate audience</li> <li>▲ Robust library of content consisting of 3000+ hours of programming</li> <li>▲ Target demo of educated, high-income 35+ females</li> </ul>	<ul style="list-style-type: none"> <li>▲ Bob Johnson has a track record of success building out a platform targeting African American and Urban audiences</li> <li>▲ Ability to scale quickly by leveraging Acorn TV platform</li> </ul>	<ul style="list-style-type: none"> <li>▲ Content investment complementary with digital channels spend</li> <li>▲ Financials stabilizing after a period of decline until 2017</li> <li>▲ Currently over 50% of the segment related to digital downloads vs. physical sales</li> </ul>	<ul style="list-style-type: none"> <li>▲ Established brand with a loyal audience</li> <li>▲ Strong pipeline of ACL TV and film content in 2018-2019, including <i>Murder on the Orient Express</i>, <i>Death on the Nile</i>, and <i>ABC Murders</i></li> <li>▲ Publishing segment highly profitable and stable business</li> </ul>
Headwinds	<ul style="list-style-type: none"> <li>▼ Competitive industry with majority of market share from large established players such as Netflix, Hulu, and Amazon Prime</li> <li>▼ Require significant cash investment in content to grow</li> <li>▼ One of River's vendors, ITV, launched Acorn TV's direct competitor BritBox with BBC in March 2017</li> <li>▼ Small TAM of 10-12mm households</li> </ul>	<ul style="list-style-type: none"> <li>▼ New, untested brand with ~55k subscribers and no established fan base</li> <li>▼ Historically high monthly churn rate of ~20% (as compared to ~3% for Acorn TV)</li> <li>▼ Relatively thin library of lower quality content (~400 hours of programming)</li> <li>▼ Path to scale and profitability unclear</li> </ul>	<ul style="list-style-type: none"> <li>▼ Declining demand for DVDs and Blu-rays</li> <li>▼ Continued headwinds in retail sector</li> <li>▼ Exposure to sales returns and unsold inventory puts dollars at risk</li> <li>▼ High customer concentration, with top 5 customers representing 54% of sales in 2017</li> <li>▼ Digital channel growth likely to accelerate cannibalization of wholesale customers</li> </ul>	<ul style="list-style-type: none"> <li>▼ No owned IP outside of ACL</li> <li>▼ ACL TV and film segment highly unpredictable</li> <li>▼ ACL copyright set to expire 70 years after death of the author (2046)</li> </ul>

Source: Company management.

## Comparison of Historical Results vs. Budget

	Budget				Actuals				% Variance			
	Incl. Disc. Ops.		2016	2017	Incl. Disc. Ops.		2016	2017	Incl. Disc. Ops.		2016	2017
	2014	2015			2014	2015			2014	2015		
<i>(USD in Millions)</i>												
<b>Subscribers (000s)</b>												
Acorn TV			405	665	118	198	433	633			7%	(5%)
UMC			25	63	--	4	24	55			(5%)	(12%)
Total Subscribers			430	728	118	203	457	688			6%	(5%)
% Growth			--	69%	--	72%	125%	51%				
<b>Revenue</b>												
Digital Channels		\$9.7	\$17.2	\$28.1	\$4.1	\$7.5	\$16.3	\$27.2		(22%)	(6%)	(3%)
IP Licensing		3.0	--	--	8.8	3.1	0.2	0.0		3%	NA	NA
Wholesale Distribution		140.9	80.3	62.9	124.8	114.3	63.8	59.1		(19%)	(21%)	(6%)
Total Revenue	\$160.3	\$153.6	\$97.5	\$91.0	\$137.7	\$124.9	\$80.2	\$86.3	(14%)	(19%)	(18%)	(5%)
64% of ACL Equity Earnings	\$3.2	\$2.1	\$2.9	\$3.0	\$3.2	\$2.8	\$3.6	\$6.4	(1%)	34%	21%	117%
Adj. EBITDA	23.6	16.7	17.6	15.4	9.5	7.5	13.1	16.6	(60%)	(55%)	(25%)	7%

Source: Company management.

Note: Grey shading denotes data not available.

## Summary of Acorn TV Financial Cases

	Actual	Budget	Base Case				Adjusted Case			
	Fiscal Year Ending December 31,									
(\$USD in Millions)	2017A	2018E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Subscribers (000s)	633	990	1,154	1,327	1,526	1,755	1,128	1,275	1,444	1,639
% Growth	46%	56%	17%	15%	15%	15%	14%	13%	13%	14%
Content Spend		\$11.5	\$12.0	\$12.0	\$16.0	\$20.0	\$12.0	\$12.0	\$16.0	\$20.0
% Growth			4%	0%	33%	25%	4%	0%	33%	25%
Net Revenue		\$39.1	\$48.5	\$57.9	\$66.6	\$76.6	\$47.9	\$56.1	\$63.5	\$72.0
% Growth			24%	19%	15%	15%	23%	17%	13%	13%
Gross Profit		\$27.9	\$33.9	\$40.1	\$45.2	\$51.7	\$33.4	\$38.5	\$42.4	\$47.7
% Margin		71%	70%	69%	68%	68%	70%	69%	67%	66%
Marketing		(\$9.1)	(\$10.4)	(\$12.0)	(\$13.8)	(\$15.9)	(\$8.8)	(\$10.1)	(\$11.4)	(\$13.0)
Overhead		(3.0)	(3.1)	(3.4)	(3.7)	(4.1)	(3.1)	(3.4)	(3.7)	(4.1)
Adj. EBITDA (Pre-Corp. Exp.)		\$15.8	\$20.4	\$24.7	\$27.6	\$31.7	\$21.5	\$25.0	\$27.3	\$30.6
% Margin		40%	42%	43%	41%	41%	45%	45%	43%	43%

## Assumptions

- 1 Incremental annual net subscribers reduced by 15% to reflect ~100k fewer subs vs. Base Case by 2022
- 2 Content spend consistent between cases reflecting management plan
- 3 Subscriber acquisition cost of \$23-24 and 35% churn in 2019-2022
  - 55% attributed subscribers in Adjusted Case vs. 65% in Base Case to reflect higher mix of non-native platform subscribers
- 4 Direct overhead consistent between cases
  - Cost-efficient segment with 10 dedicated employees to Acorn TV and UMC
  - All other costs (IT costs, credit card, customer service, marketing) variable based on subscribers

Source: Company management.

## Summary of UMC Financial Cases

	Actual	Budget	Base Case				Adjusted Case				
	Fiscal Year Ending December 31,										
(\$USD in Millions)	2017A	2018E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E	
Subscribers (000s)	55	100	244	488	732	1,098	1	177	299	421	604
% Growth	129%	82%	144%	100%	50%	50%	77%	69%	41%	43%	
Content Spend		\$6.0	\$7.0	\$10.0	\$10.0	\$10.0	2	\$7.0	\$10.0	\$10.0	\$10.0
% Growth			17%	43%	0%	0%	17%	43%	0%	0%	
Net Revenue		\$3.3	\$8.5	\$17.1	\$28.5	\$42.7		\$6.9	\$11.1	\$16.8	\$23.9
% Growth			159%	100%	67%	50%	110%	60%	51%	42%	
Gross Profit		\$0.9	\$3.4	\$8.5	\$16.3	\$27.6		\$2.0	\$3.3	\$6.2	\$11.4
% Margin		28%	39%	50%	57%	64%	28%	30%	37%	47%	
Marketing		(\$1.6)	(\$2.1)	(\$3.3)	(\$5.1)	(\$7.7)	3	(\$1.3)	(\$1.8)	(\$2.6)	(\$3.8)
Overhead		(1.1)	(1.3)	(1.5)	(1.6)	(1.8)	4	(1.3)	(1.5)	(1.6)	(1.8)
Adj. EBITDA (Pre-Corp. Exp.)		(\$1.8)	(\$0.0)	\$3.7	\$9.6	\$18.1		(\$0.7)	\$0.1	\$2.0	\$5.8
% Margin		NM	NM	22%	34%	42%	NM	0%	12%	24%	

## Assumptions

- 1 Incremental annual net subscribers reduced by 50% to reflect slower growth vs. Acorn TV historical growth trend
  - Less established brand compared to Acorn TV
  - Thin content library that requires significant content spend on new releases
- 2 Content spend consistent between cases reflecting management plan
- 3 Subscriber acquisition cost of \$8-11 and 90% churn in 2019-2022
  - 55% attributed subscribers in Adjusted Case vs. 65% in Base Case to reflect higher mix of non-native platform subscribers
- 4 Direct overhead consistent between cases
  - Cost-efficient segment with 10 dedicated employees to Acorn TV and UMC
  - All other costs (IT costs, credit card, customer service, marketing) variable based on subscribers

Source: Company management.

## Summary of Wholesale Financial Cases

	Actual	Budget	Base Case				Adjusted Case			
	Fiscal Year Ending December 31,									
<i>(\$USD in Millions)</i>	2017A	2018E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
Content Spend		\$33.6	\$31.0	\$28.0	\$24.0	\$20.0	1 \$29.5	\$26.6	\$22.8	\$19.0
% Growth			(8%)	(10%)	(14%)	(17%)	(12%)	(10%)	(14%)	(17%)
US Revenue	\$46.2	\$45.5	\$44.8	\$42.5	\$42.5	\$42.5	\$42.4	\$38.1	\$36.2	\$34.4
International Revenue	12.8	12.6	12.6	12.6	12.6	12.6	12.0	11.4	10.8	10.3
<b>Total Revenue</b>	<b>\$59.1</b>	<b>\$58.2</b>	<b>\$57.4</b>	<b>\$55.2</b>	<b>\$55.2</b>	<b>\$55.2</b>	<b>2 \$54.4</b>	<b>\$49.5</b>	<b>\$47.1</b>	<b>\$44.7</b>
% Growth	(7%)	(2%)	(1%)	(4%)	0%	0%	(6%)	(9%)	(5%)	(5%)
US Gross Profit	\$12.6	\$13.6	\$13.4	\$12.8	\$12.8	\$12.8	\$12.7	\$11.4	\$10.9	\$10.3
International Gross Profit	5.0	5.8	5.3	5.3	5.3	5.1	5.0	4.8	4.6	4.1
<b>Total Gross Profit</b>	<b>\$17.6</b>	<b>\$19.4</b>	<b>\$18.7</b>	<b>\$18.1</b>	<b>\$18.1</b>	<b>\$17.8</b>	<b>\$17.8</b>	<b>\$16.2</b>	<b>\$15.4</b>	<b>\$14.4</b>
% Margin	30%	33%	33%	33%	33%	32%	33%	33%	33%	32%
<b>Adj. EBITDA (Pre-Corp. Exp.)</b>	<b>\$11.2</b>	<b>\$12.7</b>	<b>\$9.6</b>	<b>\$9.2</b>	<b>\$9.2</b>	<b>\$8.9</b>	<b>\$9.1</b>	<b>\$8.2</b>	<b>\$7.8</b>	<b>\$7.2</b>
% Margin	19%	22%	17%	17%	17%	16%	17%	17%	17%	16%

## Assumptions

- 1 Declining content spend to reflect lower revenue vs. Base Case      ■ All other expenses variable based on revenue
- 2 Incremental annual 5% decline in US and International revenue, to reflect:
  - Continued headwinds in retail sector
  - Shift in retail partners moving away from DVD sales (e.g., Costco)

Source: Company management.

## Summary of IP Licensing and ACL Financial Cases

(USD in Millions)	Actual	Budget	Base Case				Adjusted Case			
	2017A	2018E	2019E	2020E	2021E	2022E	2019E	2020E	2021E	2022E
	Fiscal Year Ending December 31,									
Revenue	\$0.0	\$0.0	\$0.8	\$0.8	\$0.8	\$0.8	<sup>1</sup> \$0.1	\$0.1	\$0.1	\$0.1
% Growth	(72%)	(60%)	NM	0%	0%	0%	518%	0%	0%	0%
Gross Profit	\$0.0	\$0.0	\$0.3	\$0.3	\$0.3	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0
% Margin	100%	229%	31%	31%	31%	31%	39%	39%	39%	39%
SG&A	(\$0.5)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)
Adj. EBITDA (Pre-Corp. Exp.)	(\$0.4)	(\$0.4)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.4)	(\$0.4)	(\$0.4)	(\$0.4)
64% of ACL Equity Earnings	\$6.4	\$6.9	\$6.7	\$7.6	\$7.0	\$7.0	<sup>2</sup> \$5.9	\$5.9	\$5.9	\$5.9

## Assumptions

- <sup>1</sup> No other co-produced content in 2019-2022
- <sup>2</sup> Reflects lower revenue and profitability from commissioned TV and film content, including *Murder on the Orient Express*, *Death on the Nile*, and *ABC Murders* in 2019-2020

Source: Company management.

## Management Base Case Projections

(\$USD in Millions)	FYE December 31,							
	2015A	2016A	2017A	2018E	2019E	2020E	2021E	2022E
<b>Revenue:</b>								
Digital Channels	\$7.5	\$16.3	\$27.2	\$42.4	\$57.0	\$75.0	\$95.1	\$119.3
IP Licensing	3.1	0.2	0.0	0.0	0.8	0.8	0.8	0.8
Wholesale Distribution	88.3	63.8	59.1	58.2	57.4	55.2	55.2	55.2
<b>Total Revenue</b>	<b>\$99.0</b>	<b>\$80.2</b>	<b>\$86.3</b>	<b>\$100.5</b>	<b>\$115.3</b>	<b>\$131.0</b>	<b>\$151.1</b>	<b>\$175.3</b>
<i>% Growth</i>	--	(19%)	8%	16%	15%	14%	15%	16%
<b>% Growth by Segment:</b>								
Digital Channels		116%	67%	56%	35%	32%	27%	25%
Wholesale Distribution		(28%)	(7%)	(2%)	(1%)	(4%)	--%	--%
Equity Income from ACL		39%	93%	(10%)	7%	16%	(9%)	--%
<b>Adj. EBITDA (Pre-Corporate Allocation):</b>								
Digital Channels	(\$0.7)	\$7.0	\$9.8	\$14.0	\$20.4	\$28.4	\$37.2	\$49.9
IP Licensing (excl. ACL)	0.8	(0.4)	(0.4)	(0.4)	(0.2)	(0.2)	(0.2)	(0.2)
64% of ACL Equity Earnings	3.3	3.6	6.4	6.9	6.7	7.6	7.0	7.0
Wholesale Distribution	15.5	11.3	11.2	12.7	9.6	9.2	9.2	8.9
Corporate Expenses	(11.0)	(8.4)	(10.4)	(11.8)	(11.9)	(12.7)	(16.0)	(18.8)
<b>Total Adj. EBITDA (incl. ACL)</b>	<b>\$8.0</b>	<b>\$13.1</b>	<b>\$16.6</b>	<b>\$21.3</b>	<b>\$24.6</b>	<b>\$32.3</b>	<b>\$37.2</b>	<b>\$46.9</b>
<i>% Growth</i>	--	64%	26%	29%	15%	31%	15%	26%
<i>% Margin (excl. 64% of ACL Equity Earnings)</i>	5%	12%	12%	14%	16%	19%	20%	23%
<b>% Margin by Segment:</b>								
Digital Channels	NM	43%	36%	33%	36%	38%	39%	42%
Wholesale Distribution	18%	18%	19%	22%	17%	17%	17%	16%

Source: Company management.

## Management Adjusted Case Projections

(\$USD in Millions)	FYE December 31,							
	2015A	2016A	2017A	2018E	2019E	2020E	2021E	2022E
<b>Revenue:</b>								
Digital Channels	\$7.5	\$16.3	\$27.2	\$42.4	\$54.8	\$67.2	\$80.3	\$95.9
IP Licensing	3.1	0.2	0.0	0.0	0.1	0.1	0.1	0.1
Wholesale Distribution	88.3	63.8	59.1	58.2	54.4	49.5	47.1	44.7
<b>Total Revenue</b>	<b>\$99.0</b>	<b>\$80.2</b>	<b>\$86.3</b>	<b>\$100.5</b>	<b>\$109.3</b>	<b>\$116.9</b>	<b>\$127.5</b>	<b>\$140.7</b>
<i>% Growth</i>	--	(19%)	8%	16%	9%	7%	9%	10%
<b>% Growth by Segment:</b>								
Digital Channels		116%	67%	56%	29%	23%	19%	19%
Wholesale Distribution		(28%)	(7%)	(2%)	(6%)	(9%)	(5%)	(5%)
Equity Income from ACL		39%	93%	(10%)	(8%)	(0%)	(0%)	(0%)
<b>Adj. EBITDA (Pre-Corporate Allocation):</b>								
Digital Channels	(\$0.7)	\$7.0	\$9.8	\$14.0	\$20.8	\$25.1	\$29.3	\$36.5
IP Licensing (excl. ACL)	0.8	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)	(0.4)
64% of ACL Equity Earnings	3.3	3.6	6.4	6.9	5.9	5.9	5.9	5.9
Wholesale Distribution	15.5	11.3	11.2	12.7	9.1	8.2	7.8	7.2
Corporate Expenses	(11.0)	(8.4)	(10.4)	(11.8)	(11.9)	(12.7)	(14.4)	(16.0)
<b>Total Adj. EBITDA (incl. ACL)</b>	<b>\$8.0</b>	<b>\$13.1</b>	<b>\$16.6</b>	<b>\$21.3</b>	<b>\$23.5</b>	<b>\$26.1</b>	<b>\$28.3</b>	<b>\$33.2</b>
<i>% Growth</i>	--	64%	26%	29%	10%	11%	8%	18%
<i>% Margin (excl. 64% of ACL Equity Earnings)</i>	5%	12%	12%	14%	16%	17%	18%	19%
<b>% Margin by Segment:</b>								
Digital Channels	NM	43%	36%	33%	38%	37%	36%	38%
Wholesale Distribution	18%	18%	19%	22%	17%	17%	17%	16%

Source: Company management.

## Methodologies and Analytical Approach

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### General Approach

- Conducted financial analysis of River using publicly available information and financial forecasts provided by River management
  - Assumed and relied, without independent verification, upon accuracy and completeness of all financial information and data reviewed
  - Considered results of all analyses undertaken and assessed as a whole, and did not draw, in isolation, conclusions from or with regard to any one factor or method of analysis
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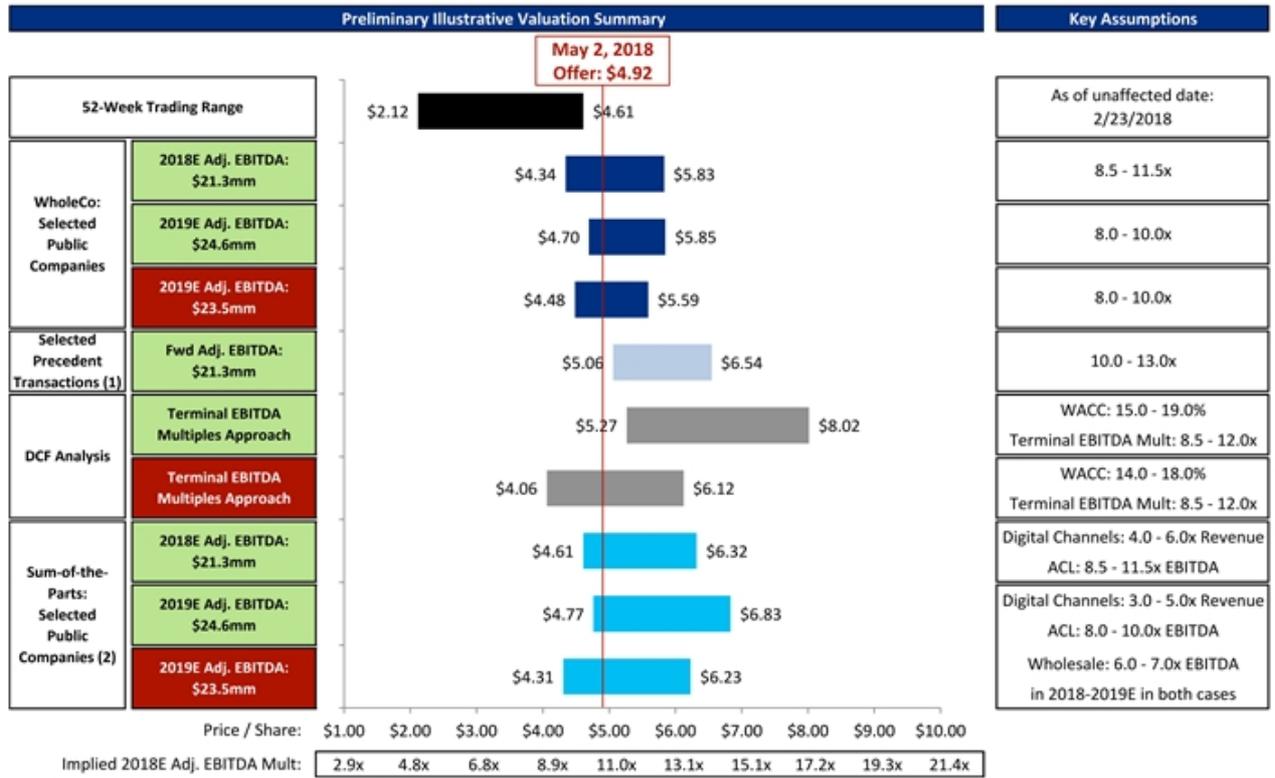
### Financial Analyses

- Financial analyses performed include
    - Selected public companies analysis
    - Selected precedent transactions analysis
    - Discounted cash flow analysis (Base Case and Adjusted Case)
    - Sum-of-the-parts analysis
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### Additional Information

- 52-week trading range as of unaffected date of February 23, 2018

# Preliminary Illustrative Valuation Summary



Source: Company management, Company filings, and CapIQ.

1. Fwd Adj. EBITDA represents 2018E Adj. EBITDA. Provided for reference only.

2. Corporate SG&A expenses valued at blended multiple of Digital Channels, IP Licensing, and Wholesale segments.

## Selected Public Companies

(\$ in millions, except per share data)	Share Price	Equity Value	Enterprise Value	EV / EBITDA			'17A - '19E Growth		'18E EBITDA	
				2017A	2018E	2019E	Revenue	EBITDA	Margin	
<b>Traditional Media</b>										
Disney	\$100.33	\$152,374	\$180,550	10.5 x	10.1 x	10.0 x	5%	3%	30%	
CBS	49.23	19,159	27,900	9.2	8.4	7.8	7%	8%	23%	
Discovery (1)	22.81	16,879	34,617	8.7	8.5	7.7	7%	6%	38%	
Viacom	30.82	12,478	22,111	7.4	7.3	7.0	1%	3%	23%	
ITV	2.09	8,442	9,788	8.3	8.3	8.2	3%	1%	27%	
AMC	52.00	3,322	6,102	6.7	6.5	6.6	3%	1%	33%	
				<b>Mean</b>	<b>8.5 x</b>	<b>8.2 x</b>	<b>7.9 x</b>	<b>4%</b>	<b>4%</b>	<b>29%</b>
				<b>Median</b>	<b>8.5</b>	<b>8.3</b>	<b>7.8</b>	<b>4%</b>	<b>3%</b>	<b>28%</b>
<b>Independent Content Production &amp; Distribution</b>										
Lionsgate	\$24.89	\$5,126	\$7,124	12.4 x	11.9 x	10.8 x	2%	7%	15%	
Entertainment One	3.77	1,769	2,476	11.1	10.1	9.1	10%	11%	16%	
Eros	10.70	753	1,030	18.5	14.5	10.4	14%	33%	28%	
DHX Media	2.69	362	1,093	10.7	10.4	9.9	15%	4%	28%	
				<b>Mean</b>	<b>13.2 x</b>	<b>11.7 x</b>	<b>10.1 x</b>	<b>10%</b>	<b>14%</b>	<b>21%</b>
				<b>Median</b>	<b>11.7</b>	<b>11.2</b>	<b>10.2</b>	<b>12%</b>	<b>9%</b>	<b>22%</b>
				<b>Total</b>						
				<b>Mean</b>	<b>10.4 x</b>	<b>9.6 x</b>	<b>8.8 x</b>	<b>7%</b>	<b>8%</b>	<b>26%</b>
				<b>Median</b>	<b>9.8</b>	<b>9.3</b>	<b>8.7</b>	<b>6%</b>	<b>5%</b>	<b>27%</b>
				<b>Max</b>	<b>18.5</b>	<b>14.5</b>	<b>10.8</b>	<b>15%</b>	<b>33%</b>	<b>38%</b>
				<b>Min</b>	<b>6.7</b>	<b>6.5</b>	<b>6.6</b>	<b>1%</b>	<b>1%</b>	<b>15%</b>

Source: Company filings and CapIQ as of April 30, 2018.

1. Pro forma for Discovery acquisitions of Scripps closed March 2018 for \$15 bn.

## Selected Precedent Transactions

Date Announced	Target	Acquiror	Firm Value (\$B)	FV / Fwd EBITDA
12/14/17	21st Century Fox	The Walt Disney Company	\$55.5	11.2 x
07/31/17	Scripps Networks Interactive	Discovery	15.4	10.2
10/22/16	Time Warner	AT&T	105.9	11.7
06/30/16	Starz	Lionsgate	4.4	9.3
04/28/16	Dreamworks Animation	Comcast	4.4	33.9
11/20/12	YES Network	News Corp.	3.0	11.3
10/30/12	Lucasfilm	The Walt Disney Company	4.1	22.0
04/02/12	Image Entertainment	RLJ Acquisition	0.1	12.4
04/02/12	Acorn Media	RLJ Acquisition	0.1	6.2
05/10/11	CORE Media	Apollo Global Management	0.5	7.0
08/05/10	Shed Media	Warner Bros.	0.2	6.5
12/03/09	NBCUniversal	Comcast/GE JV	30.0	11.2
11/05/09	Travel Channel	Scripps	1.0	11.5
08/31/09	Marvel Entertainment	The Walt Disney Company	4.0	13.1
07/06/08	The Weather Channel	NBC, Bain, Blackstone	3.5	11.2
		<b>Mean</b>		<b>12.6 x</b>
		<b>Median</b>		<b>11.2</b>
		Max		33.9
		Min		6.2

Source: Company filings and CapIQ.

## WholeCo Base Case Financials: Illustrative DCF Analysis

### Illustrative 5-Year Cash Flow

(USD in Millions)	Fiscal Year Ending December 31,					Adj. Terminal
	2018E	2019E	2020E	2021E	2022E	2022E
Adj. EBITDA (excl. Equity Income & Excess Dividends)	\$14.9	\$18.4	\$25.2	\$30.7	\$40.4	\$40.4
Less: D&A	(3.7)	(3.8)	(3.8)	(3.8)	(3.8)	(2.0)
Less: Stock-based Compensation	(2.8)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
EBIT	\$8.3	\$12.7	\$19.4	\$25.0	\$34.6	\$36.4
Less: Taxes (@26%)	(2.2)	(3.3)	(5.0)	(6.5)	(9.0)	(9.5)
NOPAT	\$6.2	\$9.4	\$14.4	\$18.5	\$25.6	\$26.9
Plus: Equity Income from ACL (incl. Excess Dividends)	6.5	6.2	7.1	6.5	6.5	6.5
Plus: D&A	3.7	3.8	3.8	3.8	3.8	2.0
Less: Capex	(2.9)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Plus: Content Amortization	38.3	37.1	41.4	45.9	49.0	50.0
Less: Investment in Content	(54.6)	(50.0)	(50.0)	(50.0)	(50.0)	(50.0)
Less: Δ Working capital	(0.2)	1.9	2.0	1.5	1.5	1.5
Unlevered Free Cash Flow	(\$3.1)	\$6.3	\$16.6	\$24.1	\$34.4	\$34.9

### Implied Share Price

Discount Rate	Terminal EBITDA Multiple		
	8.5x	10.3x	12.0x
15.0%	\$6.13	\$7.07	\$8.02
17.0%	5.68	6.55	7.42
19.0%	5.27	6.07	6.88

### Implied Adj. Firm Value

Discount Rate	Terminal EBITDA Multiple		
	8.5x	10.3x	12.0x
15.0%	\$280	\$322	\$364
17.0%	260	299	338
19.0%	242	278	314

Source: Company management and Company filings.

Note: Present value of cash flows as of March 31, 2018 using mid-year discounting convention. Includes present value of NOLs. Please refer to appendix slides for detailed calculation of WACC.

## WholeCo Adjusted Case Financials: Illustrative DCF Analysis

### Illustrative 5-Year Cash Flow

(USD in Millions)	Fiscal Year Ending December 31,					Adj. Terminal
	2018E	2019E	2020E	2021E	2022E	2022E
Adj. EBITDA (excl. Equity Income & Excess Dividends)	\$14.9	\$18.1	\$20.7	\$22.9	\$27.8	\$27.8
Less: D&A	(3.7)	(3.8)	(3.8)	(3.8)	(3.8)	(2.0)
Less: Stock-based Compensation	(2.8)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
EBIT	\$8.3	\$12.3	\$15.0	\$17.1	\$22.1	\$23.8
Less: Taxes (@26%)	(2.2)	(3.2)	(3.9)	(4.4)	(5.7)	(6.2)
NOPAT	\$6.2	\$9.1	\$11.1	\$12.7	\$16.3	\$17.6
Plus: Equity Income from ACL (incl. Excess Dividends)	6.5	5.4	5.4	5.4	5.4	5.4
Plus: D&A	3.7	3.8	3.8	3.8	3.8	2.0
Less: Capex	(2.9)	(2.0)	(2.0)	(2.0)	(2.0)	(2.0)
Plus: Content Amortization	38.3	37.1	41.4	45.9	49.0	49.0
Less: Investment in Content	(54.6)	(48.5)	(48.6)	(48.8)	(49.0)	(49.0)
Less: Δ Working capital	(0.2)	2.4	2.5	2.0	1.9	1.9
Unlevered Free Cash Flow	(\$3.1)	\$7.4	\$13.5	\$18.9	\$25.4	\$24.9

### Implied Share Price

Discount Rate	Terminal EBITDA Multiple		
	8.5x	10.3x	12.0x
14.0%	\$4.72	\$5.42	\$6.12
16.0%	4.36	5.01	5.65
18.0%	4.06	4.65	5.25

### Implied Adj. Firm Value

Discount Rate	Terminal EBITDA Multiple		
	8.5x	10.3x	12.0x
14.0%	\$217	\$249	\$280
16.0%	201	230	259
18.0%	188	214	241

Source: Company management and Company filings.

Note: Present value of cash flows as of March 31, 2018 using mid-year discounting convention. Includes present value of NOLs. Please refer to appendix slides for detailed calculation of WACC.

## SOTP Base Case Financials: Selected Public Companies Analysis: 2018E

(\$USD in Millions)

	2018E						
	Revenue	Adj. EBITDA	Selected Multiple Range		Implied Reference Range		
			Metric	Low	High	Low	High
Digital Channels	\$42.4	\$14.0	Revenue	4.0x	6.0x	\$169	\$254
IP Licensing	0.0	(0.4)	NA	--	--	--	--
Wholesale Distribution	58.2	12.7	EBITDA	6.0x	7.0x	76	89
64% Stake in ACL (1)	--	6.9	EBITDA	8.5x	11.5x	59	79
Corporate Expenses	--	(11.8)	EBITDA	9.4x	13.1x	(111)	(155)
<b>Total</b>	<b>\$100.5</b>	<b>\$21.3</b>				<b>\$193</b>	<b>\$267</b>
Less: Debt						(\$26)	(\$26)
Plus: Cash (2)						8	8
Plus: Present Value of NOLs						19	21
<b>Implied Equity Value</b>						<b>\$195</b>	<b>\$271</b>
Fully Diluted Shares Outstanding						42.3	42.9
<b>Implied Equity Value / Share</b>						<b>\$4.61</b>	<b>\$6.32</b>

Source: Company management and Company filings.

1. Adj. EBITDA represents River's 64% share of ACL's after-tax equity income. For purposes of calculating value range, Adj. EBITDA is grossed up to reflect that it is non-taxable income to River.
2. Includes 64% of ACL balance sheet cash.

SOTP Base Case Financials:  
Selected Public Companies Analysis: 2019E

(\$USD in Millions)

	2019E						
	Revenue	Adj. EBITDA	Selected Multiple Range		Implied Reference Range		
			Metric	Low	High	Low	High
Digital Channels	\$57.0	\$20.4	Revenue	3.0x	5.0x	\$171	\$285
IP Licensing	0.8	(0.2)	NA	--	--	--	--
Wholesale Distribution	57.4	9.6	EBITDA	6.0x	7.0x	57	67
64% Stake in ACL (1)	--	6.7	EBITDA	8.0x	10.0x	63	78
Corporate Expenses	--	(11.9)	EBITDA	7.7x	11.8x	(91)	(140)
Total	\$115.3	\$24.6				\$200	\$290
Less: Debt						(\$26)	(\$26)
Plus: Cash (2)						8	8
Plus: Present Value of NOLs						19	21
Implied Equity Value						\$202	\$294
Fully Diluted Shares Outstanding						42.4	43.1
Implied Equity Value / Share						\$4.77	\$6.83

Source: Company management and Company filings.

1. Adj. EBITDA represents River's 64% share of ACL's after-tax equity income. For purposes of calculating value range, Adj. EBITDA is grossed up to reflect that it is non-taxable income to River.
2. Includes 64% of ACL balance sheet cash.

## SOTP Adjusted Case Financials: Selected Public Companies Analysis: 2019E

(\$USD in Millions)

	2019E						
	Revenue	Adj. EBITDA	Selected Multiple Range		Implied Reference Range		
			Metric	Low	High	Low	High
Digital Channels	\$54.8	\$20.8	Revenue	3.0x	5.0x	\$164	\$274
IP Licensing	0.1	(0.4)	NA	--	--	--	--
Wholesale Distribution	54.4	9.1	EBITDA	6.0x	7.0x	54	63
64% Stake in ACL (1)	--	5.9	EBITDA	8.0x	10.0x	50	62
Corporate Expenses	--	(11.9)	EBITDA	7.4x	11.4x	(88)	(136)
<b>Total</b>	<b>\$109.3</b>	<b>\$23.5</b>				<b>\$180</b>	<b>\$264</b>
Less: Debt						(\$26)	(\$26)
Plus: Cash (2)						8	8
Plus: Present Value of NOLs						19	21
<b>Implied Equity Value</b>						<b>\$182</b>	<b>\$267</b>
Fully Diluted Shares Outstanding						42.1	42.9
<b>Implied Equity Value / Share</b>						<b>\$4.31</b>	<b>\$6.23</b>

Source: Company management and Company filings.

1. Adj. EBITDA represents River's 64% share of ACL's after-tax equity income. For purposes of calculating value range, Adj. EBITDA is grossed up to reflect that it is non-taxable income to River.
2. Includes 64% of ACL balance sheet cash.

# Appendix

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*ALLEN & COMPANY LLC*



## Selected Public Comparable Companies (cont'd)

(\$ in millions, except per share data)	Share Price	Equity Value	Enterprise Value	EV / Revenue			'17A - '19E Growth		'18E EBITDA	
				2017A	2018E	2019E	Revenue	EBITDA	Margin	
<b>Subscription Streaming</b>										
Netflix (1)	\$312.46	\$140,947	\$144,955	12.4 x	9.0 x	7.3 x	31%	72%	13%	
Spotify	161.67	31,025	28,105	5.7	4.5	3.5	28%	NM	NM	
Gaia	15.15	282	214	7.6	4.9	2.8	65%	NM	NM	
				<b>Mean</b>	<b>8.6 x</b>	<b>6.1 x</b>	<b>4.5 x</b>	<b>41%</b>	<b>72%</b>	<b>13%</b>
				<b>Median</b>	<b>7.6</b>	<b>4.9</b>	<b>3.5</b>	<b>31%</b>	<b>72%</b>	<b>13%</b>

Source: Company filings and CapIQ as of April 30, 2018.

1. Pro forma for issuance of \$1.9bn of debt announced on April 26, 2018.

## Acorn TV: Illustrative WACC Analysis

Illustrative WACC		
	Low	High
<b>Cost of Equity</b>		
U.S. Risk Free Rate (30-Yr Treasury)	3.1%	3.1%
Equity Market Risk Premium (1)	6.0%	7.1%
Asset Beta (2)	1.07	1.61
Debt / Capitalization (Market)	5.7%	5.7%
Effective Marginal Tax Rate	26.0%	26.0%
Adjusted Equity Market Risk Premium	6.8%	11.9%
Size Premium (3)	5.4%	5.4%
<b>Cost of Equity</b>	<b>15.2%</b>	<b>20.4%</b>
<b>Cost of Debt</b>		
Cost of Debt (Pretax) (4)	5.9%	5.9%
Effective Marginal Tax Rate	26.0%	26.0%
<b>Cost of Debt (After tax)</b>	<b>4.3%</b>	<b>4.3%</b>
<b>WACC</b>		
Cost of Equity	15.2%	20.4%
Cost of Debt (After Tax)	4.3%	4.3%
Debt / Capitalization (Market)	5.7%	5.7%
<b>Weighted Average Cost of Capital</b>	<b>14.6%</b>	<b>17.0%</b>

Selected Companies			
Company	Debt / Total Cap	Equity Beta	Asset Beta
<b>Subscription Streaming</b>			
Netflix	5.7%	1.40	1.34
Gaia (2)	4.3%	0.50	0.49

Source: Bloomberg, CapIQ, Duff & Phelps, and company filings.

Note: Market data as of April 30, 2018.

1. "Low" reflects long-horizon expected equity risk premium (supply-side). "High" reflects long-horizon expected equity risk premium (historical).
2. Asset beta based on two-year beta of Netflix +/- 20%. Due to Gaia's limited liquidity and limited float, its asset beta is not viewed as an adequate data point for calculating cost of equity.
3. Duff & Phelps size premium based on companies with comparable market capitalizations.
4. Based on yield to worst of Netflix 10 year note issued April 26, 2018.

## UMC: Illustrative WACC Analysis

Illustrative WACC		
	Low	High
<b>Cost of Equity</b>		
U.S. Risk Free Rate (30-Yr Treasury)	3.1%	3.1%
Equity Market Risk Premium (1)	6.0%	7.1%
Asset Beta (2)	1.07	1.61
Debt / Capitalization (Market)	5.7%	5.7%
Effective Marginal Tax Rate	26.0%	26.0%
Adjusted Equity Market Risk Premium	6.8%	11.9%
Size Premium (3)	11.4%	11.4%
<b>Cost of Equity</b>	<b>21.3%</b>	<b>26.4%</b>
<b>Cost of Debt</b>		
Cost of Debt (Pretax) (4)	5.9%	5.9%
Effective Marginal Tax Rate	26.0%	26.0%
<b>Cost of Debt (After tax)</b>	<b>4.3%</b>	<b>4.3%</b>
<b>WACC</b>		
Cost of Equity	21.3%	26.4%
Cost of Debt (After Tax)	4.3%	4.3%
Debt / Capitalization (Market)	5.7%	5.7%
<b>Weighted Average Cost of Capital</b>	<b>20.3%</b>	<b>22.7%</b>

Selected Companies			
Company	Debt / Total Cap	Equity Beta	Asset Beta
<b>Subscription Streaming</b>			
Netflix	5.7%	1.40	1.34
Gaia (2)	4.3%	0.50	0.49

Source: Bloomberg, CapIQ, Duff & Phelps, and company filings.

Note: Market data as of April 30, 2018.

1. "Low" reflects long-horizon expected equity risk premium (supply-side). "High" reflects long-horizon expected equity risk premium (historical).
2. Asset beta based on two-year beta of Netflix +/- 20%. Due to Gaia's limited liquidity and limited float, its asset beta is not viewed as an adequate data point for calculating cost of equity.
3. Duff & Phelps size premium based on companies with comparable market capitalizations.
4. Based on yield to worst of Netflix 10 year note issued April 26, 2018.

## Wholesale + IP Licensing: Illustrative WACC Analysis

Illustrative WACC		
	Low	High
<b>Cost of Equity</b>		
U.S. Risk Free Rate (30-Yr Treasury)	3.1%	3.1%
Equity Market Risk Premium (1)	6.0%	7.1%
Asset Beta (2)	0.52	0.78
Debt / Capitalization (Market)	33.4%	33.4%
Effective Marginal Tax Rate	26.0%	26.0%
Adjusted Equity Market Risk Premium	4.3%	7.5%
Size Premium (3)	5.4%	5.4%
<b>Cost of Equity</b>	<b>12.8%</b>	<b>16.0%</b>
<b>Cost of Debt</b>		
Cost of Debt (Pretax) (4)	6.3%	6.3%
Effective Marginal Tax Rate	26.0%	26.0%
<b>Cost of Debt (After tax)</b>	<b>4.7%</b>	<b>4.7%</b>
<b>WACC</b>		
Cost of Equity	12.8%	16.0%
Cost of Debt (After Tax)	4.7%	4.7%
Debt / Capitalization (Market)	33.4%	33.4%
<b>Weighted Average Cost of Capital</b>	<b>10.1%</b>	<b>11.1%</b>

Selected Companies			
Company	Debt / Total Cap	Equity Beta	Asset Beta
<b>Traditional Media</b>			
Disney	14.6%	0.96	0.85
CBS	34.9%	0.86	0.61
Discovery	60.4%	1.24	0.58
Viacom	45.0%	0.96	0.60
ITV	15.3%	0.81	0.71
AMC	48.9%	0.70	0.41
<b>Independent Content Production &amp; Distribution</b>			
Lionsgate	32.0%	1.37	1.02
Entertainment One	29.7%	0.89	0.68
Eros	29.5%	1.04	0.80
DHX Media	65.7%	0.36	0.15
<b>Median</b>	<b>33.4%</b>		<b>0.65</b>
<b>Average</b>	<b>37.6%</b>		<b>0.64</b>

Source: Bloomberg, CapIQ, Duff & Phelps, and company filings.

Note: Market data as of April 30, 2018.

1. "Low" reflects long-horizon expected equity risk premium (supply-side). "High" reflects long-horizon expected equity risk premium (historical).
2. Asset beta based on median of two-year betas per Bloomberg of comparable companies +/- 20%.
3. Duff & Phelps size premium based on companies with comparable market capitalizations.
4. Based on median yield to worst of selected Independent Content Production & Distribution companies.

## Blended WACC Calculation Detail

(\$USD in millions)	2022 Adj. EBITDA (Pre Corp. Exp.)		WACC		
	\$	%	Low	Mid	High
<b>Base Case</b>					
Acorn TV	\$31.7	48%	14.6%	17.0%	19.5%
UMC	18.1	28%	20.3%	22.7%	25.1%
Wholesale + IP	15.8	24%	10.1%	11.1%	12.2%
<b>Total (Pre Corp. Exp.)</b>	<b>\$65.6</b>	<b>100%</b>	<b>15.1%</b>	<b>17.2%</b>	<b>19.3%</b>
<b>Adjusted Case</b>					
Acorn TV	\$30.6	62%	14.6%	17.0%	19.5%
UMC	5.8	12%	20.3%	22.7%	25.1%
Wholesale + IP	12.8	26%	10.1%	11.1%	12.2%
<b>Total (Pre Corp. Exp.)</b>	<b>\$49.2</b>	<b>100%</b>	<b>14.1%</b>	<b>16.2%</b>	<b>18.3%</b>

Source: Company management, Bloomberg, CapIQ, Duff & Phelps, and Company filings.

Note: Terminal Adj. EBITDA being utilized as a proxy for estimated value contribution for each segment.

## Base Case Financials: Illustrative Value of NOLs

### Illustrative Value of NOLs

(USD in Millions)	Fiscal Year Ending December 31,												
	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Pre-Tax Income	\$14.9	\$18.4	\$25.2	\$30.7	\$40.4								
Beginning NOL Balance	\$55.4	\$51.8	\$42.8	\$27.0	\$5.7	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
Plus: NOLs Newly Available in Current Year	11.2	9.4	9.4	9.4	9.4	9.4	9.4	9.4	0.3	0.2	0.2	0.2	0.2
<b>Total NOLs Available</b>	<b>\$66.6</b>	<b>\$61.2</b>	<b>\$52.2</b>	<b>\$36.4</b>	<b>\$15.1</b>	<b>\$9.4</b>	<b>\$9.4</b>	<b>\$9.4</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.2</b>
Increase / (Decrease) in NOLs	(14.9)	(18.4)	(25.2)	(30.7)	(15.1)	(9.4)	(9.4)	(9.4)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Ending NOL Balance	\$51.8	\$42.8	\$27.0	\$5.7	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
<b>Tax Savings</b>	<b>\$3.9</b>	<b>\$4.8</b>	<b>\$6.5</b>	<b>\$8.0</b>	<b>\$3.9</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.0</b>

#### PV of Tax Savings / Share

@ 15.0% WACC:	\$0.50
@ 17.0% WACC:	0.47
@ 19.0% WACC:	0.45

Source: Company management and Company filings.

Note: Present value of cash flows as of March 31, 2018 using mid-year discounting convention.

## Adjusted Case Financials: Illustrative Value of NOLs

### Illustrative Value of NOLs

(USD in Millions)	Fiscal Year Ending December 31,												
	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Pre-Tax Income	\$14.9	\$18.1	\$20.7	\$22.9	\$27.8								
Beginning NOL Balance	\$55.4	\$51.8	\$43.1	\$31.8	\$18.3	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
Plus: NOLs Newly Available in Current Year	11.2	9.4	9.4	9.4	9.4	9.4	9.4	9.4	0.3	0.2	0.2	0.2	0.2
<b>Total NOLs Available</b>	<b>\$66.6</b>	<b>\$61.2</b>	<b>\$52.5</b>	<b>\$41.2</b>	<b>\$27.8</b>	<b>\$9.4</b>	<b>\$9.4</b>	<b>\$9.4</b>	<b>\$0.3</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.2</b>	<b>\$0.2</b>
Increase / (Decrease) in NOLs	(14.9)	(18.1)	(20.7)	(22.9)	(27.8)	(9.4)	(9.4)	(9.4)	(0.3)	(0.2)	(0.2)	(0.2)	(0.2)
Ending NOL Balance	\$51.8	\$43.1	\$31.8	\$18.3	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--	\$--
<b>Tax Savings</b>	<b>\$3.9</b>	<b>\$4.7</b>	<b>\$5.4</b>	<b>\$5.9</b>	<b>\$7.2</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$2.5</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.1</b>	<b>\$0.0</b>

#### PV of Tax Savings / Share

@ 14.0% WACC:	\$0.49
@ 16.0% WACC:	0.45
@ 18.0% WACC:	0.44

Source: Company management and Company filings.

Note: Present value of cash flows as of March 31, 2018 using mid-year discounting convention.

## Capitalization Detail

(USD and shares in millions,  
except per share value)

	Principal	Interest	Maturity

	Shares	Weighted Avg. Price	Expiration

	# (in 000s)	Value as of 4/3/2018 (3)	Dilution

Source: Company management.

- Interest must be settled with common stock. Principal payable with common stock.
- Includes provision that does not dilute AMC to below 50.1% ownership on a fully diluted basis.
- Based on conversion price of \$1,000 per preferred stock plus unpaid dividends as of April 3, 2018.

September 2017

## Discussion Materials



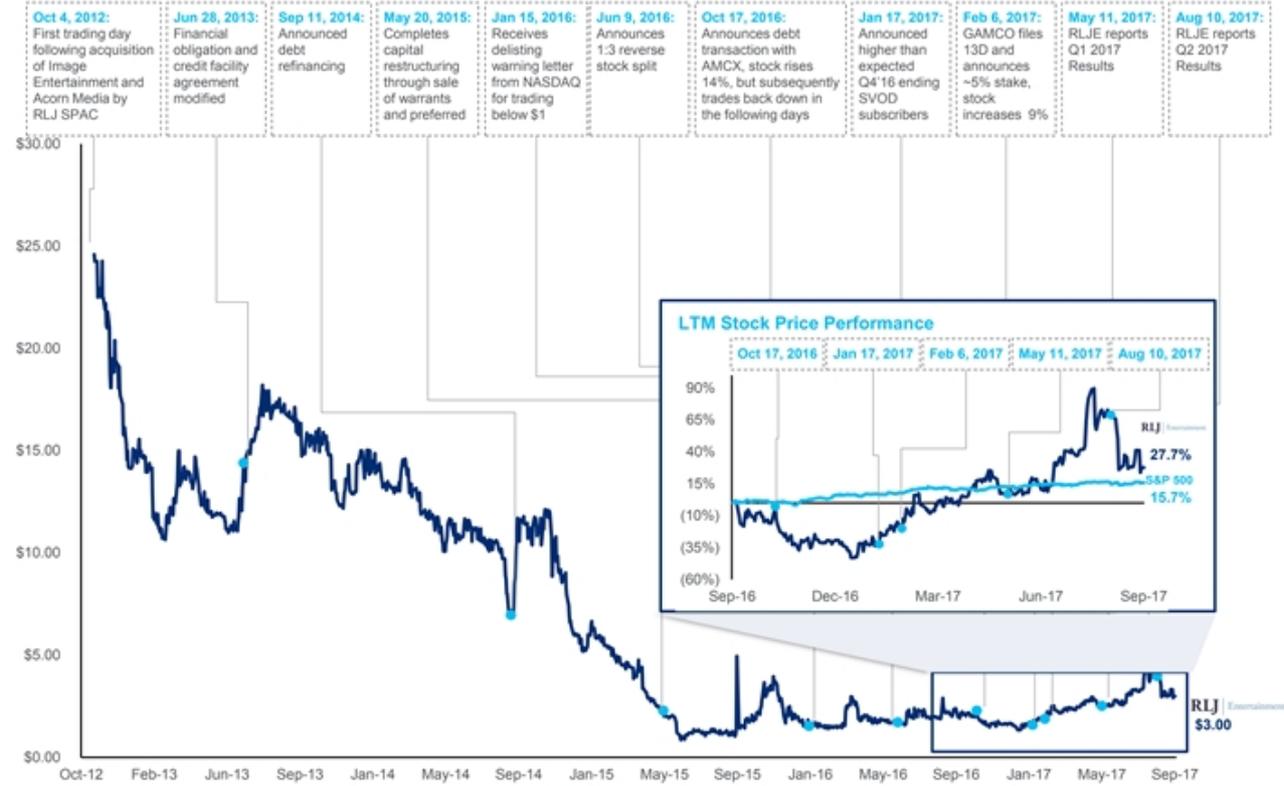
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# RLJE Price Performance

Preliminary Draft  
Subject to Review

## Price History Since 10/4/2012



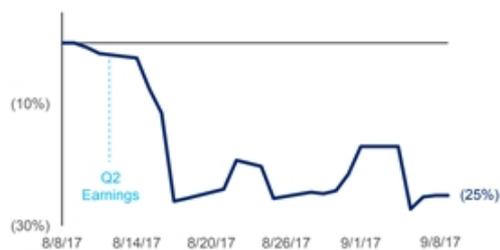
Source: Company filings, Factset, Bloomberg.  
Note: Market data as of 9/8/2017.



## Commentary

- RLJE delivered a solid Q2, and is poised for a strong FY2017
- **Net Revenue:** Increased 19% YoY, driven by a 72% increase in revenue from Proprietary Digital Channels
- **EBITDA:** Adjusted EBITDA for the quarter improved from a loss of \$0.3 million last year to a gain of \$3.9 million this year
- **Subscribers:** Digital Channels paying subscribers increased 61% from the second quarter of 2016 to over 550,000
- **Gross margin:** increased 21.5 percentage points to 51.7% YoY, driven by growth in the Digital Channels segment and a more licensing deals in the Wholesale Distribution segment
- **Leverage:** The Company expects to decrease financial leverage 6.0x by the end pf FY2017

## 1 Month Stock Price Performance (8/8/2017 – 9/8/2017)



Source: Company Filings, FactSet.  
Note: Market data as of 9/8/2017.

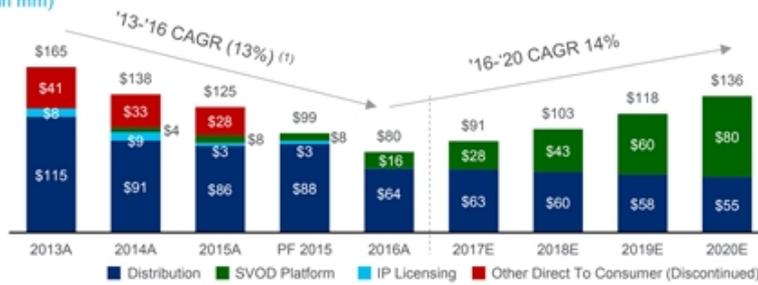
## Q2'17 Earnings Results

(US\$ in million)	Q2'17	Q2'16	Var %
Subscribers	550	341	61%
<b>Revenue</b>			
Digital Channels	\$6.4	\$3.7	72%
IP Licensing	0.002	--	NA
Wholesale Distributor	12.4	12.0	3
Corporate	--	--	--
<b>Total Revenue</b>	<b>\$18.8</b>	<b>\$15.8</b>	<b>19%</b>
<b>EBITDA</b>			
Digital Channels	\$2.5	\$1.4	75%
IP Licensing	(0.1)	(0.1)	--
Wholesale Distributor	2.5	(0.6)	--
Corporate	(2.7)	(2.8)	--
<b>Total EBITDA</b>	<b>\$2.2</b>	<b>(\$2.1)</b>	<b>--</b>
Margin %	11%	NM	
<b>Free Cash Flow</b>	<b>(\$5.1)</b>	<b>\$1.3</b>	<b>(483%)</b>
<b>Adjusted EPS</b>	<b>\$0.24</b>	<b>\$0.31</b>	<b>(23)</b>
Basic Shares (mm)	13.6	5.1	168%

# RLJE Summary Financials

Preliminary Draft  
Subject to Review

## Revenue (\$ in mm)



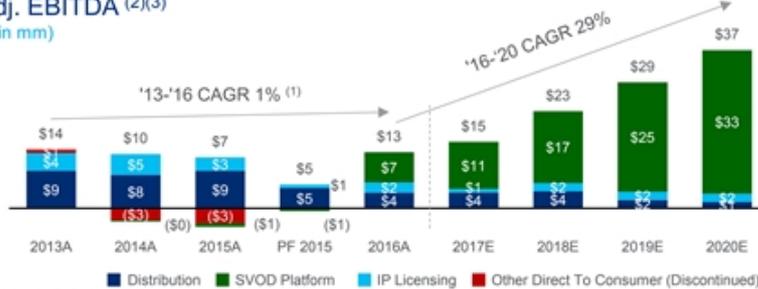
'13 - '16 CAGR	'16 - '20 CAGR
99%	49%
(18%)	(3%)

- Deliberately shifting business to SVOD away from traditional distribution
- SVOD expected to show continued growth as Acorn and UMC gain subscribers
- Distribution business is restructuring to focus on broadcast and digital while seeking efficiencies in physical (i.e. DVDs)

### Total Revenue Growth (%)

(9%)	(16%)	(9%)	NA	(36%)	13%	13%	15%	15%
------	-------	------	----	-------	-----	-----	-----	-----

## Adj. EBITDA (2)(3) (\$ in mm)



'13 - '16 CAGR	'16 - '20 CAGR
NM	48%
(25%)	(20%)

- SVOD business projected to become primary driver of EBITDA
- Elimination of loss making U.S. catalog / eCommerce business has improved margins

### Growth (%)

49%	(30%)	(21%)	NA	74%	18%	46%	30%	26%
-----	-------	-------	----	-----	-----	-----	-----	-----

### % Margin

8%	7%	6%	12%	16%	17%	22%	25%	27%
----	----	----	-----	-----	-----	-----	-----	-----

Source: Management Projections, Company Financials.

(1) Excludes Direct to Consumer segment.

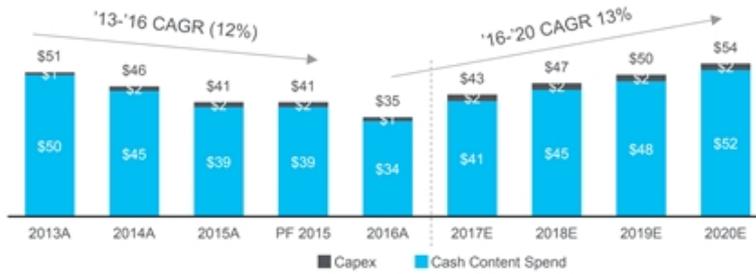
(2) Adjusted EBITDA includes Equity Earnings of Affiliate.

(3) Corporate overhead and one time adjustments to EBITDA allocated pro rata to segments based on revenue contribution.

# RLJE Summary Financials (Cont'd.)

Preliminary Draft  
Subject to Review

## Capex & Content Spend (\$ in mm)



- Increasing the acquisition of original and exclusive content to enhance the SVOD value proposition
- Business requires minimal capex

### % of Revenue

31%	34%	33%	41%	44%	48%	46%	43%	40%
-----	-----	-----	-----	-----	-----	-----	-----	-----

## Levered FCF (\$ in mm)



- Business expected to become free cash flow positive in 2017. Top line growth in SVOD expected to offset rising content investment

# RLJE Analysis at Various Prices

Preliminary Draft  
Subject to Review

(\$ in mm)		Current			
		\$3.00	\$3.25	\$3.50	\$3.75
<b>Implied Share Price</b>					
Basic Shares		13.6	13.6	13.6	13.6
(+) Net Warrants & RSUs		1.4	21.4 <sup>(1)</sup>	22.9 <sup>(1)</sup>	24.2 <sup>(1)</sup>
TSM Shares		15.0	35.0	36.5	37.7
	<u>Price</u>				
<b>% Premium to Current</b>	<b>\$3.00</b>	--	<b>8%</b>	<b>17%</b>	<b>25%</b>
% Premium / (Discount) to 52 Week High	4.46	(33)	(27)	(22)	(16)
% Premium to 52 Week Low	1.34	124	143	161	180
% Premium / (Discount) to VWAP					
30-Day	\$3.31	(9%)	(2%)	6%	13%
90-Day	3.41	(12)	(5)	3	10
1-Year	2.36	27	38	48	59
<b>Common Equity Value</b>		<b>\$45</b>	<b>\$114</b>	<b>\$128</b>	<b>\$141</b>
(+) Preferred Equity		18	18	18	18
(+) CoC Premium on Preferred if Put		--	5	5	5
(+) Net Debt		66	11 <sup>(1)</sup>	11 <sup>(1)</sup>	11 <sup>(1)</sup>
(-) Unconsolidated Agatha Christie Investment @ Book		(18)	(18)	(18)	(18)
<b>Firm Value</b>		<b>\$111</b>	<b>\$130</b>	<b>\$144</b>	<b>\$157</b>
<b>Market Multiples</b>		<u>Metric</u>			
FV / EBITDA					
2017E	\$15	7.2	8.4	9.3	10.2
Price / FCF					
2017E	\$3	14.4x	36.4x	40.9x	45.3x

Source: FactSet, Company Filings.

Note: Market data as of 9/8/2017.

(1) Assumes exercise of AMC warrants.



# Illustrative Proposal Alternatives

Preliminary Draft  
Subject to Review

1

All Cash

2

All Stock

3

50/50 Cash / Stock

## Overview

- RLJE acquired for \$3.75 per share (13% premium) with preferred shares put at \$23mm (face +25% premium)

## Consideration Mix

### Common Equity Holders

	1	2	3
<b>Stock</b>			
Class A - 1 vote per share	--	\$64	\$32
Class B - 10 votes per share	--	--	--
<b>Cash</b>	\$64	--	\$32

### Preferred Equity Holders

Cash <sup>(1)</sup>	\$23	\$23	\$23
<b>Total Consideration</b>	<b>\$87</b>	<b>\$87</b>	<b>\$87</b>

## Ownership

### Economic

AMCX Public	81%	80%	80%
Dolan Family	19	19	19
<b>AMCX Total</b>	<b>100%</b>	<b>98%</b>	<b>99%</b>
<b>RLJE Total</b>	<b>--</b>	<b>2%</b>	<b>1%</b>

### Voting

AMC Public	31%	31%	31%
Dolan Family	69	68	68
<b>AMCX Total</b>	<b>100%</b>	<b>99%</b>	<b>100%</b>
<b>RLJE Total</b>	<b>--</b>	<b>1%</b>	<b>0%</b>

## Leverage

Total Debt / LTM EBITDA	3.1x	3.0x	3.1x
Net Debt / LTM EBITDA	2.8	2.7	2.7

## Accretion / Dilution

AMCX 2017E FCF / Share	\$4.50	\$4.50	\$4.50
PF AMCX 2017E FCF / Share	4.59	4.52	4.56
Accretion / (Dilution)	2.0%	0.4%	1.2%

7 (1) Holders of convertible preferred with conversion price of \$3.00, redeemed at 125% of face value.



# RLJE Capitalization Table

Preliminary Draft  
Subject to Review

## Capitalization Table (\$ in mm)

<i>(\$ in mm)</i>	<b>Maturity</b>	<b>Interest Rate</b>	<b>6/30/2017</b>
Cash & Cash Equivalents			\$12.2
AMC Term Loan Tranche A	Beginning June 30, 2020	7.00%	\$23.0
AMC Term Loan Tranche B	Beginning October 14, 2021	6.00	55.0
<b>Total Debt</b>			<b>\$78.0</b>
<b>Net Debt</b>			<b>65.8</b>
LTM EBITDA			\$17.9
<b><u>Leverage Stats</u></b>			
Total Debt / LTM EBITDA			4.4x
Net Debt / LTM EBITDA			3.7

# Premiums Paid in Selected Squeeze Out Transactions

Ann. Date	Target	Acquiror	Deal Value (\$ mm)	Acquiror Voting %	Offer Price	Unaffected Premium to /	
						1 Day	1 Month
<b>2016</b>							
12/19/2016	Calamos Asset Management, Inc.	Management Buyout	\$159	97%	\$8.25	12%	19%
06/03/2016	Talen Energy Corporation	Riverstone Holdings LLC	1,170	35	14.00	56	120
03/09/2016	Crown Media Holdings, Inc.	Hallmark Cards, Incorporated	176	90	5.05	2	15
03/07/2016	National Interstate Corporation	American Financial Group, Inc.	311	51	32.50	44	39
02/29/2016	Federal-Mogul Holdings Corporation	Icahn Enterprises L.P.	304	82	9.25	86	98
01/19/2016	Rouse Properties, Inc.	Brookfield Asset Management Inc.	705	34	18.25	35	29
<b>2015</b>							
06/18/2015	SL Industries, Inc.	Handy & Harman Ltd.	\$119	25%	\$40.00	38%	22%
<b>2012</b>							
11/08/2012	Danfoss Power	Danfoss A/S	\$690	76%	\$58.50	49%	49%
09/26/2012	American Greetings Corporation	Management Buyout	642	43	19.00	32	33
02/24/2012	Kenneth Cole Productions	Kenneth Cole	147	89	15.25	17	26
01/16/2012	Venoco Inc.	Timothy M. Marquez	400	50	12.50	63	69
<b>2011</b>							
10/03/2011	C&D Technologies	Angelo Gordon	\$52	65%	\$9.75	18%	18%
07/12/2011	XO Holdings	ACF Industries	96	92	1.40	84	103
04/21/2011	CNA Surety	CNA Financial	475	61	26.55	38	49
02/22/2011	Caraco Pharmaceutical Labs	Sun Pharmaceutical ind.	51	76	5.25	16	16
01/09/2011	Playboy	Hugh Hefner	137	70	6.15	51	54
<b>2010</b>							
11/15/2010	Mediacom Communications	Rocco B. Comisso	\$3,597	86%	\$8.75	28%	25%
03/21/2010	CNX Gas	CONSOL Energy	965	83	38.25	46	43
<b>2009</b>							
11/03/2009	Landry's Restaurants	Tilman Fertitta	\$157	57%	\$24.00	11%	16%
09/08/2009	Odyssey Re Holdings	Fairfax Financial Holdings	1,098	73	65.00	30	40
07/13/2009	iBasis	KPN NV	93	56	3.00	33	32
04/20/2009	The Pepsi Bottling Group, Inc.	PepsiCo, Inc.	5,202	39	36.50	45	87
04/20/2009	PepsiAmericas, Inc.	PepsiCo, Inc.	2,028	43	28.50	43	79
03/25/2009	Hearst-Argyle Television	Hearst Corp.	77	76	4.50	115	150
03/22/2009	Cox Radio	Cox Enterprises	82	96	4.80	45	(6)
<b>2008</b>							
07/21/2008	Genentech, Inc.	Roche Holding Ltd	\$44,052	56%	\$95.00	16%	28%
03/10/2008	Nationwide Financial Services	Nationwide Mutual Insurance	2,440	95	52.25	38	28
<b>Average</b>			<b>\$2,341</b>	<b>66%</b>		<b>40%</b>	<b>48%</b>
<b>Median</b>			<b>308</b>	<b>70</b>		<b>38</b>	<b>33</b>

9 Source: Citi M&A, Deal Point Data, Deal Intelligence, Company Filings.



# Key Management

Preliminary Draft  
Subject to Review

Name	Position	Biography
<p data-bbox="188 286 268 331">Robert L. Johnson</p> 	<p data-bbox="437 286 544 331">Chairman of the Board</p>	<ul data-bbox="560 203 1422 421" style="list-style-type: none"> <li>• Mr. Johnson was appointed as the Company's chairman in October 2012</li> <li>• From November 2010 to October 2012, Mr. Johnson served as the chairman of the board of RLJ Acquisition, Inc., a special purpose acquisition company that created the Company</li> <li>• Mr. Johnson founded The RLJ Companies, an innovative business network that owns or holds interests in a diverse portfolio of companies and has served as its chairman since February 2003</li> <li>• Prior to forming The RLJ Companies, Mr. Johnson was founder and chief executive officer of Black Entertainment Television (or BET), which was acquired by Viacom Inc. in 2001</li> <li>• Mr. Johnson continued to serve as chief executive officer of BET until February 2006</li> </ul>
<p data-bbox="188 555 268 600">Miguel Penella</p> 	<p data-bbox="437 544 520 611">Chief Executive Officer</p>	<ul data-bbox="560 450 1401 705" style="list-style-type: none"> <li>• Mr. Penella was appointed as the Company's Chief Executive Officer on January 18, 2013</li> <li>• From October 2012 until January 18, 2013, Mr. Penella served as Chief Operating Officer</li> <li>• From April 2007 to October 2012, Mr. Penella served as Chief Executive Officer of Acorn Media Group, Inc., which was acquired by the Company in October 2012</li> <li>• At Acorn Media Group, Mr. Penella oversaw operations and was the driving force behind the worldwide expansion of both the Acorn and Acacia brands, including the acquisition of 64% of Agatha Christie Limited and the launch of Acorn TV, the Company's first proprietary subscription VOD channel</li> <li>• Mr. Penella came to Acorn from Time-Life where he rose in the ranks from circulation director of the catalog department to director of catalogs for the music division and then to vice president of customer marketing in 2001</li> </ul>
<p data-bbox="188 819 268 864">Nazir Rostom</p> 	<p data-bbox="437 808 512 875">Chief Financial Officer</p>	<ul data-bbox="560 730 1406 949" style="list-style-type: none"> <li>• Mr. Rostom was appointed as the Company's Chief Financial Officer on May 18, 2016</li> <li>• From January 2014 to May 2016, Mr. Rostom served in senior and executive positions with GetWellNetwork, Inc. ("GWN"), a healthcare solutions provider</li> <li>• During his tenure, Mr. Rostom led various strategic financing, M&amp;A activities, and financial planning and analysis at GWN</li> <li>• Prior to GWN, he was Director of Finance and Assistant Treasurer for GTT Communications, Inc., from September 2011 to January 2014</li> <li>• Mr. Rostom began his career in investment banking at PriceWaterhouseCoopers</li> </ul>

# Board of Directors

Preliminary Draft  
Subject to Review

Name	Position	Biography
Robert L. Johnson 	Chairman of the Board	<ul style="list-style-type: none"> <li>Chairman of the Board, previously Chairman of the Board of RLJ Acquisition, Inc.</li> <li>Founder and previous CEO of Black Entertainment Television (or BET)</li> </ul>
Miguel Penella 	Chief Executive Officer	<ul style="list-style-type: none"> <li>CEO, and previously CEO of Acorn Media Group, Inc., which was acquired by the Company in October 2012</li> </ul>
John Hsu 	Director	<ul style="list-style-type: none"> <li>Mr. Hsu manages the treasury operations of AMC Networks Inc. as its Executive Vice President – Treasurer &amp; Financial Strategy</li> </ul>
Dayton Judd * 	Director	<ul style="list-style-type: none"> <li>Mr. Judd is the Founder and Managing Partner of Sudbury Capital Management</li> </ul>
Andy Laszlo * 	Director	<ul style="list-style-type: none"> <li>Mr. Laszlo joined Sun Trust Robinson Humphrey in January 2014 where he serves as Managing Director and Head of Technology, Media &amp; Communications Equity Origination</li> </ul>
Arlene Manos 	Director	<ul style="list-style-type: none"> <li>Ms. Manos joined AMC Networks Inc. in 2002 and is responsible for overseeing the advertising sales efforts for its national cable television networks AMC, IFC, SundanceTV, WE tv, and BBC AMERICA</li> </ul>
Scott Royster * 	Director	<ul style="list-style-type: none"> <li>Mr. Royster is an entrepreneur, and has co-founded two companies, in the education sector – Latimer Education, Inc. and Maarifa Edu Holdings Limited</li> </ul>
H. Van Sinclair 	Director	<ul style="list-style-type: none"> <li>Mr. Sinclair served as president, CEO, and general counsel of the RLJ Companies since 2003, and also served as VP of Legal and Business Affairs for RLJ Urban Lodging Funds and RLJ Development from January 2006 to May 2011</li> </ul>
John Ziegelman * 	Director	<ul style="list-style-type: none"> <li>Mr. Ziegelman is a portfolio manager for Wolverine Asset Management, LLC</li> </ul>

11 Source: Company website.

\* Independent Director     AMCX Designated Director     Sudbury Capital Director     Wolverine Asset Mgmt Director



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October 2017

**Draft For  
Discussion Purposes**

# Discussion Materials



Strictly Private and Confidential



# RLJE Price Performance

Draft For Discussion Purposes

## Price History Since 10/4/2012

<b>Oct 4, 2012:</b> First trading day following acquisition of Image Entertainment and Acorn Media by RLJ SPAC	<b>Jun 28, 2013:</b> Financial obligation and credit facility agreement modified	<b>Sep 11, 2014:</b> Announced debt refinancing	<b>May 20, 2015:</b> Completes capital restructuring through sale of warrants and preferred	<b>Jan 15, 2016:</b> Receives delisting warning letter from NASDAQ for trading below \$1	<b>Jun 9, 2016:</b> Announces 1:3 reverse stock split	<b>Oct 17, 2016:</b> Announces debt transaction with AMCX, stock rises 14%, but subsequently trades back down in the following days	<b>Jan 17, 2017:</b> Announced higher than expected Q4'16 ending SVOD subscribers	<b>Feb 6, 2017:</b> GAMCO files 13D and announces ~5% stake, stock increases 9%	<b>May 11, 2017:</b> RLJE reports Q1 2017 Results	<b>Aug 10, 2017:</b> RLJE reports Q2 2017 Results
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Source: Company filings, Factset, Bloomberg.  
Note: Market data as of 10/23/2017.



# RLJE Summary Financials

Draft For Discussion Purposes

## Revenue (\$ in mm)



### Total Subscribers (in 000s)

57	118	195	200	450	550
----	-----	-----	-----	-----	-----

## EBITDA (\$ in mm)



### Growth (%)

49%	(30%)	(21%)	NA	74%	33%
-----	-------	-------	----	-----	-----

### % Margin

8%	7%	6%	5%	16%	22%
----	----	----	----	-----	-----

## Capex & Content Spend (\$ in mm)



### % of Revenue

31%	34%	33%	41%	44%	55%
-----	-----	-----	-----	-----	-----

## Levered FCF (\$ in mm)



# RLJE Cost Basis Analysis

Draft For Discussion Purposes

## Cost Basis by Key Shareholder

Holder	Number of Shares			Fully Diluted Ownership	Cost Basis	Date of Investment
	Common	Preferred	Warrants			
AMCX	2.7	--	18.3	56.2%	\$3.00	Made initial investment in October 2016
Bob Johnson	6.8	--	1.5	22.2	30.00	October 2012
JH Investments	0.7	3.3	0.7	3.8	30.00	Main shareholder in Image Entertainment, which was acquired by RLJ SPAC in October 2012
Wolverine	--	1.7	0.4	1.1	1.05	Invested in the 2015 Private Placement of convertible preferred
Sudbury	0.1	1.0	0.2	3.3	3.00	October 2016
Dayton Judd	0.1	--	--	0.1	3.00	October 2016
GAMCO	0.5	--	--	1.3	2.50	Accumulated position in market during 1H 2017

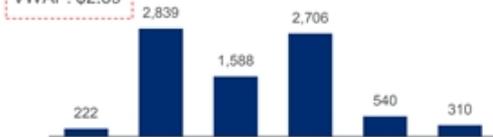
3 Note: Market data as of 10/23/2017.

## Volume Weighted Average Price

(000s of shares)

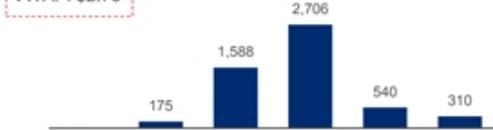
12 months

VWAP: \$2.39



9 months

VWAP: \$2.75



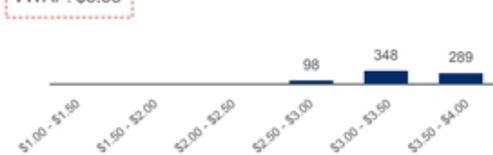
6 months

VWAP: \$3.12



3 months

VWAP: \$3.58



# RLJE Analysis at Various Prices

Draft For  
Discussion Purposes

(\$ in mm)		Current				
<b>Implied Share Price</b>		<b>\$3.35</b>		<b>\$3.75</b>	<b>\$4.00</b>	<b>\$4.25</b>
Basic Shares		13.6		14.0	14.0	14.0
(+) Net Warrants & RSUs		2.2		20.5 <sup>(1)</sup>	20.7 <sup>(1)</sup>	20.8 <sup>(1)</sup>
TSM Shares		15.8		34.5	34.7	34.8
	<b>Price</b>					
<b>% Premium to Current</b>	<b>\$3.35</b>	--		<b>12%</b>	<b>19%</b>	<b>27%</b>
% Premium / (Discount) to 52 Week High	4.46	(25)		(16)	(10)	(5)
% Premium to 52 Week Low	1.34	150		180	199	217
% Premium / (Discount) to VWAP						
30-Day	\$3.51	(4%)		7%	14%	21%
90-Day	3.58	(7)		5	12	19
1-Year	2.39	40		57	67	78
<b>Common Equity Value</b>		<b>\$53</b>		<b>\$129</b>	<b>\$139</b>	<b>\$148</b>
(+) Preferred Equity		20 <sup>(2)</sup>		25	26	28
(+) CoC Premium on Preferred		--		6	7	7
(+) Net Debt		66		11 <sup>(1)</sup>	11 <sup>(1)</sup>	11 <sup>(1)</sup>
(-) Unconsolidated Agatha Christie Investment @ Book		(18)		(18)	(18)	(18)
<b>Firm Value</b>		<b>\$121</b>		<b>\$154</b>	<b>\$165</b>	<b>\$176</b>
<b>Market Multiples</b>			<b>Metric</b>			
FV / EBITDA						
Adj. LTM	\$17.9	6.8x		8.6x	9.2x	9.9x

Source: FactSet, Company Financials.

Note: Market data as of 10/23/2017. Preferred Equity shown at market value.

(1) Assumes exercise of AMC warrants.

(2) RJ converted preferred shares at \$3.00.

# RLJE Ownership at Various Prices

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## Fully Diluted Ownership<sup>(1)(2)</sup>

(\$ in mm, except for per share data)

RLJE currently trading at \$3.35

By Class	Number of Shares					RLJE Offer Price											
	Common	Preferred	Warrants	Options	Fully Diluted	\$3.35			\$3.75			\$4.00			\$4.25		
						Shares	(\$)	% of O/S	Shares	(\$)	% of O/S	Shares	(\$)	% of O/S	Shares	(\$)	% of O/S
AMCX	2.7	--	8.3	--	210	210	\$70.4	56.2%	210	\$78.8	56.2%	210	\$84.0	56.2%	210	\$89.3	56.2%
Preferred	--	6.6	--	--	6.6	--	--	--	--	--	--	--	--	--	--	--	--
2015 Warrants	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
\$150	--	--	15	--	15	15	2.7	3.9%	15	3.3	3.9%	15	3.6	3.9%	15	4.0	3.9%
2.37	--	--	0.2	--	0.2	0.2	0.1	0.4	0.2	0.2	0.4	0.2	0.2	0.4	0.2	0.3	0.4
3.00	--	--	15	--	15	15	0.5	4.0	15	1.1	4.0	15	1.5	4.0	15	1.9	4.0
Options Granted in 2017	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
\$2.66	--	--	--	0.7	0.7	0.7	0.5	19	0.7	0.8	19	0.7	0.9	19	0.7	1.1	19
3.00	--	--	--	0.7	0.7	0.7	0.2	19	0.7	0.5	19	0.7	0.7	19	0.7	0.9	19
Public <sup>(3)</sup>	119	--	--	--	119	119	39.8	31.8	119	44.5	31.8	119	47.5	31.8	119	50.4	31.8
Fully Diluted Total	14.6	6.6	214	14	44.0	37.4	\$114.2	100.0%	37.4	\$29.2	100.0%	37.4	\$38.5	100.0%	37.4	\$47.9	100.0%
By Holder	Number of Shares																
	Common	Preferred	Warrants	Options	Fully Diluted												
AMCX	2.7	--	8.3	--	210	210	\$70.4	56.2%	210	\$78.8	56.2%	210	\$84.0	56.2%	210	\$89.3	56.2%
Bob Johnson	6.8	--	1.9	--	8.3	8.3	23.3	22.2	8.3	26.6	22.2	8.3	28.7	22.2	8.3	30.7	22.2
JH Investments	0.7	3.3	0.7	--	4.7	14	3.7	3.8	14	4.2	3.8	14	4.6	3.8	14	4.9	3.8
Wolverine	--	1.7	0.4	--	2.1	0.4	0.7	1.1	0.4	0.9	1.1	0.4	1.0	1.1	0.4	1.1	1.1
Sudbury	0.1	1.0	0.2	--	1.2	0.3	0.7	0.8	0.3	0.8	0.8	0.3	0.9	0.8	0.3	1.0	0.8
Dayton Judd	0.1	--	--	--	0.1	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.1	0.1	0.2	0.1
Peter Edwards	0.2	0.2	0.1	--	0.5	0.3	0.8	0.7	0.3	0.9	0.7	0.3	0.9	0.7	0.3	1.0	0.7
Morris Goldfarb	0.1	0.4	0.1	--	0.6	0.2	0.3	0.4	0.2	0.4	0.4	0.2	0.4	0.4	0.2	0.5	0.4
GAMCO	0.5	--	--	--	0.5	0.5	1.7	1.3	0.5	1.9	1.3	0.5	2.0	1.3	0.5	2.1	1.3
Miguel Penella	0.5	--	--	14	19	19	2.5	5.2	19	3.3	5.2	19	3.8	5.2	19	4.2	5.2
Public <sup>(3)</sup>	2.9	0.02	0.1	--	3.1	3.1	10.1	8.2	3.1	11.3	8.2	3.1	12.0	8.2	3.1	12.8	8.2
Fully Diluted Total	14.6	6.6	214	14	44.0	37.4	\$114.2	100.0%	37.4	\$29.2	100.0%	37.4	\$38.5	100.0%	37.4	\$47.9	100.0%

Source: Company Filings.

(1) Excludes 2012 Warrants. Face value of preferred includes accrued dividends.

(2) Proceeds shown are net of the strike price paid for the exercise of options and warrants.

(3) Includes Restricted Service Shares and Restricted Performance Shares.

Parties to Stockholders Agreement



# RLJE Shareholder Proceeds at Various Prices

Draft For Discussion Purposes

## Proceeds by Major Shareholder<sup>(1)</sup>

(\$ in mm, except for per share data)

- Common stock and warrants to be paid in cash
  - Proceeds to warrant holders equal to the offer price net of the exercise price
- Preferred shareholders receive an equivalent per share offer price as common shareholders plus a 25% premium
  - Face value includes accrued dividends
  - Value based on shares issued at a \$3.00 conversion price

Proceeds (\$ in mm)	Number of Shares				RLJE Offer Price																				
					\$3.35 Proceeds				\$3.75 Proceeds				\$4.00 Proceeds				\$4.25 Proceeds								
	Common	Preferred	Warrants	Options	Common	Preferred	Warrants	Options	Total	Common	Preferred	Warrants	Options	Total	Common	Preferred	Warrants	Options	Total	Common	Preferred	Warrants	Options	Total	
Bob Johnson	6.8	--	1.5	--	\$22.8	--	\$0.5	--	\$23.3	\$25.5	--	\$1.1	--	\$26.6	\$27.2	--	\$1.5	--	\$28.7	\$28.9	--	\$1.0	--	\$30.7	
JH Investments	0.7	3.3	0.7	--	2.3	13.7	1.4	--	17.3	2.5	15.3	1.7	--	19.5	2.7	16.3	1.9	--	20.9	2.9	17.3	2.1	--	22.3	
Wolverine	--	1.7	0.4	--	--	7.3	0.7	--	8.0	--	8.2	0.9	--	9.1	--	8.7	1.0	--	9.7	--	9.3	1.1	--	10.4	
Sudbury	0.1	1.0	0.2	--	0.3	4.0	0.4	--	4.7	0.4	4.5	0.5	--	5.3	0.4	4.8	0.5	--	5.6	0.4	5.1	0.6	--	6.0	
Dayton Judd	0.1	--	--	--	0.2	--	--	--	0.2	0.2	--	--	--	0.2	0.2	--	--	--	0.2	0.2	--	--	--	0.2	
Peter Edwards	0.2	0.2	0.1	--	0.7	0.9	0.0	--	1.7	0.8	1.0	0.1	--	1.9	0.9	1.1	0.1	--	2.0	0.9	1.2	0.1	--	2.2	
Morris Goldfarb	0.1	0.4	0.1	--	0.2	1.8	0.1	--	2.1	0.2	2.0	0.1	--	2.4	0.3	2.2	0.2	--	2.6	0.3	2.3	0.2	--	2.8	
GAMCO	0.5	--	--	--	1.7	--	--	--	1.7	1.9	--	--	--	1.9	2.0	--	--	--	2.0	2.1	--	--	--	2.1	
Miguel Peneta	0.5	--	--	1.4	1.8	--	--	0.7	2.5	2.0	--	--	1.3	3.3	2.1	--	--	1.6	3.8	2.3	--	--	2.0	4.2	
Other Common <sup>(2)</sup>	2.9	0.02	0.1	--	9.9	0.1	0.2	--	10.1	11.0	0.1	0.2	--	11.4	11.8	0.1	0.3	--	12.1	12.5	0.1	0.3	--	12.9	
<b>Total</b>	<b>14.6</b>	<b>6.6</b>	<b>21.4</b>	<b>1.4</b>	<b>\$40</b>	<b>\$28</b>	<b>\$3</b>	<b>\$1</b>	<b>\$72</b>	<b>\$45</b>	<b>\$31</b>	<b>\$5</b>	<b>\$1</b>	<b>\$81</b>	<b>\$47</b>	<b>\$33</b>	<b>\$5</b>	<b>\$2</b>	<b>\$88</b>	<b>\$50</b>	<b>\$35</b>	<b>\$6</b>	<b>\$2</b>	<b>\$94</b>	
<b>(% of Total Consideration to Investor)</b>																									
Bob Johnson	82%	--	18%	--	98%	--	2%	--	33%	96%	--	4%	--	33%	95%	--	5%	--	33%	94%	--	6%	--	33%	
JH Investments	14	70	16	--	13	79	8	--	24	13	78	9	--	24	13	78	9	--	24	13	78	9	--	24	
Wolverine	--	81	19	--	--	91	9	--	11	--	90	10	--	11	--	90	10	--	11	--	89	11	--	11	
Sudbury	8	76	16	--	7	85	8	--	7	7	85	9	--	6	7	84	9	--	6	7	84	9	--	6	
Morris Goldfarb	100	--	--	--	100	--	--	--	0	100	--	--	--	0	100	--	--	--	0	100	--	--	--	0	
Peter Edwards	44	45	10	--	43	54	3	--	2	42	54	4	--	2	42	54	4	--	2	42	54	4	--	2	
GAMCO	11	73	17	--	10	86	5	--	3	10	85	6	--	3	10	84	6	--	3	10	84	7	--	3	
Miguel Peneta	100	--	--	--	100	--	--	--	2	100	--	--	--	2	100	--	--	--	2	100	--	--	--	2	
Edge Wealth Mgmt	100	--	--	264	71	--	--	29	3	61	--	--	39	4	56	--	--	44	4	53	--	--	47	5	
Other Common <sup>(2)</sup>	95	0	3	--	97	1	2	--	14	97	1	2	--	14	97	1	2	--	14	97	1	2	--	14	
<b>Total</b>	<b>33%</b>	<b>15%</b>	<b>49%</b>	<b>3%</b>	<b>56%</b>	<b>39%</b>	<b>5%</b>	<b>1%</b>	<b>100%</b>	<b>55%</b>	<b>38%</b>	<b>6%</b>	<b>2%</b>	<b>100%</b>	<b>54%</b>	<b>38%</b>	<b>6%</b>	<b>2%</b>	<b>100%</b>	<b>54%</b>	<b>38%</b>	<b>7%</b>	<b>2%</b>	<b>100%</b>	

Source: Company Filings.

(1) Excludes 2012 Warrants. Assumes preferred shares redeemed for 125% of offer price; face value of preferred includes accrued dividends.

(2) Includes Restricted Service Shares and Restricted Performance Shares.

# RJ Pro Forma Ownership Calculation

**Draft For  
Discussion Purposes**

## RLJE Firm Value Calculation (Based on \$4.00 offer price)

<b>Offer Price</b>	<b>\$4.00</b>
Basic Shares	14.0
(+) Net Warrants & RSUs	20.7
TSM Shares	34.7
<b>% Premium to Current</b>	<b>19%</b>
% Premium / (Discount) to 52 Week High	(10)
% Premium to 52 Week Low	199
% Premium / (Discount) to VWAP	
30-Day	14%
90-Day	12
1-Year	67
<b>Common Equity Value</b>	<b>\$139</b>
(+) Preferred Equity	26
(+) CoC Premium on Preferred	7
(-) Cash	(12)
(+) Debt	23
(-) Unconsolidated Agatha Christie Investment @ Book	(18)
<b>Firm Value</b>	<b>\$165</b>

## Pro Forma RLJE Firm Value to Equity Bridge

- RJ's pro forma equity ownership % will need to be calculated based on the pro forma capital structure

<b>Firm Value</b>	<b>\$165</b>
(-) Preferred Equity	--
(-) CoC Premium on Preferred	--
(+) Cash	12
(-) Debt	(23)
(+) Unconsolidated Agatha Christie Investment @ Book	18
<b>Adjusted Equity Value</b>	<b>\$172</b>
<b>RJ Equity Stake</b>	<b>\$28.7</b>
<b>PF Ownership</b>	
RJ	16.7%
AMC	83.3

	100% Cash	100% Stock
<b>Overview</b>		
<ul style="list-style-type: none"> <li>RLJE acquired for \$4.00 per share (19% premium) with preferred shares put at \$33mm (\$26mm fair value of preferred at offer price + 25% premium)</li> </ul>		
<b>Consideration Mix</b>		
<b>Common Equity Holders</b>		
AMCX Stock		
Class A - 1 vote per share	--	\$26
<i>Number of shares (thousands)</i>	--	449
Class B - 10 votes per share	--	--
Cash	\$26	--
RLJE stock (Paid to Robert Johnson)	\$29	\$29
<b>Preferred Equity Holders</b>		
Cash <sup>(1)</sup>	\$33	\$33
<b>Total Consideration</b>	<b>\$88</b>	<b>\$88</b>
<i>Total Cash Consideration</i>	\$59	\$33
<b>AMCX Ownership</b>		
<b>Economic</b>		
AMCX Public	81%	80%
Dolan Family	19	19
<b>AMCX Total</b>	<b>100%</b>	<b>99%</b>
RLJE Public Total	--	1%
<b>Voting</b>		
AMC Public	31%	31%
Dolan Family	69	68
<b>AMCX Total</b>	<b>100%</b>	<b>100%</b>
RLJE Public Total	--	0.3%
<b>Leverage</b>		
Total Debt / LTM EBITDA	3.1x	3.0x
Net Debt / LTM EBITDA	2.7	2.7

8 (1) Holders of convertible preferred with conversion price of \$3.00, redeemed at 125% of offer price; face value of preferred includes accrued dividends.

## Offer Price

- RLJE shareholders receive \$4.00 per share in cash, a 19% premium to the current share price of \$3.35
  - Public receives \$4.00 per share in cash
  - RJ receives \$4.00 per share in RLJE stock for a total of \$28.7mm valued at the merger price (represents ~17% of RLJE)
  - Preferred shareholders receive an equivalent per share offer price as common shareholders plus a 25% premium (settled in cash; equivalent to \$5.00 per share)

## Corporate Structure

- RLJE will become a privately held subsidiary of AMC networks
- RJ will be the sole non-AMC investor in RLJE
- AMC consolidates RLJE for tax purposes

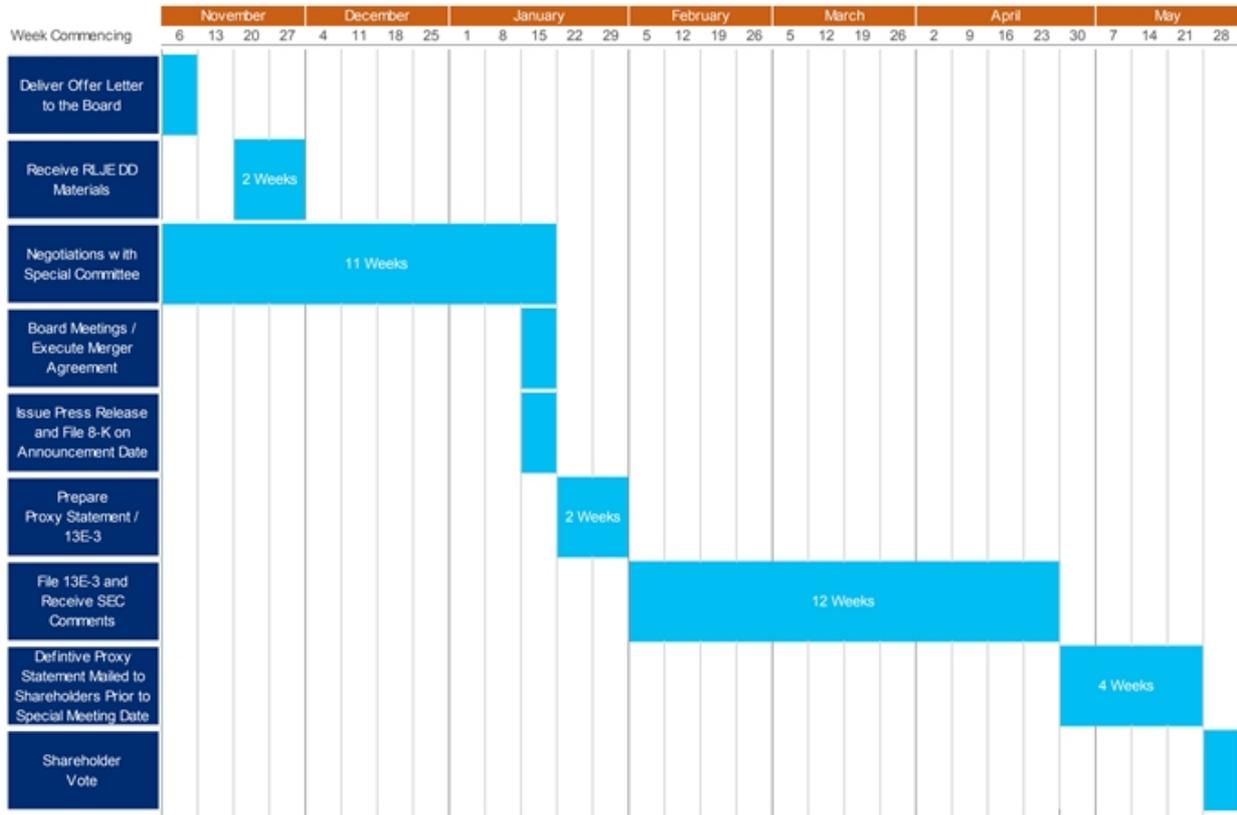
## Governance Rights

- Public and RJ will not have representation on the AMC board
- RJ will receive board representation on the RLJE board (AMC subsidiary) and certain minority protections
- Exit rights could include the ability to convert RLJE shares into AMC shares at a fixed exchange ratio or an agreed valuation

- Approach RJ with proposal to make RLJE a privately held subsidiary of AMC
  - RJ would retain his \$28.7mm of stock (~17% stake in RLJE)
  - Receives certain minority shareholder protections
- After agreeing to high-level terms with RJ (handshake agreement), submit an offer in writing to RLJE's board to acquire the remaining publicly held shares
  - Concurrent with letter, AMC to update 13D
  - RLJE expected to issue press release upon receipt of offer letter; AMC may wish to as well
- RLJE expected to form a special committee comprised of independent directors to negotiate with AMC
- After completing negotiations with Special Committee, transaction will be put to a vote of all shareholders

# Illustrative Process Timeline

Draft For Discussion Purposes



# Sample Board Proposal Letter

Draft For  
Discussion Purposes

RLJ Entertainment  
8515 Georgia Avenue  
Suite 650  
Silver Spring, MD 20910

November [ ], 2017

Members of the Board:

AMC Networks ("AMC") is pleased to offer to acquire the outstanding shares of common stock of RLJ Entertainment ("RLJE") not currently owned by AMC at a purchase price of \$[ ] per share in cash. Through this offer it is our intention that RLJE becomes a privately owned subsidiary of AMC.

We believe that our offer is fair to and in the best interest of RLJE and its public shareholders. Although this transaction does not represent a change of control, this offer price represents a [ ]% premium over [Friday]'s closing price, a [ ]% premium to the average trading price of the common stock for the [last ten days] and a [ ]% premium to AMC's initial investment price.

We believe our proposal makes great sense for RLJE and its future. The competitive demands of the industry including the increasing competition for content and investment needed to scale have convinced us that consolidated ownership of this business is desirable and will assist RLJE in attaining its business objectives.

We have reached a preliminary agreement with Robert Johnson with respect to his shares and we expect that his shares will be converted into shares of AMC's newly acquired RLJE privately held subsidiary.

We expect that the Board of Directors of RLJE will form a special committee of independent directors to respond to our proposal on behalf of RLJE's public shareholders. We also encourage the special committee to retain its own legal and financial advisors to assist in its review. AMC would welcome the opportunity to present its proposal to the special committee as soon as possible. In order to complete this potential transaction, AMC will require certain due diligence items from RLJE management including but not limited to the most recent financial plan. Our entire team, including our legal and financial advisors, looks forward to working with the special committee and its legal and financial advisors to complete a mutually acceptable transaction.

In considering our proposal, you should be aware that we are interested only in acquiring the publicly held RLJE shares and we will not sell our stake in RLJE.

Concurrently with sending this offer to you, we are filing a 13-D amendment, and as such, we feel compelled to issue a press release. A copy of the press release announcing our intention to commence this process is attached for your information. We expect to issue the press release the morning of November [ ] prior to the opening of trading.

Thank you for your consideration.

Josh Sapan  
President and CEO

# Appendix



# Capitalization Table

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(\$ in mm)	Maturity	Interest Rate	6/30/2017
Cash & Cash Equivalents			\$12.2
AMC Term Loan Tranche A	Beginning June 30, 2020	7.00%	\$23.0
AMC Term Loan Tranche B	Beginning October 14, 2021	6.00	55.0
<b>Total Debt</b>			<b>\$78.0</b>
<b>Net Debt</b>			<b>65.8</b>
Preferred Equity	Beginning May 20, 2020	8.00%	\$19.9
<b>Total Debt (Incl. Preferred)</b>			<b>\$97.9</b>
<b>Net Debt (Incl. Preferred)</b>			<b>85.7</b>
LTM Adj. EBITDA			\$17.9
<b>Leverage Stats</b>			
Total Debt / LTM Adj. EBITDA			4.4x
Net Debt / LTM Adj. EBITDA			3.7
Total Debt (Incl. Preferred) / LTM Adj. EBITDA			5.5x
Net Debt (Incl. Preferred) / LTM Adj. EBITDA			4.8

# Premiums Paid in Selected Squeeze Out Transactions

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Ann. Date	Target	Acquiror	Deal Value (\$ mm)	Acquiror Voting %	Offer Price	Unaffected Premium to		Cash / Stock Mix
						1 Day	1 Month	
<b>2017</b>								
07/06/2017	HSN Inc	Liberty Interactive Corp	\$1,307	38%	\$40.36	29%	28%	0 / 100%
06/26/2017	Handy & Harman Ltd	Steel Partners Holdings LP	196	74	37.10	33	39	0 / 100%
04/19/2017	Alliance HealthCare Services Inc	Thai Hot Investment Co Ltd	69	52	13.25	67	77	100 / 0%
01/03/2017	Federal-Mogul Holdings Co.	Icahn Enterprises L.P	304	82	10.00	101	124	100 / 0%
<b>2016</b>								
12/19/2016	Calamos Asset Mgmt., Inc.	Management Buyout	\$159	97%	\$8.25	12%	19%	100 / 0%
06/03/2016	Talen Energy Corporation	Rivestone Holdings LLC	1,170	35	14.00	56	120	100 / 0%
03/09/2016	Crown Media Holdings, Inc.	Hallmark Cards, Incorporated	176	90	5.05	2	15	100 / 0%
03/07/2016	National Interstate Corporation	American Financial Group, Inc.	311	51	32.50	44	39	100 / 0%
01/19/2016	Rouse Properties, Inc.	Brookfield Asset Mgmt. Inc.	705	34	18.25	35	29	100 / 0%
<b>2015</b>								
06/18/2015	SL Industries, Inc.	Handy & Harman Ltd.	\$119	25%	\$40.00	38%	22%	100 / 0%
<b>2012</b>								
11/08/2012	Danfoss Power	Danfoss A/S	\$690	76%	\$58.50	49%	49%	100 / 0%
09/26/2012	American Greetings Corporation	Management Buyout	642	43	19.00	32	33	100 / 0%
02/24/2012	Kenneth Cole Productions	Kenneth Cole	147	89	15.25	17	26	100 / 0%
01/16/2012	Venoco Inc.	Timothy M. Marquez	400	50	12.50	63	69	100 / 0%
<b>2011</b>								
10/03/2011	C&D Technologies	Angelo Gordon	\$52	65%	\$9.75	18%	18%	100 / 0%
07/12/2011	XO Holdings	ACF Industries	96	92	1.40	84	103	100 / 0%
04/21/2011	CNA Surety	CNA Financial	475	61	26.55	38	49	100 / 0%
02/22/2011	Caraco Pharmaceutical Labs	Sun Pharmaceutical Ind.	51	76	5.25	16	16	100 / 0%
01/09/2011	Playboy	Hugh Hefner	137	70	6.15	51	54	100 / 0%
<b>2010</b>								
11/15/2010	Mediacom Communications	Rocco B. Comisso	\$3,597	86%	\$8.75	28%	25%	100 / 0%
03/21/2010	CNX Gas	CONSOL Energy	965	83	38.25	46	43	100 / 0%
<b>2009</b>								
11/03/2009	Landry's Restaurants	Tilman Fertitta	\$157	57%	\$24.50	13%	18%	100 / 0%
09/08/2009	Odyssey Re Holdings	Fairfax Financial Holdings	1,098	73	65.00	30	40	100 / 0%
07/13/2009	iBasis	KPN NV	93	56	3.00	33	32	100 / 0%
04/20/2009	The Pepsi Bottling Group, Inc.	PepsiCo, Inc.	5,202	39	36.50	45	87	50 / 50%
04/20/2009	PepsiAmericas, Inc.	PepsiCo, Inc.	2,028	43	28.50	43	79	50 / 50%
03/25/2009	Hearst-Argyle Television	Hearst Corp.	77	76	4.50	15	150	100 / 0%
03/22/2009	Cox Radio	Cox Enterprises	82	96	4.80	45	(6)	100 / 0%
<b>2008</b>								
07/21/2008	Genentech, Inc.	Roche Holding Ltd	\$44,052	56%	\$95.00	16%	28%	100 / 0%
03/10/2008	Nationwide Financial Services	Nationwide Mutual Insurance	2,440	95	52.25	38	28	100 / 0%
<b>Average (100% Cash Transactions)</b>			<b>\$2,169</b>	<b>68%</b>		<b>43%</b>	<b>49%</b>	<b>-</b>
<b>Average (100% Stock Transactions)</b>			<b>712</b>	<b>56</b>		<b>31</b>	<b>33</b>	<b>-</b>
<b>Average (All Transactions)</b>			<b>2,168</b>	<b>66</b>		<b>43</b>	<b>50</b>	<b>-</b>

14 Source: Citi M&A, Deal Point Data, Deal Intelligence, Company Filings.



# Overview of Preferred Shares

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Discussion Purposes

	Series C-1	Series C-2	Series D-1	Series D-2
<b>Owner(s)</b>	Wolverine Asset Management	Sudbury Capital	Subordinated Debt Holders	Peter Edwards, Morris Goldfarb (Bob Johnson converted)
<b>Outstanding <sup>(1)</sup></b>	4,000 shares / \$4.0mm	2,000 shares / \$2.0mm	7,700 shares / \$7.7mm	1,500 share / \$1.5mm
<b>Fully Diluted O/S</b>	3.7% / 7.1% of non AMCX shares	1.9% / 3.6% of non AMCX shares	7.2% / 13.7% of non AMCX shares	1.4% / 2.7% of non AMCX shares
<b>Maturity</b>	May 19, 2020	May 19, 2020	May 19, 2020	May 19, 2020
<b>Dividend</b>	8% annual paid quarterly with the first dividend payment due July 1, 2017 Cumulative dividends can be paid in cash or stock at the election of the company			
<b>Voting Rights</b>	None	None	None	None
<b>Board Representation</b>	Currently 1 director	Currently 1 director	None	None
<b>Conversion</b>	<b>Optional:</b> Face value plus accrued dividend convertible into common stock at a conversion price of \$3.00 per share <b>Maturity:</b> Redeemable with cash or stock at the company's election; if converted into stock will be done at the lower of \$3.00 per share or 85% of 5 day VWAP			
<b>Change of Control</b>	<b>Redemption:</b> Holder may require mandatory cash redemption of as converted shares at a 25% premium to the offer price per share, where face value of preferred includes accrued dividends <b>AMCX Transaction Carve-out:</b> Acquisition of controlling interest by AMCX as discussed in the investment agreement, including the exercise of warrants to purchase common stock, will not be considered a change of control			
<b>Covenants</b>	<ul style="list-style-type: none"> <li>• Anti dilution</li> <li>• Limitations on incurrence of indebtedness and liens</li> <li>• Max indebtedness</li> <li>• Board size limited to 7 members</li> <li>• Compliance with NASDAQ corporate governance requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Anti dilution</li> <li>• Limitations on incurrence of indebtedness and liens</li> <li>• Max indebtedness</li> <li>• Board size limited to 7 members</li> <li>• Compliance with NASDAQ corporate governance requirement</li> </ul>	<ul style="list-style-type: none"> <li>• Anti dilution</li> <li>• Limitations on incurrence of indebtedness and liens</li> </ul>	<ul style="list-style-type: none"> <li>• Anti dilution</li> <li>• Limitations on incurrence of indebtedness and liens</li> </ul>
<b>Limitations on Conversion</b>	<ul style="list-style-type: none"> <li>• Shares cannot be converted into common stock if it would result in any holder owning more than 4.99% or 9.99% of common stock outstanding immediately following the transaction                             <ul style="list-style-type: none"> <li>– Limit elected by holder at original issuance</li> </ul> </li> <li>• Does not apply to holder that is a director or director by designation of the company or any of its subsidiaries</li> </ul>			
<b>Corresponding 2015 Warrants</b>	<ul style="list-style-type: none"> <li>• \$1.50 exercise price</li> </ul>			<ul style="list-style-type: none"> <li>• Edwards / Goldfarb - \$2.37 exercise</li> </ul>

15 Source: Company Filings.  
(1) Face value excluding impact of accrued dividends.



# Preferred Shares – Change of Control Condition

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Discussion Purposes

- All series of existing preferred shares have a change of control provision that allows the holder to force RLJE to redeem the share for cash at 125% of the greater of face or offer value in the event of a change of control
- Based on the definitions from the preferred stock's Certificate of Designations for a Change of Control and Fundamental Transaction (shown below):
  - Exercise of AMCX's existing warrants would not constitute a change of control
  - A change of control would occur if AMCX were to acquire the remaining shares of RLJE it did not own following the exercise of the warrants

<b>Change of Control</b>	<p>Any fundamental transaction except:</p> <ul style="list-style-type: none"> <li>• Any merger of the company with any of its direct or indirect wholly-owned subsidiaries</li> <li>• Any reorganization, recapitalization or reclassification of the shares of common stock in which holders of 50% of the company's voting power immediately prior to such transaction continue, after the transaction, to hold publicly traded securities and, directly or indirectly, are, in all material respects, such holders of the voting power of the surviving entity</li> <li>• A migratory merger effected solely for the purposes of changing the jurisdiction or incorporation of the company or any of its subsidiaries</li> <li>• Merger in connection with a bona fide acquisition by the company of a person in which the gross consideration paid is not greater than 20% of the company's market capitalization and the merger does not result in any change to the identity of the board or directors of any of the senior management of the company or a replacement as one time or within a one year period of more than half of the members of the board of directors which is not approved by a majority of the members of the Board of Directors on the initial issuance date</li> </ul>
<b>AMCX Exception</b>	<ul style="list-style-type: none"> <li>• The transaction contemplated in the Investment Agreement between AMCX and RLJE (dated 8/19/2016), including in connection with the exercise of any warrants to purchase common stock issued to AMCX will not be considered a change of control</li> </ul>
<b>Fundamental Transaction</b>	<ul style="list-style-type: none"> <li>• Consolidate or merge into an other Person</li> <li>• Sell, lease, license, assign, transfer, convey or otherwise dispose of all or substantially all of its properties or assets to any other person</li> <li>• Assist or agree to assist any other Person to make a purchase, tender or exchange offer that is accepted by such holders of &gt;50% of the outstanding voting stock in the company (not including any shares held by the Person making the purchase, tender or exchange offer)</li> <li>• Consummate a stock or share purchase agreement or other business combination with any other person whereby such other person acquires more than 50% of the outstanding voting stock of the company (not including any shares held by the person making the stock or share purchase agreement or other business combination)</li> <li>• Directly or indirectly, in one or more related transactions, reorganize, recapitalize or reclassify the common stock (which shall not include a reverse stock split)</li> </ul>

## AMCX Warrants

<b>Exercise Price</b>	\$3.00	\$3.00	\$3.00
<b>Outstanding</b>	3.3mm	10.0mm	5.0mm <sup>(1)</sup>
<b>Maturity</b>	October 14, 2021	October 14, 2022	October 14, 2023
<b>Rights</b>	<ul style="list-style-type: none"> <li>Warrant holders are not entitled to rights including voting rights, dividend or other rights as a stockholder of the company prior to exercise</li> </ul>		
<b>Exercise</b>	<ul style="list-style-type: none"> <li>Warrants can be exercised through the following methods                             <ul style="list-style-type: none"> <li>Cash payment of exercise price</li> <li>Surrender of Senior Secured Loans with principal amount and accrued and unpaid interest equal to exercise price</li> <li>By means of a cashless exercise</li> </ul> </li> </ul>		
<b>Transfer Restrictions</b>	<ul style="list-style-type: none"> <li>The warrants may not be sold, transferred or assigned without the consent of the RLJE</li> </ul>		
<b>Anti Dilution</b>	<ul style="list-style-type: none"> <li>The strike price of the warrants will adjust to reflect stock dividends, stock splits, dilutive equity issuances and the issuance of options, warrants, or convertibles with a exercise/conversion price lower than the exercise price of the warrants</li> </ul>		

## 2015 Warrants

<b>Exercise Price</b>	\$1.50	\$2.37	\$3.00
<b>Outstanding</b>	1.45mm	0.15mm	1.50mm
<b>Owners</b>	Wolverine Asset Management, Sudbury Capital, JH Partners, others	Peter Edwards, Morris Goldfarb	Bob Johnson / SPAC
<b>Maturity</b>	May 20, 2020		
<b>Rights</b>	<ul style="list-style-type: none"> <li>Warrant holders are not entitled to rights including voting rights, dividend or other rights as a stockholder of the company prior to exercise</li> </ul>		
<b>Exercise</b>	<ul style="list-style-type: none"> <li>Warrants can be exercised for cash or by means of a cashless exercise</li> </ul>		
<b>Anti Dilution</b>	<ul style="list-style-type: none"> <li>The strike price of the warrants will adjust to reflect stock dividends, stock splits, dilutive equity issuances and the issuance of options, warrants, or convertibles with a exercise/conversion price lower than the exercise price of the warrants</li> </ul>		
<b>Limitations on Conversion</b>	<ul style="list-style-type: none"> <li>Shares cannot be converted into common stock if it would result in any holder owning more than 4.99% or 9.99% of common stock outstanding immediately following the transaction                             <ul style="list-style-type: none"> <li>Limit elected by holder at original issuance</li> </ul> </li> <li>Does not apply to holder that is a director or director by designation of the company or any of its subsidiaries</li> </ul>		

Source: Company Filings.

Note: Excludes 2012 Warrants

17 (1) Provision that may increase the number of shares acquirable for no additional consideration such that the number of shares acquired plus 15mm equals at least 50.1% of shares outstanding.



# Overview of AMCX Held Term Loans

Draft For  
Discussion Purposes

## AMCX Term Loans to RLJE

Tranche	Tranche A-1		Tranche A-2		Tranche B																															
Outstanding	\$13.0mm		\$10.0mm		\$55.0mm																															
Maturity	June 30, 2020		June 20, 2021		October 14, 2023																															
Interest Rate	<ul style="list-style-type: none"> <li>• 7% per annum</li> <li>– Paid in common stock, with the number of shares calculated based on a value of \$3.00 per share</li> </ul>				<ul style="list-style-type: none"> <li>• 6% per annum</li> <li>– Paid in common stock, with the number of shares calculated based on a value of \$3.00 per share</li> </ul>																															
Mandatory Prepayments	<ul style="list-style-type: none"> <li>• 100% of net proceeds from any asset sales, insurance/condemnation, issuance of debt or exercise of warrants must be used to prepay the term loans</li> </ul>																																			
Financial Statements & Other Reports	<ul style="list-style-type: none"> <li>• The borrower shall provide to the Administrative Agent and Lender:</li> <li>• Annual and quarterly financial statements</li> <li>• Monthly reports, within 30 days of the end of each month that compare the results of the corresponding periods to the same period in the prior fiscal year and to the financial plan</li> <li>• Simultaneous with the quarterly financial statements, a description of any additions to, or deletions from RLJE's media library since the preceding report</li> <li>• Simultaneous with the annual financial statements, a valuation report prepared by a valuation firm that reflects the fair value of the RLJE's media library and of RLJE's ownership interest in Agatha Christie Limited</li> </ul>																																			
Financial Covenants	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="color: #0070C0;">Fiscal Year Ending</th> <th style="color: #0070C0;">Fixed Charge Coverage Ratio</th> <th style="color: #0070C0;">Minimum Cash Balance (\$ in mm)</th> <th style="color: #0070C0;">Fiscal Year Ending</th> <th style="color: #0070C0;">Senior Leverage Ratio</th> <th style="color: #0070C0;">Total Leverage Ratio</th> </tr> </thead> <tbody> <tr> <td>12/31/2016</td> <td>1.00x</td> <td>\$1.0</td> <td>12/31/2016</td> <td>6.00x</td> <td>6.75x</td> </tr> <tr> <td>12/31/2017</td> <td>1.00</td> <td>2.0</td> <td>12/31/2017</td> <td>5.75</td> <td>6.00</td> </tr> <tr> <td>12/31/2018 and all Years Thereafter</td> <td>2.00</td> <td>3.5</td> <td>12/31/2018</td> <td>4.00</td> <td>5.00</td> </tr> <tr> <td></td> <td></td> <td></td> <td>12/31/2019 and all Years Thereafter</td> <td>3.75 - 2.5</td> <td>4.00</td> </tr> </tbody> </table>						Fiscal Year Ending	Fixed Charge Coverage Ratio	Minimum Cash Balance (\$ in mm)	Fiscal Year Ending	Senior Leverage Ratio	Total Leverage Ratio	12/31/2016	1.00x	\$1.0	12/31/2016	6.00x	6.75x	12/31/2017	1.00	2.0	12/31/2017	5.75	6.00	12/31/2018 and all Years Thereafter	2.00	3.5	12/31/2018	4.00	5.00				12/31/2019 and all Years Thereafter	3.75 - 2.5	4.00
Fiscal Year Ending	Fixed Charge Coverage Ratio	Minimum Cash Balance (\$ in mm)	Fiscal Year Ending	Senior Leverage Ratio	Total Leverage Ratio																															
12/31/2016	1.00x	\$1.0	12/31/2016	6.00x	6.75x																															
12/31/2017	1.00	2.0	12/31/2017	5.75	6.00																															
12/31/2018 and all Years Thereafter	2.00	3.5	12/31/2018	4.00	5.00																															
			12/31/2019 and all Years Thereafter	3.75 - 2.5	4.00																															

Name	Position	Biography
<p data-bbox="188 286 264 331">Robert L. Johnson</p> 	<p data-bbox="437 286 544 331">Chairman of the Board</p>	<ul style="list-style-type: none"> <li>• Mr. Johnson was appointed as the Company's chairman in October 2012</li> <li>• From November 2010 to October 2012, Mr. Johnson served as the chairman of the board of RLJ Acquisition, Inc., a special purpose acquisition company that created the Company</li> <li>• Mr. Johnson founded The RLJ Companies, an innovative business network that owns or holds interests in a diverse portfolio of companies and has served as its chairman since February 2003</li> <li>• Prior to forming The RLJ Companies, Mr. Johnson was founder and chief executive officer of Black Entertainment Television (or BET), which was acquired by Viacom Inc. in 2001</li> <li>• Mr. Johnson continued to serve as chief executive officer of BET until February 2006</li> </ul>
<p data-bbox="188 555 264 600">Miguel Penella</p> 	<p data-bbox="437 555 520 600">Chief Executive Officer</p>	<ul style="list-style-type: none"> <li>• Mr. Penella was appointed as the Company's Chief Executive Officer on January 18, 2013</li> <li>• From October 2012 until January 18, 2013, Mr. Penella served as Chief Operating Officer</li> <li>• From April 2007 to October 2012, Mr. Penella served as Chief Executive Officer of Acorn Media Group, Inc., which was acquired by the Company in October 2012</li> <li>• At Acorn Media Group, Mr. Penella oversaw operations and was the driving force behind the worldwide expansion of both the Acorn and Acacia brands, including the acquisition of 64% of Agatha Christie Limited and the launch of Acorn TV, the Company's first proprietary subscription VOD channel</li> <li>• Mr. Penella came to Acorn from Time-Life where he rose in the ranks from circulation director of the catalog department to director of catalogs for the music division and then to vice president of customer marketing in 2001</li> </ul>
<p data-bbox="188 824 264 869">Nazir Rostom</p> 	<p data-bbox="437 824 520 869">Chief Financial Officer</p>	<ul style="list-style-type: none"> <li>• Mr. Rostom was appointed as the Company's Chief Financial Officer on May 18, 2016</li> <li>• From January 2014 to May 2016, Mr. Rostom served in senior and executive positions with GetWellNetwork, Inc. ("GWN"), a healthcare solutions provider</li> <li>• During his tenure, Mr. Rostom led various strategic financing, M&amp;A activities, and financial planning and analysis at GWN</li> <li>• Prior to GWN, he was Director of Finance and Assistant Treasurer for GTT Communications, Inc., from September 2011 to January 2014</li> <li>• Mr. Rostom began his career in investment banking at PriceWaterhouseCoopers</li> </ul>

# Board of Directors

**Draft For Discussion Purposes**

Name	Position	Biography
Robert L. Johnson 	Chairman of the Board	<ul style="list-style-type: none"> <li>Chairman of the Board, previously Chairman of the Board of RLJ Acquisition, Inc.</li> <li>Founder and previous CEO of Black Entertainment Television (or BET)</li> </ul>
Miguel Penella 	Chief Executive Officer	<ul style="list-style-type: none"> <li>CEO, and previously CEO of Acorn Media Group, Inc., which was acquired by the Company in October 2012</li> </ul>
H. Van Sinclair 	Director	<ul style="list-style-type: none"> <li>Mr. Sinclair has served as president, CEO and general counsel of the RLJ companies since February 2003</li> </ul>
John Hsu 	Director	<ul style="list-style-type: none"> <li>Mr. Hsu manages the treasury operations of AMC Networks Inc. as its Executive Vice President – Treasurer &amp; Financial Strategy</li> </ul>
Dayton Judd * 	Director	<ul style="list-style-type: none"> <li>Mr. Judd is the Founder and Managing Partner of Sudbury Capital Management</li> </ul>
Andy Laszlo * 	Director	<ul style="list-style-type: none"> <li>Mr. Laszlo joined Sun Trust Robinson Humphrey in January 2014 where he serves as Managing Director and Head of Technology, Media &amp; Communications Equity Origination</li> </ul>
Arlene Manos 	Director	<ul style="list-style-type: none"> <li>Ms. Manos joined AMC Networks Inc. in 2002 and is responsible for overseeing the advertising sales efforts for its national cable television networks AMC, IFC, SundanceTV, WE tv, and BBC AMERICA</li> </ul>
Scott Royster * 	Director	<ul style="list-style-type: none"> <li>Mr. Royster is an entrepreneur, and has co-founded two companies, in the education sector – Latimer Education, Inc. and Maarifa Edu Holdings Limited</li> </ul>
John Ziegelman * 	Director	<ul style="list-style-type: none"> <li>Mr. Ziegelman is a portfolio manager for Wolverine Asset Management, LLC</li> </ul>

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February 26<sup>th</sup>, 2018

**Draft For  
Discussion Purposes  
2/26/2018 9:30 AM**

# Discussion Materials



Strictly Private and Confidential



# AMCX / RLJE Talking Points

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## **Financial Benefits**

- Requires limited capital outlay
- Improves revenue and EBITDA growth
- Expected to be immediately accretive to both FCF / share and EPS
- Will allow AMC to tax consolidate, providing access to RLJE tax assets

## **Benefits to AMC**

- Diversifies revenue base
- Increases exposure to SVOD
- Access to Agatha Christie content library
- Provides an additional distribution outlet for AMC content

## **Benefits to RLJE**

- RLJE Management can focus on growing the business over the long-term without short term pressures of public reporting
- Allow RLJE to benefit from AMC's industry influence, scale and access to capital
- AMC will seek to keep RLJE's current management team in place
- Eliminates public company costs and reporting requirements at RLJE
- Simplifies RLJE's equity capital structure and eliminates the legacy SPAC shareholder base

## **Business Vision**

- Opportunity for RLJE to become the leader in SVOD for distinct audiences
- Cross promotional opportunities across the AMC footprint (i.e WeTV / UMC)
- Co-acquisition and production of content
- Shared technology and R&D capabilities / spend
- Affiliate partnership

## **Importance of Retaining Bob's Ownership / Involvement in RLJE**

- Has a track record of success in the industry
- Maintains important industry relationships

# Capital Commitment from AMCX / Deal Overview

## By Class (At \$4.25 per share)

By Class	Shares	(\$)	% of O/S
Preferred	2.9	\$15.4 <sup>(1)</sup>	30.1%
2015 Warrants			
\$1.50	0.7	\$1.9	7.3%
2.37	0.2	0.3	1.6
3.00	--	--	--
Options Granted in 2017			
\$2.66	0.7	\$1.1	7.3%
3.00	0.7	0.9	7.3
Public	4.5	19.0	46.5
<b>Fully Diluted Total</b>	<b>9.6</b>	<b>\$38.7</b>	<b>100.0%</b>

Source: Public filings.

(1) Includes 25% premium due to change of control provision.

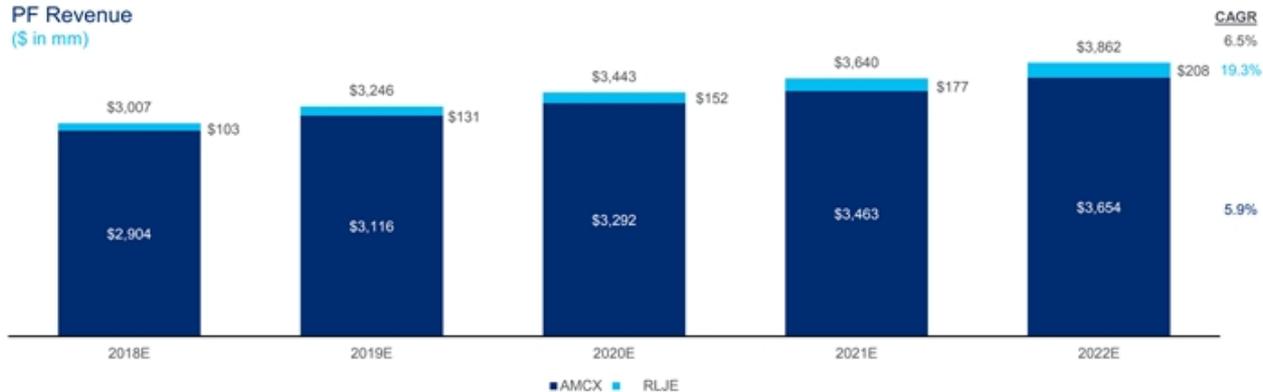
2 (2) Preferred shares treated on an as converted basis.

## RLJE Ownership

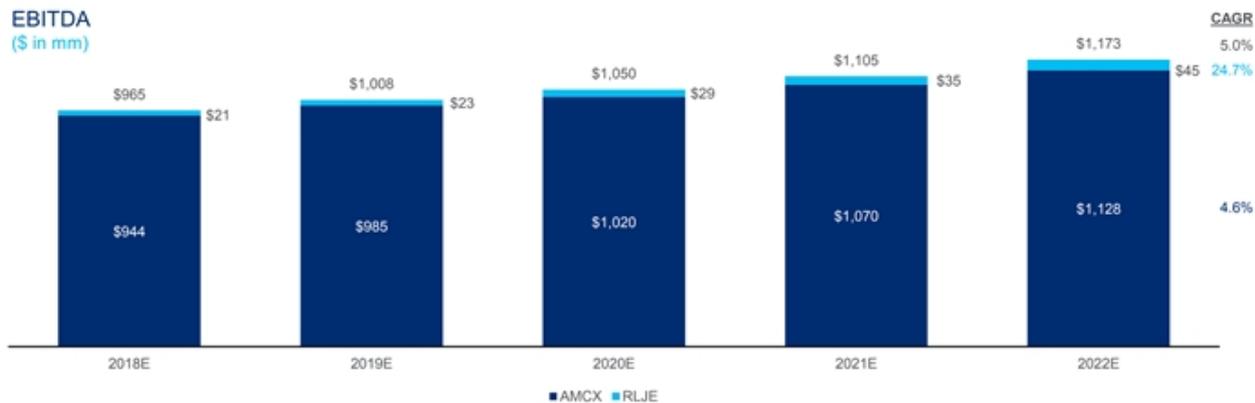


# Pro Forma Financial Impact

PF Revenue  
(\$ in mm)



EBITDA  
(\$ in mm)



3 Source: AMCX and RLJE 2018 management long range plans.



# Pro Forma FCF / Share Impact

## PF FCF / Share Reconciliation

(\$ in millions)	AMCX			RLJE			Pro Forma		
	2019E	2020E	2021E	2019E	2020E	2021E	2019E	2020E	2021E
Adjusted EBITDA	\$985	\$1,020	\$1,070	\$23	\$29	\$35	\$1,008	\$1,050	\$1,105
(-) Contractual Rights / Working Capital	(252)	(249)	(176)	--	--	--	(252)	(249)	(176)
(+) Launch Support	9	9	9	--	--	--	9	9	9
(-) Cash Taxes <sup>(1)</sup>	(184)	(191)	(202)	(4)	(5)	(6)	(188)	(196)	(208)
(-) Net Interest	(141)	(142)	(140)	(0)	(0)	(0)	(142)	(142)	(141)
(-) AMCX Capex	(84)	(42)	(44)	--	--	--	(84)	(42)	(44)
(-) RLJE Capex	--	--	--	(2)	(2)	(2)	(2)	(2)	(2)
(+) Content Amortization (net of Step up)	--	--	--	37	41	46	37	41	46
(-) Investment in Content	--	--	--	(50)	(50)	(50)	(50)	(50)	(50)
<b>Adjustments</b>	<b>(\$652)</b>	<b>(\$615)</b>	<b>(\$553)</b>	<b>(\$19)</b>	<b>(\$16)</b>	<b>(\$13)</b>	<b>(\$671)</b>	<b>(\$631)</b>	<b>(\$566)</b>
<b>Free Cash Flow</b>	<b>\$333</b>	<b>\$406</b>	<b>\$516</b>	<b>\$3.6</b>	<b>\$13</b>	<b>\$22</b>	<b>\$337</b>	<b>\$419</b>	<b>\$539</b>
Average Shares Outstanding	52	49	46				52	49	46
FCF / Share <sup>(2)</sup>	\$6.38	\$8.29	\$11.15				\$6.44	\$8.56	\$11.64
<b>FCF / Share Accretion / (Dilution)</b>	<b>--</b>	<b>--</b>	<b>--</b>				<b>1.1%</b>	<b>3.3%</b>	<b>4.3%</b>

4 Source: AMCX and RLJE 2018 management long range plans.  
 (1) Adjusted for tax reform. Assumes 25% effective tax rate.  
 (2) Excludes the impact of NOLs.

# Pro Forma EPS Impact

## PF EPS Reconciliation

(\$ in millions)	AMCX			RLJE			Pro Forma		
	2018E	2019E	2020E	2018E	2019E	2020E	2018E	2019E	2020E
Adjusted EBITDA	\$985	\$1,020	\$1,070	\$23	\$29	\$35	\$1,008	\$1,050	\$1,105
(-) AMCX D&A	(72)	(76)	(80)	--	--	--	(72)	(76)	(80)
(-) RLJE D&A	--	--	--	(7)	(9)	(10)	(7)	(9)	(10)
(-) AMCX SBC	(36)	(38)	(40)	--	--	--	(36)	(38)	(40)
(-) Net Interest	(141)	(142)	(140)	(0)	(0)	(0)	(142)	(142)	(141)
(-) Taxes <sup>(1)</sup>	(184)	(191)	(202)	(4)	(5)	(6)	(188)	(196)	(208)
<b>Adjustments</b>	<b>(\$433)</b>	<b>(\$447)</b>	<b>(\$463)</b>	<b>(\$11)</b>	<b>(\$14)</b>	<b>(\$17)</b>	<b>(\$445)</b>	<b>(\$461)</b>	<b>(\$479)</b>
<b>Net Income</b>	<b>\$552</b>	<b>\$574</b>	<b>\$607</b>	<b>\$11</b>	<b>\$15</b>	<b>\$18</b>	<b>\$563</b>	<b>\$589</b>	<b>\$625</b>
Average Shares Outstanding	52	49	46				52	49	46
EPS <sup>(2)</sup>	\$10.57	\$11.71	\$13.11				\$10.78	\$12.02	\$13.50
<b>EPS Accretion / (Dilution)</b>	<b>--</b>	<b>--</b>	<b>--</b>				<b>2.0%</b>	<b>2.7%</b>	<b>3.0%</b>

5 Source: AMCX and RLJE 2018 management long range plans.  
 (1) Adjusted for tax reform. Assumes 25% effective tax rate.  
 (2) Excludes the impact of NOLs.



# Public Peer Comparables

(US \$ in millions)

	<b>NETFLIX</b>	<b>gaia</b>	<b>RLJ Entertainment, Inc.</b>	
			(@ Current Stock Price)	(@ \$4.25 Stock Price)
<b>Firm Value Build</b>				
Share Price	\$285.93	\$12.95	\$3.87	\$4.25
TSM Shares	450	16	16	20
Equity Value	\$128,715	\$210	\$63	\$85
Net Debt and Other	3,189	(41)	48	49
<b>Firm Value</b>	<b>\$131,904</b>	<b>\$169</b>	<b>\$111</b>	<b>\$134</b>
<b>Financials</b>				
*18E Revenue	\$14,996	\$41	\$103	\$103
*18E EBITDA	1,936	(20)	21	21
Margin %	13%	(49%)	20%	20%
<b>Growth</b>				
<u>Forward</u>				
*17-'19 Revenue	27%	NA	23%	23%
*17-'19 EBITDA	85	NA	21	21
*17-'19 Subs	16	NA	41	41
<u>Historical (YoY % Change)<sup>(1)</sup></u>				
Revenue ('3Q16-3Q17)	30%	69%	18%	18%
EBITDA ('3Q16-3Q17)	90	NM	3	3
Subscribers ('3Q16-3Q17)	33	73	58	58
<b>Valuation Multiples</b>				
FV / '18 Revenue	8.8x	4.1x	1.1x	1.3x
FV / '19 Revenue	7.0	NA	0.9	1.0
FV / '18 EBITDA	68.1	NM	5.3	6.4
FV / '19 EBITDA	42.6	NA	4.9	5.9
<b>FV / Current Subscribers</b>	<b>\$1,192</b>	<b>\$544</b>	<b>\$180</b>	<b>\$217</b>

Source: Factset, Company filings, Wall Street research.

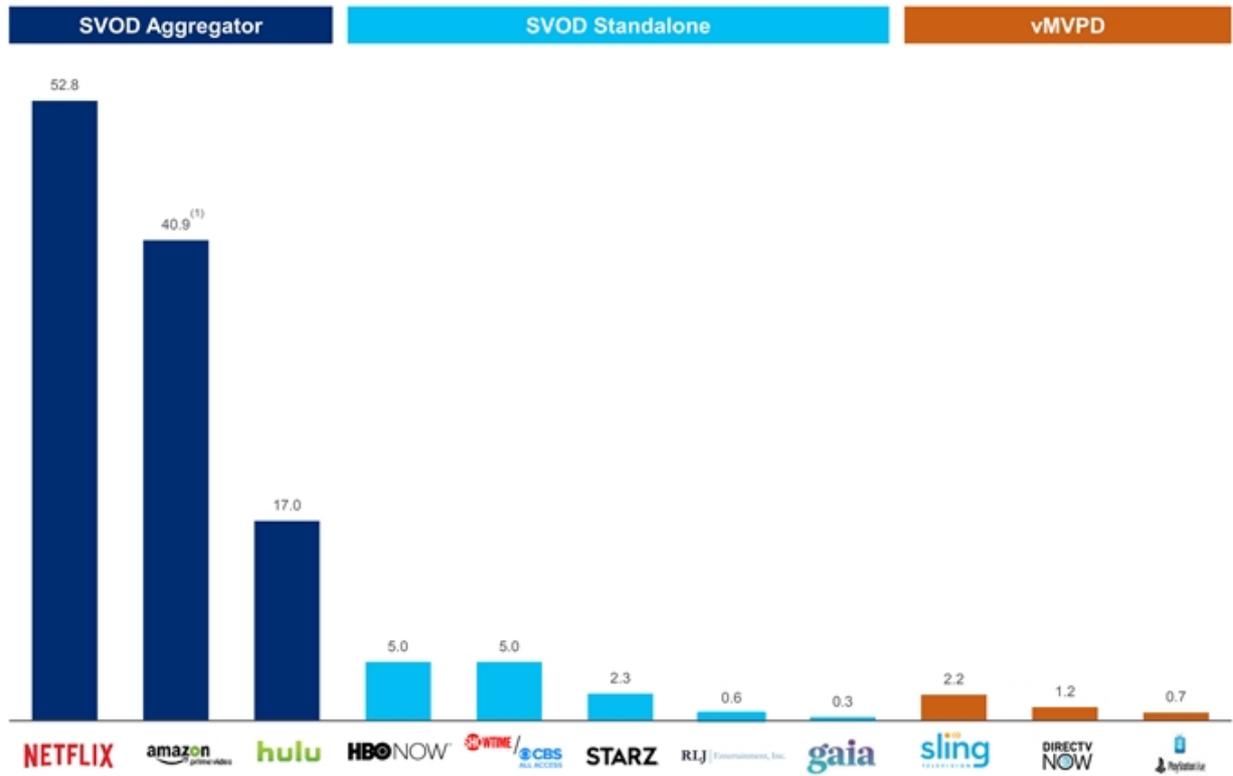
Note: Market data as of 2/23/2018.

6 (1) YoY % Change from 2015 to 2016 for Private Subsidiaries.



# OTT Subscriber Landscape

US Paid Subscribers (in mm)



Source: Public filings.

(1) Estimated Amazon Prime subscribers

# RLJE Offer Premium

Premium Against	Premium / Metric	Source
Closing Price (2/23/2018)	9.8% / \$3.8704	
10 Day VWAP (2/9/2017 – 2/23/2018)	12.3% / \$3.7831	
Closing Price (8/18/2016)	126.1% / \$1.8800	

8 Source: Bloomberg.



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April 20, 2018

**DRAFT**  
**PRELIMINARY & CONFIDENTIAL**  
*Subject to further review and revision*

# Discussion Materials

## Project River

Strictly Private and Confidential



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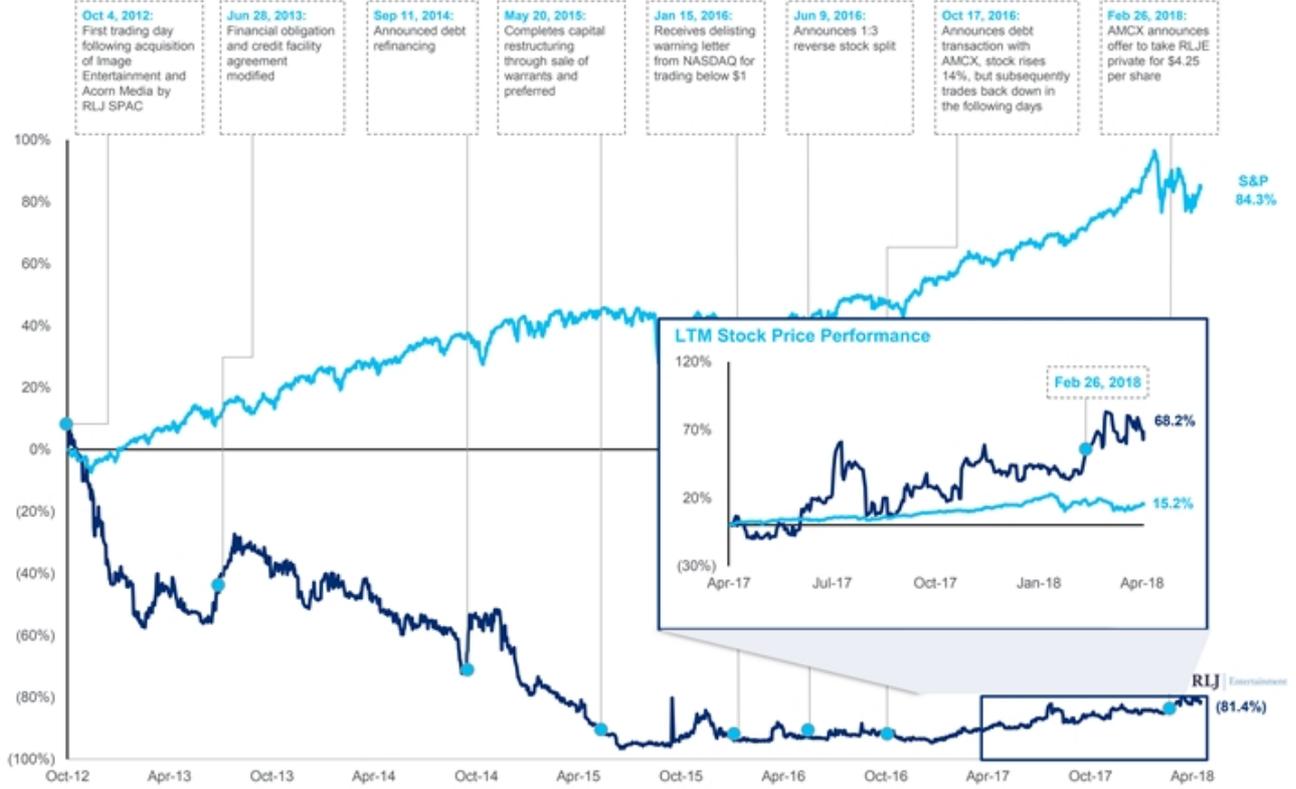
# 1. Market Data



# RLJE Share Price Performance

Preliminary Draft  
Subject to Review

## Price History Since 10/4/2012



1 Source: FactSet, Bloomberg.  
Note: Market data as of April 19, 2018.



# Post Announcement Trading Performance

Preliminary Draft  
Subject to Review

## Daily Share Price & Volume

(2/23/2018 – Current, Volume in 000s)

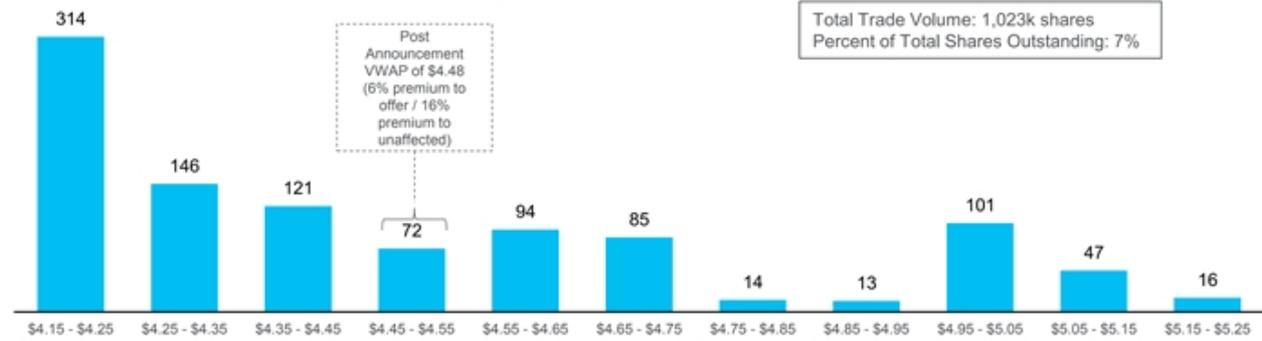


## Commentary

- Since announcement, the share price has grinded higher against a backdrop of choppy volume and large price fluctuations
  - The current share price puts a high probability on the deal closing
- The market is anticipating a bump (inferred by the spread between the current trading price and the \$4.25 offer price)

## Trading Volume Distribution

(Trading Volume vs. Price Per Share, Shares in 000's, Since Announcement)



2 Source: Bloomberg, FactSet.  
Note: Market data as of April 19, 2018. Volume includes trading volume on day of announcement on February 23, 2018.

## 2. Company Plan Analysis

# Updated RLJE Long Range Plan

Preliminary Draft  
Subject to Review

(\$ in thousands)	2017A	2018E	2019E	2020E	2021E	2022E	'18E - '22E CAGR
<b>Subscribers ('000s)</b>							
Acorn TV	633	980	1,154	1,327	1,526	1,755	
UMC	55	110	244	488	732	1,088	
<b>Total Subscribers</b>	<b>688</b>	<b>1,090</b>	<b>1,398</b>	<b>1,815</b>	<b>2,258</b>	<b>2,853</b>	<b>27%</b>
<b>Financials</b>							
PSVOD	\$27,194	\$42,537	\$57,025	\$74,996	\$95,074	\$119,303	
IP	47	117	117	117	117	117	
Wholesale	59,063	60,325	57,397	55,159	55,159	55,159	
<b>Total Revenue</b>	<b>\$86,304</b>	<b>\$102,978</b>	<b>\$114,538</b>	<b>\$130,271</b>	<b>\$150,350</b>	<b>\$174,579</b>	<b>14%</b>
PSVOD	\$9,830	\$15,152	\$20,407	\$28,377	\$37,171	\$49,855	
IP <sup>(1)</sup>	5,548	3,779	3,620	3,625	3,629	3,633	
Wholesale	7,955	10,853	9,573	9,170	9,170	8,917	
Corporate	(11,008)	(11,929)	(11,892)	(12,729)	(15,960)	(18,763)	
<b>Operating Income</b>	<b>\$12,326</b>	<b>\$17,855</b>	<b>\$21,709</b>	<b>\$28,443</b>	<b>\$34,010</b>	<b>\$43,643</b>	<b>25%</b>
Margin (%)	14%	17%	19%	22%	23%	25%	Margins improve as business mix shifts to PSVOD
Dividends in Excess of Equity Earnings	--	--	500	500	501	501	
Basis-Difference Amortization	460	467	432	432	432	432	
Step up Amortization	3,234	2,600	--	--	--	--	
<b>Adj. EBITDA</b>	<b>\$16,020</b>	<b>\$20,923</b>	<b>\$22,641</b>	<b>\$29,375</b>	<b>\$34,943</b>	<b>\$44,576</b>	<b>21%</b>
Margin (%)	19%	20%	20%	23%	23%	26%	
Income Tax	--	(148)	--	--	--	--	
Capex	--	(2,919)	(2,000)	(2,000)	(2,000)	(2,000)	No working capital funding need despite forecasted need from company
Other <sup>(2)</sup>	--	(2,632)	--	--	--	--	
Working Capital Changes	--	(461)	--	--	--	--	
Content Amortization (net of Step up)	--	36,068	37,118	41,369	45,669	48,994	Content spend flat despite growing subscriber base
Investment in Content	--	(51,160)	(50,000)	(50,000)	(50,000)	(50,000)	
% of PSVOD Revenue	--	120%	88%	67%	53%	42%	
Per Total Subscribers (\$)	--	\$47	\$36	\$28	\$22	\$18	
Cash Interest Expense	--	(642)	--	--	--	--	
<b>Free Cash Flow</b>	<b>(\$972)</b>	<b>\$7,759</b>	<b>\$18,743</b>	<b>\$28,811</b>	<b>\$41,569</b>	<b>\$41,569</b>	<b>NM</b>
FCF Conversion (%)	--	(5%)	34%	64%	82%	93%	Further diligence required to understand business trajectory and validation
Cash Flow from Financing Activities	--	--	--	(13,000)	(10,000)	--	
Preferred Dividend Payment	--	(1,432)	(1,432)	(716)	--	--	
<b>Change in Cash</b>	<b>(\$2,404)</b>	<b>\$6,327</b>	<b>\$5,027</b>	<b>\$18,811</b>	<b>\$41,569</b>	<b>\$41,569</b>	<b>NM</b>

Source: RLJE Management. Note: LRP received on April 14, 2018.

- (1) Includes Agatha Christie equity contribution.  
(2) Includes adjustments to ACL and notes payable to RLJ companies.

3



# Key Diligence Items

Preliminary Draft  
Subject to Review

- AMC and Citi should sensitize the RLJE plan based on the findings from confirmatory diligence

## Priority Areas that Require Further Diligence



Confirm the change in working capital projections provided in the management plan are reasonable given recent DSO trends



Confirm the terms of the existing commercial agreements including financial terms, expiration and renewal rights



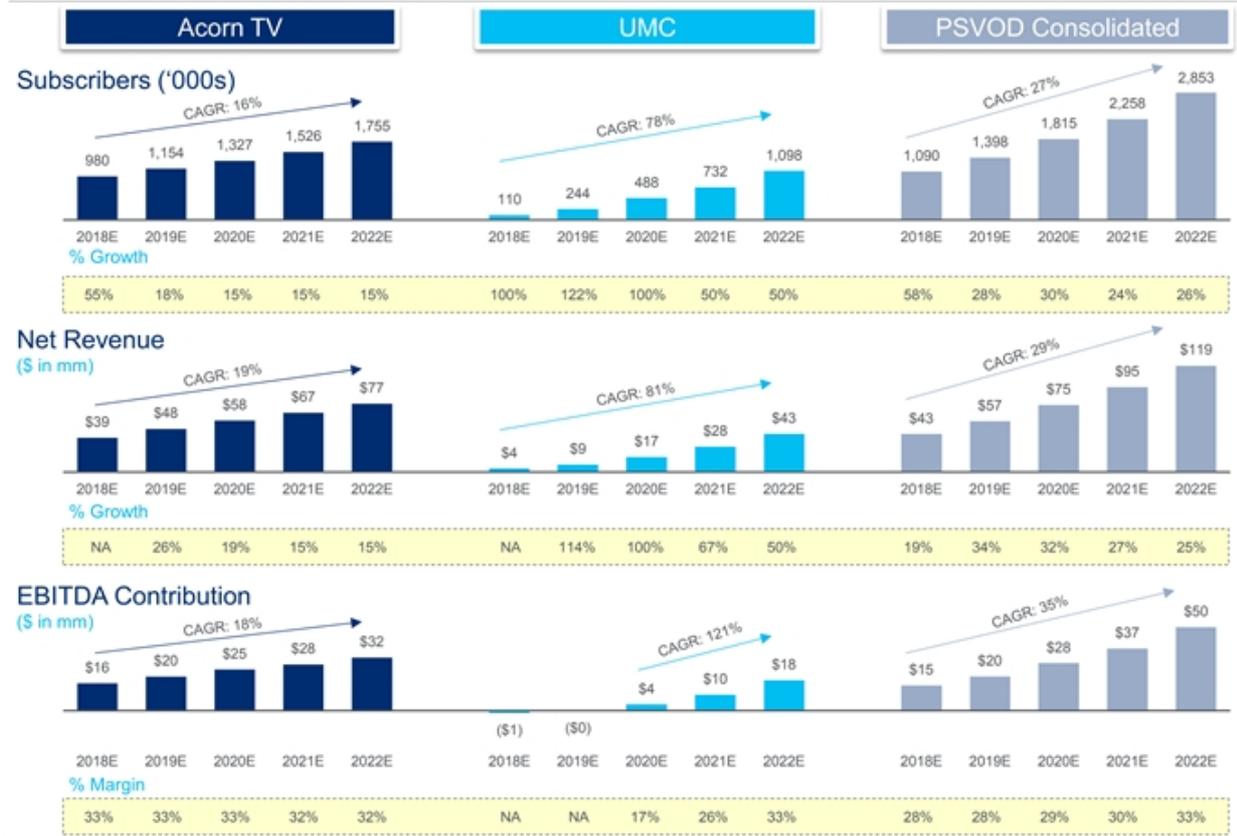
Confirm content spend projected in the management plan is sufficient to support PSVOD growth projections



Confirm there are no liabilities triggered in a change of control that haven't been accounted for

# PSVOD Summary Financials & Statistics

Preliminary Draft  
Subject to Review



# LRP Comparison – 2017 Plan vs. 2018 Plan

Preliminary Draft  
Subject to Review

## Revenue (\$ in mm)



'17 - '20  
CAGR  
14.7%  
14.3%

New Plan vs. Old Plan

(5%)	(0%)	(3%)	(4%)
------	------	------	------

## Adj. EBITDA (\$ in mm)



'17 - '20  
CAGR  
33.6%  
22.4%

New Plan vs. Old Plan

4%	(7%)	(23%)	(20%)
----	------	-------	-------

## Free Cash Flow (\$ in mm)

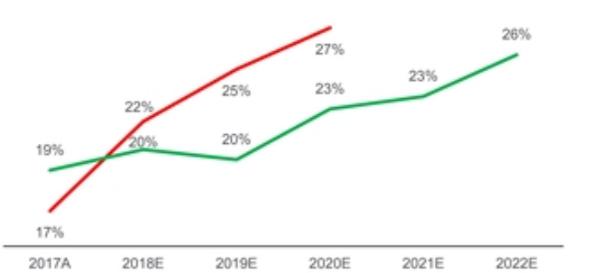


'17 - '20  
CAGR  
NM  
94.9%

New Plan vs. Old Plan

(115%)	(52%)	(19%)
--------	-------	-------

## Adj. EBITDA Margin



New Plan vs. Old Plan

2%	(2%)	(5%)	(4%)
----	------	------	------

6 Source: RLJE Management.  
Note: 2017 LRP received in January 2017, 2018 LRP received in April 2018.



# LRP Comparison – 2017 Plan vs. 2018 Plan (Cont.)

Preliminary Draft  
Subject to Review

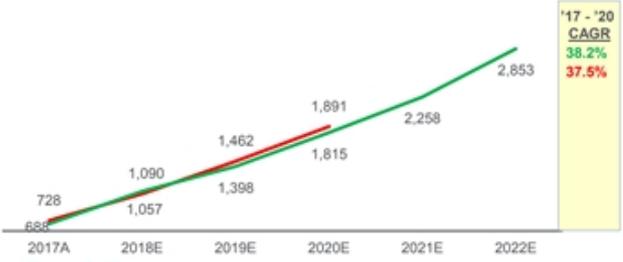
**Investment in Content**  
(\\$ in mm)



New Plan vs. Old Plan<sup>(1)</sup>

7%	29%	14%	4%	(4%)
----	-----	-----	----	------

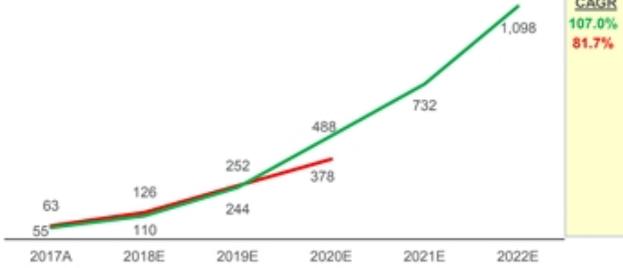
**Total Subscribers**  
(in '000s)



New Plan vs. Old Plan

(5%)	3%	(4%)	(4%)
------	----	------	------

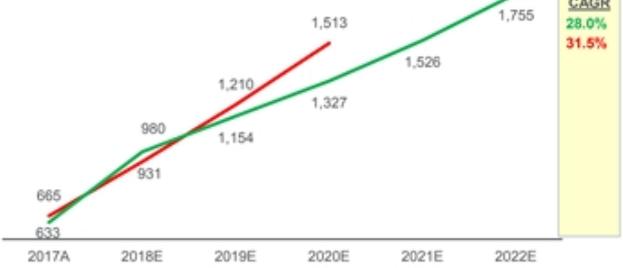
**UMC Subscribers**  
(in '000s)



New Plan vs. Old Plan

(13%)	(13%)	(3%)	29%
-------	-------	------	-----

**Acorn Subscribers**  
(in '000s)



New Plan vs. Old Plan

(5%)	5%	(5%)	(12%)
------	----	------	-------

7 Source: RLJE Management.  
Note: 2017 LRP received in January 2017, 2018 LRP received in April 2018.  
(1) 2016 and 2017 New Plan based on company filings.



# LRP Comparison – 2017 Plan vs. 2018 Plan (Cont.)

Preliminary Draft  
Subject to Review

## PSVOD Revenue (\$ in mm)



New Plan vs. Old Plan

(3%)	(1%)	(6%)	(7%)
------	------	------	------

## Wholesale Revenue (\$ in mm)



New Plan vs. Old Plan

(6%)	0%	(1%)	(1%)
------	----	------	------

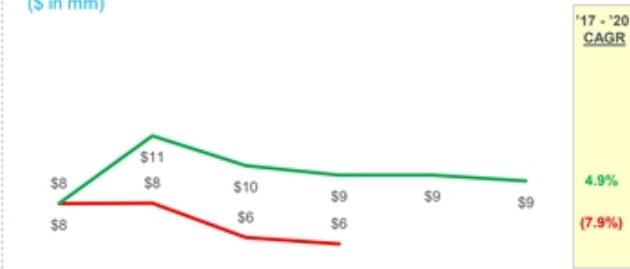
## PSVOD EBITDA (\$ in mm)



New Plan vs. Old Plan

(23%)	(22%)	(32%)	(29%)
-------	-------	-------	-------

## Wholesale EBITDA (\$ in mm)



New Plan vs. Old Plan

0%	36%	47%	48%
----	-----	-----	-----

### 3. Next Steps



# Selected Precedent US Minority Squeeze-outs

Preliminary Draft  
Subject to Review

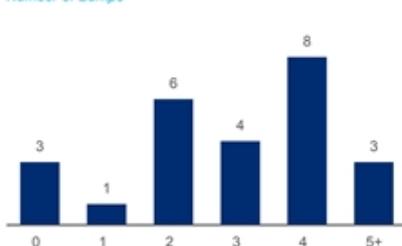
Ann. Date	Target	Acquirer	Equity Value (\$ mm)	Acquirer Voting %	Offer Price	Unaffected Premium		Bump Summary		
						1 Day	1 Month	Bumps	Total Bump	Avg. Bump
11/09/17	Alon USA Partners LP	Delek US Holdings Inc	\$160	82%	\$13.56	(0%)	16%	2	18%	9%
12/19/16	Calamos Asset Management	Management Buyout	\$134	97%	\$8.25	12%	19%	4	6%	2%
03/09/16	Crown Media Holdings	Hallmark Cards	\$176	90%	\$5.05	2%	15%	-	0%	0%
03/07/16	National Interstate	American Financial Group	\$311	51%	\$32.00	42%	37%	3	14%	5%
02/29/16	Federal-Mogul Holdings	Icahn Enterprises	\$305	82%	\$9.25	86%	98%	2	32%	16%
12/05/15	Keurig Green Mountain Inc	Dr Pepper Snapple Group Inc	\$20,884	87%	\$92.00	78%	81%	4	8%	2%
11/28/12	Sauer-Danfoss, Inc.	Danfoss A/S	\$691	76%	\$58.50	49%	49%	4	19%	5%
09/26/12	American Greetings	Management Buyout	\$577	43%	\$19.00	32%	33%	5	11%	2%
02/24/12	Kenneth Cole Productions	Kenneth Cole	\$147	89%	\$15.25	17%	26%	4	2%	0%
01/16/12	Venoco Inc	Timothy Marquez	\$383	50%	\$12.50	63%	69%	-	0%	0%
06/16/11	C&D Technologies	Angelo Gordon	\$52	86%	\$9.75	18%	18%	2	3%	1%
01/19/11	XD Holdings	ACF Industries	\$96	92%	\$1.40	84%	103%	4	100%	25%
12/04/10	Caraco Pharmaceutical Labs	Sun Pharmaceutical	\$51	76%	\$5.25	16%	16%	2	11%	5%
11/15/10	Mediacom Communications	Rocco B. Commisso	\$3,597	86%	\$8.75	28%	25%	4	46%	11%
11/01/10	CNA Surety	CNA Financial	\$454	61%	\$26.55	38%	49%	4	21%	5%
07/10/10	Playboy	Hugh Hefner	\$137	70%	\$6.15	51%	54%	6	3%	0%
03/21/10	CNX Gas Corp.	CONSOL Energy Inc.	\$964	83%	\$38.25	46%	43%	-	0%	0%
09/09/09	Landry's Restaurants Inc.	Tilman J. Fertitta	\$178	57%	\$24.50	126%	155%	8	88%	11%
09/04/09	Odyssey Re Holdings	Fairfax Financial Holdings Ltd.	\$1,050	73%	\$85.00	29%	40%	3	12%	4%
07/13/09	iBasis	KPN NV	\$93	56%	\$3.00	131%	117%	2	94%	47%
04/20/09	PepsiAmericas, Inc.	PepsiCo, Inc.	\$2,028	43%	\$28.50	43%	79%	3	22%	7%
03/25/09	Hearst-Argyle Television	Hearst Corp.	\$77	76%	\$4.50	115%	150%	1	13%	13%
03/22/09	Cox Radio	Cox Enterprises	\$82	96%	\$4.80	45%	(6%)	4	26%	7%
07/21/08	Genentech Inc	Roche Holding AG	\$44,291	56%	\$95.00	16%	28%	3	7%	2%
03/10/08	Nationwide Financial Services	National Mutual Insurance	\$2,412	95%	\$52.25	38%	28%	2	11%	5%

26 Transactions

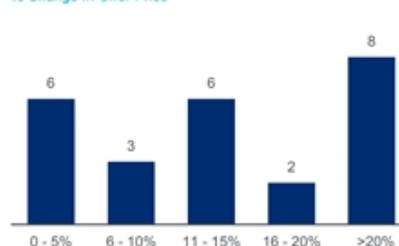
On average, acquirors increase their initial offer by ~10% (i.e., 2<sup>nd</sup> offer price vs. initial offer price)

	Average	48%	55%	3	23%	7%
Median	42	41	3	12	5	

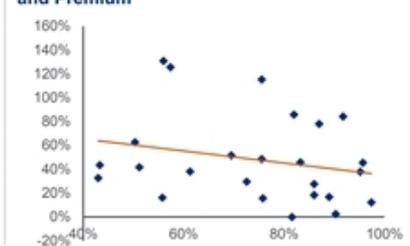
Acquiror Typically Must Increase Offer ...  
Number of Bumps



... On Average, +22.6% from Initial Offer  
% Change in Offer Price



No Apparent Relationship Between Voting % and Premium



Source: Public filings, Citi Ready Analytics, MergerMarket.

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Note: Listed transactions represent greater than \$50mm equity value, since 2008.

Excludes acquisitions with voting control acquired <40%, non-U.S. targets and non-comparable situations including limited partner roll-ups.



# RLJE Analysis at Various Prices

Preliminary Draft  
Subject to Review

(\$ in mm)		Current	10% premium to current offer of \$4.25			20% premium to current offer of \$4.25				
Share Price		\$4.66	\$4.25	\$4.50	\$4.68	\$4.75	\$5.00	\$5.10	\$5.25	\$5.50
Basic Shares		15.1	15.1	15.1	15.1	29.2	15.1	15.1	15.1	15.1
(+) Net Warrants & RSUs		27.3	26.6	27.1	27.4	13.5	27.9	28.1	28.3	28.7
TSM Shares		42.5	41.8	42.2	42.5	42.6	43.0	43.2	43.5	43.8
	<u>Price</u>									
<b>% Premium to Current</b>	<b>\$4.66</b>	--	<del>(9)%</del>	<del>(3)%</del>	<b>0%</b>	<b>2%</b>	<b>7%</b>	<b>9%</b>	<b>13%</b>	<b>18%</b>
% Premium / (Discount) to 52 Week High	5.24	(11)	(19)	(14)	(11)	(9)	(5)	(3)	0	5
% Premium to 52 Week Low	2.49	87	71	81	88	91	101	105	111	121
% Premium / (Discount) to VWAP										
Since Offer	\$4.48	4%	(5)%	0%	4%	6%	12%	14%	17%	23%
90-Day	4.37	7	(3)	3	7	9	14	17	20	26
1-Year	3.60	29	18	25	30	32	39	42	46	53
% Premium to Offer	4.25	10	--	6	10	12	18	20	24	29
% Premium to Unaffected Price	3.87	20	10	16	21	23	29	32	36	42
<b>Common Equity Value</b>	<b>\$198</b>	<b>\$177</b>	<b>\$190</b>	<b>\$199</b>	<b>\$203</b>	<b>\$215</b>	<b>\$220</b>	<b>\$228</b>	<b>\$241</b>	<b>\$241</b>
(+) Preferred Equity	14	13	13	14	24	15	15	16	16	16
(+) CoC Premium on Preferred	3	3	3	3	6	4	4	4	4	4
(+) Net Debt	17	17	17	17	17	17	17	17	17	17
(-) NPV of NOLs	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)	(8)
(-) Unconsolidated Agatha Christie Investment <sup>(1)</sup>	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)	(38)
<b>Firm Value</b>	<b>\$187</b>	<b>\$165</b>	<b>\$178</b>	<b>\$187</b>	<b>\$204</b>	<b>\$205</b>	<b>\$211</b>	<b>\$219</b>	<b>\$233</b>	<b>\$233</b>
<b>Cash Consideration from AMC (100% cash deal)</b>	<b>\$47</b>	<b>\$43</b>	<b>\$46</b>	<b>\$48</b>	<b>\$48</b>	<b>\$51</b>	<b>\$52</b>	<b>\$54</b>	<b>\$57</b>	<b>\$57</b>
Difference vs. Offer		--	3	5	6	8	10	11	14	14
<b>Market Multiples</b>	<u>Metric</u>									
FV / EBITDA <sup>(2)</sup>										
2018E	14.0	13.4x	11.8x	12.7x	13.4x	14.6x	14.7x	15.1x	15.7x	16.7x
2019E	16.1	11.6x	10.2x	11.0x	11.6x	12.6x	12.7x	13.1x	13.6x	14.4x
FV / 2017 YE Subscribers	0.7	\$267	\$235	\$254	\$268	\$291	\$293	\$301	\$313	\$333

Source: FactSet, Company filings.

Note: Market data as of April 19, 2018. Preferred Equity shown at market value. Analysis treats AMC debt and preferred stock on an as converted basis.

(1) Valued at present value of total equity earnings + dividend true up.

(2) EBITDA excludes ACL contribution. Multiples shown on a post-SBC basis.

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# Total Cash Cost to AMC

Preliminary Draft  
Subject to Review

By Class

By Class	# of Shares	Price per Share							
		\$4.25	\$4.50	\$4.68	\$4.75	\$5.00	\$5.10	\$5.25	\$5.50
Preferred <sup>(1)</sup>	3.0	\$15.9	\$16.8	\$17.4	\$17.7	\$18.7	\$19.0	\$19.6	\$20.5
2015 Warrants									
\$1.50	0.6	\$1.7	\$1.8	\$1.9	\$2.0	\$2.1	\$2.2	\$2.3	\$2.4
2.37	0.2	0.3	0.3	0.3	0.4	0.4	0.4	0.4	0.5
Proceeds to Warrant Holders <sup>(2)</sup>		\$1.9	\$2.1	\$2.3	\$2.3	\$2.5	\$2.6	\$2.7	\$2.9
Employee Stock Options									
\$2.66	0.7	\$1.1	\$1.3	\$1.4	\$1.5	\$1.6	\$1.7	\$1.8	\$2.0
3.00	0.7	0.9	1.1	1.2	1.2	1.4	1.5	1.6	1.8
Miguel CoC Equity Comp. <sup>(3)</sup>	0.4	1.8	1.9	2.0	2.0	2.1	2.2	2.2	2.3
PSUs and RSUs	0.9	3.8	4.0	4.2	4.2	4.5	4.6	4.7	4.9
Proceeds to Option Holders <sup>(2)</sup>		\$7.6	\$8.3	\$8.7	\$8.9	\$9.6	\$9.9	\$10.3	\$11.0
Public	4.1	\$17.3	\$18.3	\$19.1	\$19.4	\$20.4	\$20.8	\$21.4	\$22.4
<b>Fully Diluted Total</b>	<b>10.5</b>	<b>\$42.7</b>	<b>\$45.5</b>	<b>\$47.5</b>	<b>\$48.3</b>	<b>\$51.2</b>	<b>\$52.3</b>	<b>\$54.0</b>	<b>\$56.8</b>

Source: RLJE management.

- (1) Includes 25% premium due to change of control provision.  
 (2) Assumes warrants and options are net share settled.  
 (3) Subject to change based on transaction close date.

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# RLJE Capitalization Table

Preliminary Draft  
Subject to Review

<i>(\$ in mm)</i>	<b>Maturity</b>	<b>Interest Rate</b>	<b>12/31/2017</b>
<b>Cash &amp; Cash Equivalents</b>			\$6.2
AMC Term Loan Tranche A	Beginning June 30, 2020	7.0%	\$23.0
AMC Term Loan Tranche B	Beginning October 14, 2021	6.0	55.0
<b>Total Debt</b>			<b>\$78.0</b>
Net Debt			71.8
Preferred Equity	Beginning May 20, 2020		19.6
<b>Total Debt (Incl. Preferred)</b>			<b>\$97.6</b>
<b>Net Debt (Incl. Preferred)</b>			<b>91.3</b>
LTM Adj. EBITDA			\$16.6
<b>Leverage Stats</b>			
Total Debt / LTM Adj. EBITDA			4.7x
Net Debt / LTM Adj. EBITDA			4.3
Total Debt (Incl. Preferred) / LTM Adj. EBITDA			5.9x
Net Debt (Incl. Preferred) / LTM Adj. EBITDA			5.5

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May 2, 2018

**DRAFT**  
**PRELIMINARY & CONFIDENTIAL**  
*Subject to further review and revision*

# Discussion Materials

## Project River

Strictly Private and Confidential



# Summary

Preliminary Draft  
Subject to Review

Based on all diligence information received, AMC is willing to increase its offer to the minority RLJE shareholders to \$4.92 per share.

## Share Price Premium

- Represents a 27% premium to the \$3.87 per share stock price prior to the initial offer; 35% premium to the \$3.63 one-year VWAP; 146% premium to the share price prior to the day AMC made its initial investment
- This is in-line with the premiums of final offers to both one day and one month prior stock prices for completed transactions

## Recent Share Price

- Represents a 10% premium to the weighted average stock price since the initial offer of \$4.25 was announced and an 8% premium to the current share price
- Only 138k shares have traded at a price above \$4.92 over the last three years (0.5% of total volume)

## Firm Value to EBITDA

- \$4.92 represents a 15.0x Firm Value to 2018E EBITDA multiple
- This is a higher multiple than all of the US media control transactions done in the last 28 months, notwithstanding the fact that AMC's proposed acquisition of RLJE does not involve a change of control

## Management Plan

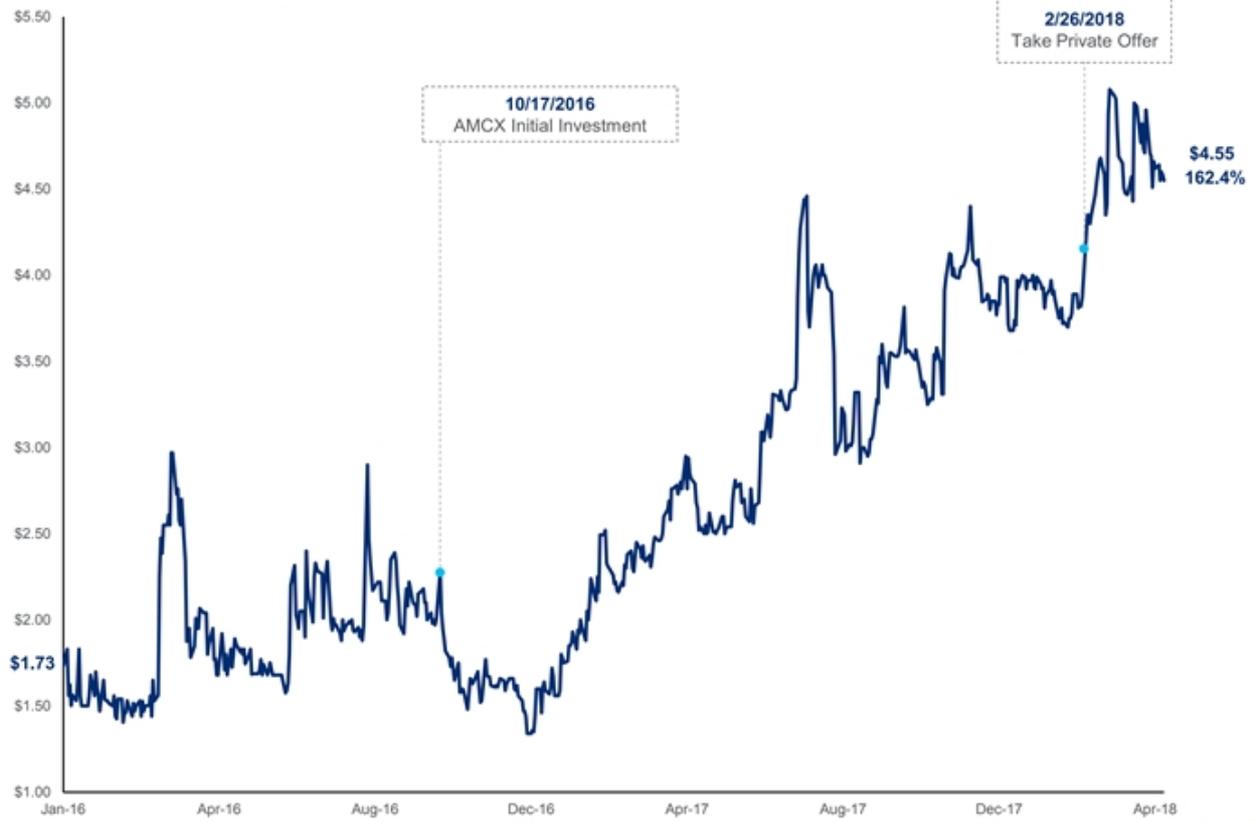
- A DCF valuation of the company based on the management Long Range Plan is highly sensitive to projections in the outer years
  - The terminal value for RLJE represents a disproportionate amount of the valuation
- Certain aspects of the management plan appear aggressive relative to past performance and underlying trends in the business
  - In the Adjusted Plan, AMC has sensitized certain assumptions including UMC subscriber growth / investment, change in working capital trends and wholesale revenue growth
- The Adjusted Plan, which incorporates more conservative assumptions and view of terminal value, supports a valuation in the high \$4 area

1 Source: FactSet, Bloomberg.  
Note: Market data as of April 27, 2018.

# RLJE Share Price Performance

Preliminary Draft  
Subject to Review

Price History Since 1/1/2016



2 Source: FactSet, Bloomberg.  
Note: Market data as of April 27, 2018.



## VWAP Trends



## Volume Traded By Price Range

(Volume in thousands)



3 Source: FactSet.  
Note: Market data as of April 27, 2018. Volume sorted by daily VWAP.

# Selected Precedent US Minority Squeeze-outs

Preliminary Draft  
Subject to Review

Greater than \$50mm Equity Value, Acquiror Voting > 40%, Since 2010

Annc. Offer Date	Target	Acquiror	Equity Value (\$ mm)	Acquiror Voting %	Offer Price	Unaffected Premium	
						1 Day <sup>(1)</sup>	1 Month <sup>(2)</sup>
<b>2017</b>							
11/09/2017	Alon USA Partners LP	Delek US Holdings Inc	\$160	82%	\$13.56	(0%)	16%
<b>2016</b>							
12/19/2016	Calamos Asset Management	Management Buyout	\$134	97%	\$8.25	12%	19%
03/09/2016	Crown Media Holdings	Hallmark Cards	176	90	5.05	2	15
03/07/2016	National Interstate	American Financial Group	311	51	32.00	42	37
02/29/2016	Federal-Mogul Holdings	Icahn Enterprises	305	82	9.25	86	98
<b>2015</b>							
12/05/2015	Dr Pepper Snapple Group Inc	JAB Holding Co.	\$20,884	87%	\$92.00	(0%)	4%
<b>2012</b>							
11/28/2012	Sauer-Danfoss, Inc.	Danfoss A/S	\$691	76%	\$58.50	49%	49%
09/26/2012	American Greetings	Management Buyout	577	43	19.00	32	33
02/24/2012	Kenneth Cole Productions	Kenneth Cole	147	89	15.25	17	26
01/16/2012	Venoco Inc	Timothy Marquez	383	50	12.50	63	69
<b>2011</b>							
06/16/2011	C&D Technologies	Angelo Gordon	\$52	65%	\$9.75	18%	18%
01/19/2011	XO Holdings	ACF Industries	96	92	1.40	84	103
<b>2010</b>							
12/04/2010	Caraco Pharmaceutical Labs	Sun Pharmaceutical	\$51	76%	\$5.25	16%	16%
11/15/2010	Mediacom Communications	Rocco B. Commisso	3,597	86	8.75	28	25
11/01/2010	CNA Surety	CNA Financial	454	61	26.55	38	49
07/10/2010	Playboy	Hugh Hefner	137	70	6.15	51	54
03/21/2010	CNX Gas Corp.	CONSOL Energy Inc.	964	83	38.25	46	43
<b>Average</b>	<b>17 Transactions</b>		<b>\$1,713</b>	<b>75%</b>		<b>34%</b>	<b>40%</b>
<b>Median</b>			<b>305</b>	<b>82</b>		<b>32</b>	<b>33</b>

Source: Public filings, Citi Ready Analytics, MergerMarket.

Note: Excludes non-U.S. targets and non-comparable situations including limited partner roll-ups.

(1) Premium relative to the share price on the business day prior to the offer. (2) Premium relative to the share price one month prior to the offer.

# Recent Media Control Transactions

Preliminary Draft  
Subject to Review

## Prior Transaction Parameters

- 1/1/2016 – 4/27/2018
- Target or Acquiror domiciled in the U.S.
- Transaction classified as a media transaction
- 1-year forward EBITDA estimate available for Target through public disclosure or Wall Street research

## Recent M&A Transactions

Ann. Date	Deal Status	Target Name	Acquiror Name	Consideration	FV / Fwd. EBITDA <sup>(1)</sup>
4/25/2018	Pending	Sky	Comcast Corp.	All Cash	12.4x
12/14/2018	Pending	Twenty First Century Fox (Assets)	The Walt Disney Company	All Stock	11.9
7/31/2017	Closed	Scripps Networks Interactive	Discovery Communications, Inc.	Cash & Stock	10.4
7/6/2017	Closed	HSN, Inc.	Liberty Interactive Corp.	All Stock	8.5
10/22/2016	Pending	Time Warner Inc.	AT&T Inc.	Cash & Stock	11.9
6/30/2016	Closed	Starz Inc.	Lionsgate Entertainment Corp.	Cash & Stock	9.8

Max:	12.4x
Mean:	10.8
Median:	11.2
Min:	8.5

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(1) Forward multiples use EBITDA of next full fiscal year; CMCSA / SKY (2018), DIS / FOX (2018), QVCA / HSN (2018), DISCA / SNI (2018), AT&T / TWX (2017), LGF / STRZA (2016).



# Adjustments Made to Management LRP

Preliminary Draft  
Subject to Review

	Financials	Rationale																		
<b>UMC Subscribers (1)</b>	<p>(in '000s)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Management</th> <th>Adjusted</th> </tr> </thead> <tbody> <tr> <td>2018E</td> <td>110</td> <td>97</td> </tr> <tr> <td>2019E</td> <td>244</td> <td>172</td> </tr> <tr> <td>2020E</td> <td>488</td> <td>303</td> </tr> <tr> <td>2021E</td> <td>732</td> <td>535</td> </tr> <tr> <td>2022E</td> <td>1,098</td> <td>946</td> </tr> </tbody> </table>	Year	Management	Adjusted	2018E	110	97	2019E	244	172	2020E	488	303	2021E	732	535	2022E	1,098	946	<ul style="list-style-type: none"> <li>Annual UMC subscriber growth equal to Acorn TV historical subscriber CAGR of 77% ('13 - '18E)</li> </ul>
Year	Management	Adjusted																		
2018E	110	97																		
2019E	244	172																		
2020E	488	303																		
2021E	732	535																		
2022E	1,098	946																		
<b>UMC Content Spend</b>	<p>(\$ in mm)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Management</th> <th>Adjusted</th> </tr> </thead> <tbody> <tr> <td>2018E</td> <td>\$6.0</td> <td>\$6.0</td> </tr> <tr> <td>2019E</td> <td>\$7.0</td> <td>\$7.0</td> </tr> <tr> <td>2020E</td> <td>\$10.0</td> <td>\$10.0</td> </tr> <tr> <td>2021E</td> <td>\$10.0</td> <td>\$13.3</td> </tr> <tr> <td>2022E</td> <td>\$10.0</td> <td>\$16.7</td> </tr> </tbody> </table>	Year	Management	Adjusted	2018E	\$6.0	\$6.0	2019E	\$7.0	\$7.0	2020E	\$10.0	\$10.0	2021E	\$10.0	\$13.3	2022E	\$10.0	\$16.7	<ul style="list-style-type: none"> <li>UMC content spend equal to management plan through 2020</li> <li>UMC content spend assumed to grow at same rate as Acorn TV content spend in 2021 and 2022                             <ul style="list-style-type: none"> <li>Management plan assumes flat content spend by years 2021 and 2022</li> </ul> </li> </ul>
Year	Management	Adjusted																		
2018E	\$6.0	\$6.0																		
2019E	\$7.0	\$7.0																		
2020E	\$10.0	\$10.0																		
2021E	\$10.0	\$13.3																		
2022E	\$10.0	\$16.7																		
<b>Wholesale Revenue (2)</b>	<p>(\$ in mm)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Management</th> <th>Adjusted</th> </tr> </thead> <tbody> <tr> <td>2018E</td> <td>\$60.3</td> <td>\$60.3</td> </tr> <tr> <td>2019E</td> <td>\$57.4</td> <td>\$57.4</td> </tr> <tr> <td>2020E</td> <td>\$55.2</td> <td>\$55.2</td> </tr> <tr> <td>2021E</td> <td>\$55.2</td> <td>\$53.0</td> </tr> <tr> <td>2022E</td> <td>\$55.2</td> <td>\$50.9</td> </tr> </tbody> </table>	Year	Management	Adjusted	2018E	\$60.3	\$60.3	2019E	\$57.4	\$57.4	2020E	\$55.2	\$55.2	2021E	\$55.2	\$53.0	2022E	\$55.2	\$50.9	<ul style="list-style-type: none"> <li>Wholesale revenue ties to management plan for 2018-2020</li> <li>2021 and 2022 revenue declines at 3.9% per annum; rate based on 2020 decline in management plan</li> </ul>
Year	Management	Adjusted																		
2018E	\$60.3	\$60.3																		
2019E	\$57.4	\$57.4																		
2020E	\$55.2	\$55.2																		
2021E	\$55.2	\$53.0																		
2022E	\$55.2	\$50.9																		
<b>PSVOD Marketing Spend</b>	<p>(\$ in mm)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Management</th> <th>Adjusted</th> </tr> </thead> <tbody> <tr> <td>2018E</td> <td>\$6.6</td> <td>\$6.4</td> </tr> <tr> <td>2019E</td> <td>\$9.5</td> <td>\$9.2</td> </tr> <tr> <td>2020E</td> <td>\$11.5</td> <td>\$11.5</td> </tr> <tr> <td>2021E</td> <td>\$14.1</td> <td>\$14.7</td> </tr> <tr> <td>2022E</td> <td>\$17.4</td> <td>\$19.5</td> </tr> </tbody> </table>	Year	Management	Adjusted	2018E	\$6.6	\$6.4	2019E	\$9.5	\$9.2	2020E	\$11.5	\$11.5	2021E	\$14.1	\$14.7	2022E	\$17.4	\$19.5	<ul style="list-style-type: none"> <li>2018 UMC marketing spend per incremental subscriber of \$18.3 held constant throughout forecast period (3)</li> </ul>
Year	Management	Adjusted																		
2018E	\$6.6	\$6.4																		
2019E	\$9.5	\$9.2																		
2020E	\$11.5	\$11.5																		
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<b>Change in NWC</b>	<p>(\$ in mm)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Management</th> <th>Adjusted</th> </tr> </thead> <tbody> <tr> <td>2018E</td> <td>(\$0.5)</td> <td>(\$2.0)</td> </tr> <tr> <td>2019E</td> <td>(\$0.3)</td> <td>(\$0.3)</td> </tr> <tr> <td>2020E</td> <td>(\$0.4)</td> <td>(\$0.4)</td> </tr> <tr> <td>2021E</td> <td>(\$0.4)</td> <td>(\$0.4)</td> </tr> <tr> <td>2022E</td> <td>(\$0.3)</td> <td>(\$0.3)</td> </tr> </tbody> </table>	Year	Management	Adjusted	2018E	(\$0.5)	(\$2.0)	2019E	(\$0.3)	(\$0.3)	2020E	(\$0.4)	(\$0.4)	2021E	(\$0.4)	(\$0.4)	2022E	(\$0.3)	(\$0.3)	<ul style="list-style-type: none"> <li>Wholesale Days Sales Outstanding ("DSO") increases linearly from 137 days in 2017 to 183 days (est. half year blended run rate DSO) in 2022 to reflect higher proportional licensing revenue which has a longer receivable period</li> </ul>
Year	Management	Adjusted																		
2018E	(\$0.5)	(\$2.0)																		
2019E	(\$0.3)	(\$0.3)																		
2020E	(\$0.4)	(\$0.4)																		
2021E	(\$0.4)	(\$0.4)																		
2022E	(\$0.3)	(\$0.3)																		

Source: RLJE Management. Note: LRP received on April 24, 2018.

(1) UMC Revenue per sub and UMC PSVOD EBITDA margin held constant. (2) Wholesale margins held constant; wholesale costs decrease proportionately with revenue.

(3) Assumes all incremental subs attributable to marketing spend. Breakout of non-attributable subs not provided to date.

# Management Case vs. Adjusted Case

Preliminary Draft  
Subject to Review

## Total Revenue (\$ in mm)



Year	2018E	2019E	2020E	2021E	2022E
% Difference (Adj. vs. Mgmt)	(0%)	(2%)	(5%)	(7%)	(7%)

## Total Adj. EBITDA (\$ in mm)



Year	2018E	2019E	2020E	2021E	2022E
% Difference (Adj. vs. Mgmt)	(1%)	(7%)	(15%)	(24%)	(25%)

## Free Cash Flow (\$ in mm)



Year	2018E	2019E	2020E	2021E	2022E
% Difference (Adj. vs. Mgmt)	(181%)	(21%)	(24%)	(38%)	(37%)

## Adj. EBITDA Margin<sup>(1)</sup>



Year	2018E	2019E	2020E	2021E	2022E
Difference (Adj. vs. Mgmt)	(13) bps	(111) bps	(269) bps	(449) bps	(522) bps

7 Source: RLJE Management. Note: LRP received on April 24, 2018.  
(1) Adj. EBITDA margin declines primarily because overhead costs are consistent with management case.



# RLJE Analysis at Various Prices

Preliminary Draft  
Subject to Review

(\$ in mm)		Unaffected Price	Current	Prior Offer	New Offer
<b>Share Price</b>		<b>\$3.87</b>	<b>\$4.55</b>	<b>\$4.25</b>	<b>\$4.92</b>
Basic Shares		15.1	15.1	15.1	15.1
(+) Net Warrants & RSUs		24.1	24.6	24.4	24.7
TSM Shares		39.3	39.7	39.5	39.9
	<u>Price</u>				
<b>% Premium to Current</b>	<b>\$4.55</b>	<b>(15%)</b>	<b>--</b>	<b>(7%)</b>	<b>8%</b>
% Premium / (Discount) to 52 Week High	5.24	(26)	(13)	(19)	(6)
% Premium to 52 Week Low	2.49	55	83	71	98
% Premium to Unaffected Price to Initial AMCX Investment	2.00	94	128	113	146
% Premium / (Discount) to VWAP					
Since Offer	\$4.49	(14%)	1%	(5%)	10%
90-Day	4.43	(13)	3	(4)	11
1-Year	3.63	7	25	17	35
% Premium to Initial Offer	4.25	(9)	7	--	16
% Premium to Unaffected Price to Initial Offer	3.87	--	18	10	27
<b>Common Equity Value</b>		<b>\$152</b>	<b>\$181</b>	<b>\$168</b>	<b>\$196</b>
(+) Preferred Equity (with 25% CoC Premium)		14	17	16	18
(+) Net Debt		17	17	17	17
(-) Unconsolidated Investments <sup>(1)</sup>		(22)	(22)	(22)	(22)
<b>Firm Value</b>		<b>\$162</b>	<b>\$193</b>	<b>\$179</b>	<b>\$210</b>
<b>Market Multiples</b>	<u>Metric</u>				
	<u>Mgmt. Plan</u>				
FV / EBITDA <sup>(2)</sup>	\$14.0	11.6x	13.8x	12.8x	15.0x
2018E					
2019E	16.4	9.8x	11.7x	10.9x	12.8x
	<u>Adj. Plan</u>				
FV / EBITDA <sup>(2)</sup>	\$13.7	11.8x	14.0x	13.0x	15.3x
2018E					
2019E	14.6	11.0x	13.2x	12.2x	14.3x

Source: FactSet, Company filings.

Note: Market data as of April 27, 2018. Preferred Equity shown at market value. Analysis treats AMC debt and preferred stock on an as converted basis.

(1) At book value.

(2) EBITDA excludes ACL contribution. Multiples shown on a post-SBC basis.

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July 2018

Preliminary Draft  
Subject to Review

# Discussion Materials



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# RLJE Analysis at Various Prices

Preliminary Draft  
Subject to Review

(\$ in mm)		Current	Initial Offer			New Offer				
Share Price		\$4.94	\$4.25	\$5.50	\$6.00	\$6.25	\$6.50	\$7.00	\$7.50	\$7.75
Basic Shares <sup>(1)</sup>		15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6	15.6
(+) Net Warrants & RSUs		24.7	24.4	25.0	25.1	25.2	25.3	25.4	25.5	25.5
TSM Shares		40.3	40.0	40.5	40.7	40.8	40.8	41.0	41.1	41.1
	<u>Price</u>									
<b>% Premium to Current</b>	<b>\$4.94</b>	--	<b>(14%)</b>	<b>11%</b>	<b>21%</b>	<b>27%</b>	<b>32%</b>	<b>42%</b>	<b>52%</b>	<b>57%</b>
% Premium / (Discount) to 52 Week High	5.24	(6)	(19)	5	15	19	24	34	43	48
% Premium to 52 Week Low	2.49	98	71	121	141	151	161	181	201	211
% Premium to Unaffected Price to Initial AMCX Investment	2.00	147	113							
% Premium / (Discount) to VWAP										
Since Offer	\$4.56	8%	(7%)	21%	32%	37%	43%	54%	65%	70%
90-Day	4.69	5	(9)	17	28	33	39	49	60	65
1-Year	4.12	20	3	34	46	52	58	70	82	88
% Premium to Initial Offer	4.25	16	--	29	41	47	53	65	76	82
% Premium to Unaffected Price to Initial Offer	3.87	28	10	42	55	61	68	81	94	100
<b>Common Equity Value</b>		<b>\$199</b>	<b>\$170</b>	<b>\$223</b>	<b>\$244</b>	<b>\$255</b>	<b>\$266</b>	<b>\$287</b>	<b>\$308</b>	<b>\$319</b>
(+) Preferred Equity		15	13	16	18	19	19	21	22	23
(+) Preferred Equity (with 25% CoC Premium)		18	16	21	22	23	24	26	28	29
(-) Cash		(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
(+) Net Debt		19	19	19	19	19	19	19	19	19
(-) Unconsolidated Investments <sup>(2)</sup>		(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)	(23)
<b>Firm Value</b>		<b>\$214</b>	<b>\$182</b>	<b>\$240</b>	<b>\$263</b>	<b>\$274</b>	<b>\$286</b>	<b>\$309</b>	<b>\$332</b>	<b>\$344</b>
Total Cash Cost to AMC			\$42.8	\$56.9	\$62.6	\$65.4	\$68.2	\$73.9	\$79.5	\$82.3
<b>Market Multiples</b>	<u>Metric</u>									
FV / EBITDA <sup>(3)</sup>	<u>Mgmt. Plan</u>									
2018E	\$11.0	17.8x	16.6x	21.9x	24.0x	25.0x	26.1x	28.2x	30.3x	31.3x
2019E	15.9	12.3x	11.4	15.0	16.5	17.2	18.0	19.4	20.9	21.6
FV / EBITDA <sup>(3)</sup>	<u>Adj. Plan</u>									
2018E	\$11.0	19.5x	16.6x	21.9x	24.0x	25.0x	26.1x	28.2x	30.3x	31.3x
2019E	15.9	13.4x	11.4	15.0	16.5	17.2	18.0	19.4	20.9	21.6

Source: FactSet, Company filings.

Note: Market data as of July 19, 2018. Preferred Equity shown at market value. Analysis treats AMC debt and preferred stock on an as converted basis.

(1) Includes 413,709 shares issued to AMCX as interest and RSAs granted to directors at an assumed grant value of \$4.58 (July 2, 2018 closing price).

(2) Valued at book value.

(3) EBITDA excludes ACL contribution. Multiples shown on a post-SBC basis.

# Total Cash Cost to AMCX

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By Class	# of Shares	Price per Share							
		\$4.25	\$5.50	\$6.00	\$6.25	\$6.50	\$7.00	\$7.50	\$7.75
Preferred <sup>(1)</sup>	3.0	\$15.9	\$20.5	\$22.4	\$23.3	\$24.3	\$26.1	\$28.0	\$28.9
2015 Warrants									
\$1.50	0.6	\$1.7	\$2.4	\$2.7	\$2.9	\$3.0	\$3.3	\$3.6	\$3.8
2.37	0.2	0.3	0.5	0.5	0.6	0.6	0.7	0.8	0.8
Proceeds to Warrant Holders <sup>(2)</sup>		\$1.9	\$2.9	\$3.2	\$3.4	\$3.6	\$4.0	\$4.4	\$4.6
Employee Stock Options									
\$2.66	0.7	\$1.1	\$2.0	\$2.3	\$2.5	\$2.7	\$3.0	\$3.4	\$3.6
3.00	0.7	0.9	1.8	2.1	2.3	2.5	2.8	3.2	3.3
Miguel CoC Equity Comp.	0.4	1.8	2.3	2.6	2.7	2.8	3.0	3.2	3.3
PSUs and RSUs	0.9	3.8	4.9	5.4	5.6	5.8	6.3	6.7	6.9
Proceeds to Option Holders <sup>(2)</sup>		\$7.6	\$11.0	\$12.3	\$13.0	\$13.7	\$15.1	\$16.4	\$17.1
Public	4.1	\$17.4	\$22.5	\$24.6	\$25.6	\$26.6	\$28.7	\$30.7	\$31.7
<b>Fully Diluted Total</b>	<b>10.6</b>	<b>\$42.8</b>	<b>\$56.9</b>	<b>\$62.6</b>	<b>\$65.4</b>	<b>\$68.2</b>	<b>\$73.9</b>	<b>\$79.5</b>	<b>\$82.3</b>

Source: Public filings.

(1) Includes 25% premium due to change of control provision.

(2) Assumes warrants and options are net share settled.

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July 2018

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# Discussion Materials



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# RLJE Analysis at Various Prices

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(\$ in mm)		Current	Initial Offer	New Offer
<b>Share Price</b>		<b>\$4.87</b>	<b>\$4.25</b>	<b>\$6.25</b>
Basic Shares <sup>(1)</sup>		15.6	15.6	15.6
(+) Net Warrants & RSUs		24.7	24.4	25.2
TSM Shares		40.3	40.0	40.8
	<u>Price</u>			
<b>% Premium to Current</b>		<b>\$4.87</b>	<b>(13)%</b>	<b>28%</b>
% Premium / (Discount) to 52 Week High	5.24	(7)	(19)	19
% Premium to 52 Week Low	2.49	96	71	151
% Premium to Unaffected Price to Initial AMCX Investment	2.00	144	113	
% Premium / (Discount) to VWAP				
Since Offer	\$4.56	7%	(7%)	37%
90-Day	4.70	4	(10)	33
1-Year	4.12	18	3	52
% Premium to Initial Offer	4.25	15	--	47
% Premium to Unaffected Price to Initial Offer	3.87	26	10	61
<b>Common Equity Value</b>		<b>\$196</b>	<b>\$170</b>	<b>\$255</b>
(+) Preferred Equity		15	13	19
(+) Preferred Equity (with 25% CoC Premium)		18	16	23
(-) Cash		(4)	(4)	(4)
(+) Net Debt		19	19	19
(-) Unconsolidated Investments <sup>(2)</sup>		(23)	(23)	(23)
<b>Firm Value</b>		<b>\$210</b>	<b>\$182</b>	<b>\$274</b>
Total Cash Cost to AMC			\$42.8	\$65.4
<b>Market Multiples</b>				
	<u>Metric</u>			
FV / EBITDA <sup>(3)</sup>				
	<u>Mgmt. Plan</u>			
2018E	\$11.0	19.2x	16.6x	25.0x
2019E	15.9	13.2x	11.4	17.2
FV / EBITDA <sup>(3)</sup>				
	<u>Adj. Plan</u>			
2018E	\$10.9	19.2x	16.6x	25.1x
2019E	13.8	15.3x	13.2	19.9

Source: FactSet, Company filings.

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# Total Cash Cost to AMCX

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By Class	# of Shares	Price per Share	
		\$4.25	\$6.25
Preferred <sup>(1)</sup>	3.0	\$15.9	\$23.3
2015 Warrants			
\$1.50	0.6	\$1.7	\$2.9
2.37	0.2	0.3	0.6
Proceeds to Warrant Holders <sup>(2)</sup>		\$1.9	\$3.4
Employee Stock Options			
\$2.66	0.7	\$1.1	\$2.5
3.00	0.7	0.9	2.3
Miguel CoC Equity Comp.	0.4	1.8	2.7
PSUs and RSUs	0.9	3.8	5.6
Proceeds to Option Holders <sup>(2)</sup>		\$7.6	\$13.0
Public	4.1	\$17.4	\$25.6
<b>Fully Diluted Total</b>	<b>10.6</b>	<b>\$42.8</b>	<b>\$65.4</b>

2 Source: Public filings.  
 (1) Includes 25% premium due to change of control provision.  
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