



Media**link**



SETTING OUR SAILS TO TAKE ADVANTAGE OF THE WINDS OF OPPORTUNITY

2003 ANNUAL REPORT

## P O R T F O L I O   O F   S E R V I C E S

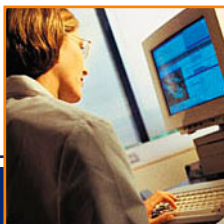
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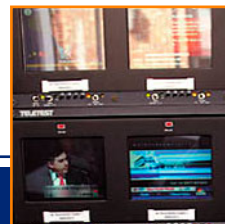
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(dollars in thousands except for per share data)

	2003	2002	2001	2000	1999
Revenue	<b>\$44,054</b>	\$47,365	\$48,420	\$56,474	\$44,614
Gross profit	<b>29,967</b>	31,629	30,722	35,958	29,277
Selling, general and administrative expenses (a)	<b>29,757</b>	30,490	32,638	31,426	25,924
Loss from joint venture	<b>316</b>	350	728	1,079	234
Operating income (loss)	<b>(2,555)</b>	(1,817)	(6,216)	3,453	3,119
Income (loss) before provision for income taxes	<b>(2,842)</b>	(2,015)	(6,348)	3,532	3,339
Net income (loss)	<b>(2,692)</b>	(1,869)	(3,773)	2,057	1,992
Earnings (loss) per share	<b>\$ (0.45)</b>	\$ (0.32)	\$ (0.65)	\$ 0.35	\$ 0.34
Working capital	<b>\$ 2,768</b>	\$ 4,308	\$ 6,085	\$10,644	\$11,117
Assets	<b>36,712</b>	40,643	40,813	42,028	36,982
Long-term debt, net	<b>173</b>	217	95	157	233
Stockholders' equity	<b>\$24,798</b>	\$27,204	\$29,046	\$32,570	\$29,887

(a) 2003 selling, general and administrative expenses ("S, G & A") include restructuring charges related to the sublease of excess office space of \$592. 2002 S, G & A includes advisory charges of \$1,300. 2001 S, G & A includes restructuring charges, loss on sale of subsidiary and advisory charges of \$634, \$496 and \$805, respectively.

The selected consolidated financial data on this page has been derived from the Company's audited consolidated financial statements. The information should be read in conjunction with the consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K. Certain acquisitions occurring in 1999 have been accounted for under purchase accounting and, accordingly, are only reflected herein for dates and periods on and after the respective dates of acquisition. Additionally, all of the balances have been restated to reflect the merger with The Delahaye Group, Inc., which was accounted for as a pooling. See Note 3 of the Company's Consolidated Financial Statements.





## Navigating a Course for Renewal and Growth



J. Graeme McWhirter and Laurence Moskowitz

As the economic horizon for 2004 began to brighten, Medialink trimmed its sails, strengthened its board and management and developed a range of new communications services. While 2003 remained challenging, the Company navigated a course for renewal and growth and initiated the U.S. launch of Teletrax™, the first global video tracking service, which offers profoundly valuable capabilities to Hollywood studios, television syndicators and other media companies.

Headline-making projects ranging from the European Space Agency's Mars mission to Neiman Marcus' holiday catalog further reinforced Medialink as the premier provider of communications services to the public relations, corporate communications and public affairs industries. All the while, the Company reduced excess rent overheads, completed all earn-out obligations, reduced bank borrowings and continued to reduce costs across all units.

By combining creative expertise, production skills and an infrastructure to distribute video, audio, text and still pictures to media worldwide, Medialink's core services enable clients to reach coveted audiences of broadcast, print and Internet news. In addition, we prove the value of public relations by measuring and assessing corporate reputation and return on investment of promotional activities.

We also seek to leverage opportunities arising from significant changes occurring in advertising, which are largely driven by an increasing reluctance of advertisers to spend more on traditional commercials, while audiences continue to decline. Medialink's services have historically offered far greater value to clients than advertising due to the enduring credibility of news.

To support this transition, we introduced promising new services in 2003: Media Compass, an enterprise portal that delivers continually updated client-specific news and analysis directly to communication executives; guaranteed programming on broadcast television and radio, cable and digital cable via Video on Demand; and global Telefeed™, weekly themed news feeds

comprising video news features across key sectors and delivered to more than 700 major broadcasters worldwide.

Also within our sights are exciting frontiers for Teletrax. Contracts with Reuters Television, NBC News Channel and Universal Domestic Television, and the launch of the service by Medialink into the PR marketplace, signaled the emergence of Teletrax into a vibrant and potent business.

Our leadership was fortified this year with the infusion of corporate board and executive management talent. We elected a new board member, John M. Greening, who ran the Anheuser-Busch global account during most of his 27-year career with DDB Needham, and we installed a new non-executive director in London, Bill Jones, founder of one of the United Kingdom's most illustrious PR firms. Also, new executive managers bring valuable industry knowledge gained from working at the world's most respected organizations in news and media, technology research and corporate video production.

Above all, we recognize that 2003's achievements would be impossible without the tireless effort of our Medialink employees. Last year our broadcast, photography and PR evaluation work was honored with nearly 20 industry awards including the prestigious Public Relations Society of America Silver Anvil.

We believe the long-term trends that affect all aspects of business remain as favorable as when Medialink was formed and that we are best positioned among our competitors to maintain our leadership role and to take advantage of the more favorable winds of an improving economy. We also believe that Teletrax provides compelling bottom-line benefits to many new market segments and can help propel us into courses that will reward our shareholders for their dedication and support.

LAURENCE MOSKOWITZ  
Chairman, President and  
Chief Executive Officer

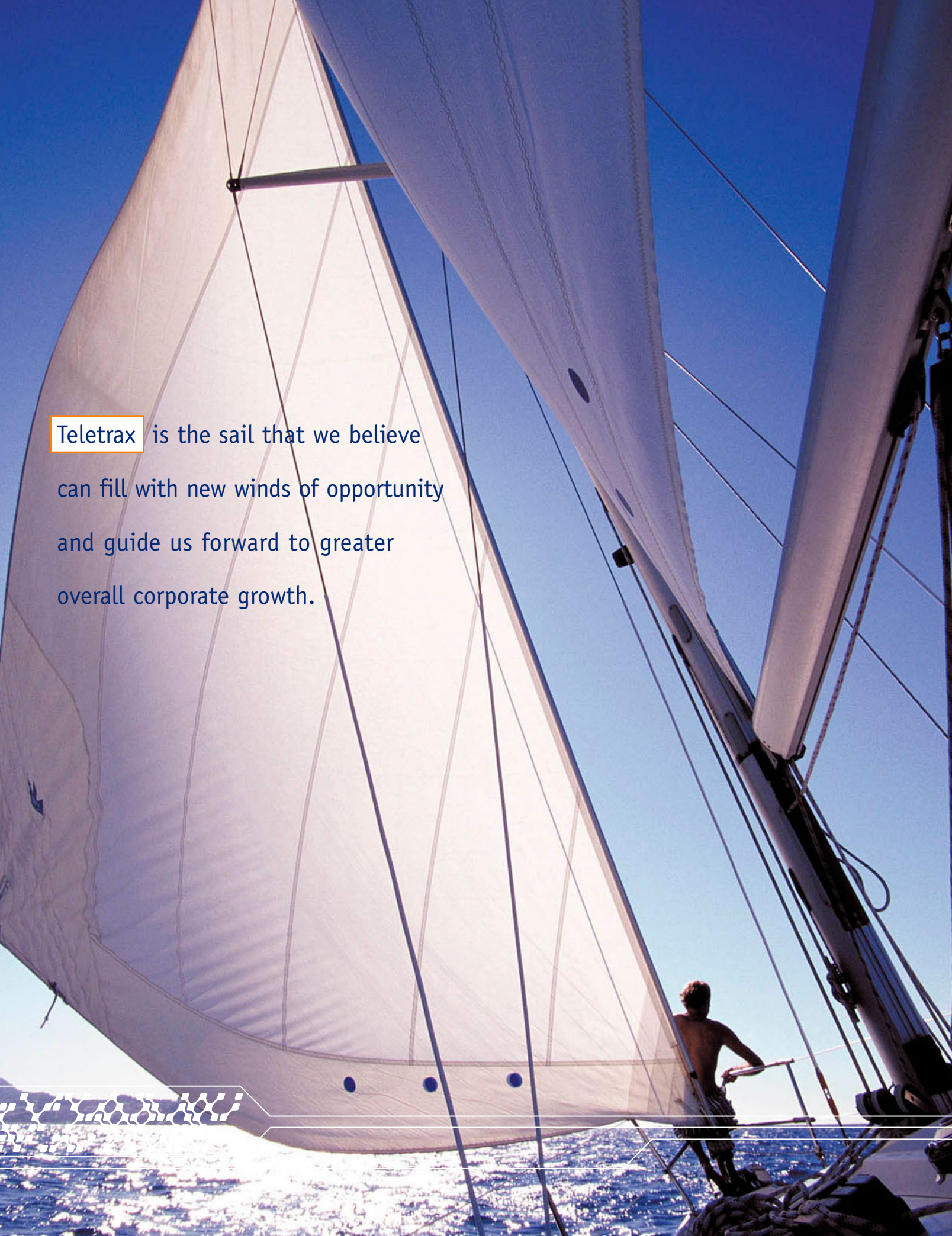
J. GRAEME MCWHIRTER  
Executive Vice President and  
Chief Financial Officer

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# Leadership







Teletrax is the sail that we believe  
can fill with new winds of opportunity  
and guide us forward to greater  
overall corporate growth.



## Exploring New Business Frontiers



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### Heritage of Innovation Continues: Teletrax

Great ideas and breakthrough innovation often are born of simple needs. When Medialink expanded into the international marketplace and opened its office in London, it became clear that there was no method of tracking where our clients' video was being aired outside of the United States. We were left to the "old ways": telephone calls in multiple languages to determine which stations broadcast our clients' corporate and public relations video.

Fast-forwarding nearly a decade, Medialink created its own solution with the launch of Teletrax, but the result proved to be so unique and so powerful that it has become a business unto itself, with discrete new market opportunities internationally and domestically. Teletrax is the sail that we believe can fill with new winds of opportunity and guide us forward to greater overall corporate growth.

Teletrax, using patented technology developed by Philips Electronics, allows any owner of video—whether it is a feature film, a live sporting event, a television program or commercial—to ensure when and where it is broadcast and for the

proper duration. The system, which places or "embeds" an imperceptible and indelible watermark into video, then tracks the embedded video when it is broadcast terrestrially, via satellite and on cable. Agreements reached with Reuters Television, NBC News Channel and Universal Domestic Television, and the launch of the service by Medialink into the PR marketplace helped Teletrax emerge from the incubator. Endorsements from these initial clients helped to pave the way for more news, entertainment and media companies to begin actively testing the service.

A dedicated staff of engineers expanded the Teletrax network worldwide to meet contractual requirements on schedule. In 2003, Teletrax's network of receivers and detectors proliferated to 100 American cities, London, Brussels, Barcelona, Moscow, Jerusalem, Hong Kong, Singapore, Tokyo, Mexico City, Rio de Janeiro and Buenos Aires. Today Teletrax is monitoring more than 800 channels in nearly 50 countries in North America, Europe, the Middle East, Asia and South America.

# strength





## A Unified Approach to Business

### Unwavering Commitment to Clients

For nearly two decades, Medialink has provided communication solutions and strategies that help clients achieve two related goals: to deliver information to intended audiences with maximum impact and to provide information that assesses communications effectiveness.

Medialink's focus on these client objectives has remained unchanged, even though its marketplace and portfolio of services have been greatly broadened over the years. Through the growth of its diverse business operations, the Company's marketplace has extended beyond the PR industry to encompass almost all vertical markets within media and communications. With the expansion of its customer base, Medialink now offers a wider spectrum of services ranging from traditional news content production and multimedia distribution for journalists' use to sophisticated business management tools such as enterprise portals for discrete consumption of news and analysis and video watermarking for content tracking and reporting.

Medialink's customer-focused approach has also driven the development of its leadership team and staff of professionals. As the industry leader, the Company has retained and continues to

attract experienced personnel with employees from such organizations as AOL Time Warner, ABC, CBS, NBC, The BBC, Dow Jones, *The New York Times*, United Press International and CNBC. Nearly 300 Medialink employees in offices around the world bring together their diverse skill sets and creativity to help more than 3,000 clients achieve communications success.

Whether a situation calls for expert counsel during a high-profile litigation crisis or an ongoing campaign to introduce a new consumer product or defeat proposed legislation, Medialink is an integral member of the client's strategy team. Using business intelligence gathered from nearly 20 years of successfully conceptualizing and managing communications projects, Medialink's client consultants can confidently guide and shape a communications program. With full video, audio, text and still photo production, distribution capabilities to reach television, radio, print and Internet news points worldwide and monitoring services to report on results, no other organization can match Medialink's ability to plan, respond and deliver.

For nearly two decades, Medialink has helped clients achieve two related goals: to deliver information to intended audiences with maximum impact and to provide information that assesses communications effectiveness.

# stability

**Board of Directors**

Laurence Moskowitz  
*Chairman, President and  
 Chief Executive Officer;  
 Medialink Worldwide Incorporated*

J. Graeme McWhirter  
*Executive Vice President and  
 Chief Financial Officer;  
 Medialink Worldwide Incorporated*

Harold Finelt  
*Venture Partner;  
 American Research & Development*

John M. Greening  
*Associate Professor, Graduate Program;  
 Northwestern University*

Donald Kimelman  
*Director, Venture Fund;  
 The Pew Charitable Trust*

Catherine Lugauber  
*Partner; Kelly & Lugauber*

James J. O'Neill  
*Private Financial Consultant*

Paul Sagan  
*President; Akamai Technologies, Inc.*

Alain Schibl  
*Managing Director and Partner;  
 Duet Wealth Management*

Theodore Wm. Tashlik  
*Member; Tashlik, Kreutzer, Goldwyn &  
 Crandell, P.C.*

**Audit Committee**

Messrs. Finelt, Kimelman and O'Neill

**Compensation Committee**

Messrs. Finelt, Kimelman and O'Neill

**Nominating Committee**

Ms. Lugauber and Mr. Sagan

**Stock Option Committee**

Messrs. Finelt and Kimelman

**Corporate Contact**

Mary C. Buhay, Senior Vice President,  
 Corporate Communications  
 mbuhay@medialink.com

**Transfer Agent**

Mellon Shareholder Services LLC  
 44 Wall Street  
 New York, NY 10005  
 www.mellon-investor.com

**Independent Auditors**

KPMG LLP  
 345 Park Avenue  
 New York, NY 10154  
 (212) 758-9700

**Outside Counsel**

Tashlik, Kreutzer, Goldwyn &  
 Crandell, P.C.  
 40 Cuttermill Road, Suite 200  
 Great Neck, NY 11021  
 (516) 466-8005

**Form 10-K**

The Company would be pleased to provide, without charge, a copy of its most recent 10-K upon written request to the Chief Financial Officer, Medialink Worldwide Incorporated, 708 Third Avenue, New York, NY 10017. A full copy is also available online at [www.medialink.com](http://www.medialink.com).

**Stock Exchange Listing**

The common shares of Medialink Worldwide Incorporated are traded over The Nasdaq Stock Market® under the symbol MDLK.

**Headquarters**

Medialink Worldwide Incorporated  
 708 Third Avenue  
 New York, NY 10017 USA  
 (212) 682-8300  
 (800) 843-0677  
 Fax (212) 682-2370  
 www.medialink.com

**International Hub**

Medialink Worldwide Incorporated  
 7 Fitzroy Square  
 London, W1T 5HL, United Kingdom  
 011-44-207-554 2700  
 Fax 011-44-207-554 2710

**Worldwide Offices**

Chicago • Dallas • Los Angeles  
 • London • New York • Norwalk, CT  
 • Portsmouth, NH • San Francisco  
 • Washington, DC

**Market for the Registrant's Common Equity and Related Stockholder Matters**

The Company's common stock trades on The Nasdaq Stock Market® under the symbol MDLK.

The following table sets forth the high and low closing sales prices per share of the Company's common stock for the periods presented.

Quarter Ended	Low	High
March 31, 2002	2.50	3.44
June 30, 2002	2.62	4.30
September 30, 2002	3.18	3.99
December 31, 2002	2.89	3.83
March 31, 2003	2.77	3.52
June 30, 2003	2.60	3.55
September 30, 2003	2.85	4.44
December 31, 2003	2.82	3.48

As of December 31, 2003, there were approximately 1,343 holders of record of the Company's common stock.

The Company has not paid, and does not anticipate paying for the foreseeable future, any dividends to holders of its common stock. The declaration of dividends by the Company in the future is subject to the sole discretion of the Company's Board of Directors and will depend upon the operating results, capital requirements and financial position of the Company, general economic conditions and other pertinent conditions or restrictions relating to any financing.

**Notice of Annual Meeting**

Medialink Worldwide Incorporated will conduct its Annual Meeting at the Company's Headquarters, 708 Third Avenue, 8th Floor, New York, NY 10017 USA, at 9:30 a.m. on Thursday, June 10, 2004.



MEDIALINK WORLDWIDE INCORPORATED

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