



Business Description

NTN Buzztime, Inc. has been a leader in multi-point social interactive entertainment for more than 20 years. Its trivia, games and other interactive entertainment are distributed across broadband platforms, including online, satellite TV and in approximately 3,746 restaurants, sports bars and other hospitality venues throughout North America. The Company's Entertainment Division, often referred to as "Buzztime," operates the iTV Network, which focuses on the distribution of NTN Buzztime's interactive promotional television game network programming, primarily to hospitality venues such as restaurants and bars. Additionally, NTN Buzztime distributes its game content and technology through other third-party consumer platforms, including online and in retail games and books.

INVESTMENT HIGHLIGHTS

Leadership in interactive leisure products

For more than 20 years, the NTN Buzztime iTV Network has provided interactive entertainment to patrons in hospitality venues such as restaurants and bars. The Company's current consolidated revenues are derived from this segment through recurring service fees from subscribing hospitality venues, plus revenues from advertisers using the NTN Buzztime network to "narrowcast" promotional content to its desirable consumer audience. Consumers have been shown to stay longer, spend more money and return more often when a venue offers NTN Buzztime, as affirmed in a recent study by Arbitron, Inc.

NTN Buzztime makes a subscribing restaurant or bar a destination and makes each customer visit a special occasion.

New opportunities for digital signage advertising revenues

The Company's latest offering assigns interactive game content to one portion of the screen while other portions are dedicated to content controlled by the venue, such as promotions and specials and by third-party advertising. The existing footprint is approximately 3,746 individually addressable NTN Buzztime venues in approximately 200 U.S. Designated Market Areas (DMAs), including the top 30 DMAs, plus Canada. NTN Buzztime players, interacting with each other and with onscreen game content, are a receptive audience for networked digital signage, an advertising medium that industry analyst Frost & Sullivan has estimated will reach \$3.7 billion in revenues in 2011 in North America alone.

Customer retention initiatives taking hold

In April 2007, NTN Buzztime launched a program of increased field marketing team interaction with operators of subscribing venues, to combat customer loss (or "churn"). April 2008 marked the 12-month point at which the most site losses tend to occur. Results from the second and third quarters of 2008 suggest a reduction of "churn" to the mid 20% range annually, the lowest level in at least two years. Digital signage promotional opportunities, an upgraded online subscriber-site network and new games are among other weapons the Company is using to maximize subscriber retention.

Additional growth opportunities

The Company is pursuing initiatives to 1) maximize subscriber site retention; 2) launch new and improved games; 3) increase the proportion of revenues received from nationwide chains from the current 29%; 4) leverage its network into a powerful digital signage advertising force; and 5) expand into Internet games with new online offerings, not tied to subscriber venues, that harness the popularity and functionality of personal computers and portable data/communications devices while at the same time promoting the NTN Buzztime brand.

NTN Buzztime's digital signage technology allows hospitality operators to easily program compelling, attractive promotional material. Recent market research affirms that consumers are three times more likely to notice a digital ad than static signage, and twice as likely to remember it.



NTN BUZZTIME-PLAY-ALONG TV

The Brand

NTN Buzztime's out-of-home iTV Network has maintained a unique and preemptive position in interactive electronic entertainment for over 20 years. Subscribing hospitality venues install core software on a PC, or, for larger chains, a server, and are outfitted with several wireless NTN Buzztime Playmakers. Game-playing venue guests use the Playmaker game controllers to choose multiple-response trivia answers or make other game-specific plays and follow the action on the venue's TV displays. NTN Buzztime attracts over 1.1 million players monthly, providing a large consumer audience for the Company's initiative to leverage its subscriber screens as vehicles for out-of-home advertising.

The Games

NTN Buzztime operates a 15-hour-per-day private interactive television network serving primarily restaurants and sports bars. Popular games include Texas Hold 'em Poker, Buzztime Trivia and QB1 Predict-the-Play football. New games are being developed and introduced constantly.

The Players

Consumers play games using wireless keypads called Playmakers, winning prizes at the venue level as well as network-wide and, not coincidentally, spending money on food and drink. The NTN Buzztime PlayersPlus membership includes over 400,000 registered users, including many true-blue trivia and game fanatics.

The Venues

Chains subscribing to NTN Buzztime nationwide include Buffalo Wild Wings, TGIFriday's, Applebee's and Damon's Grill. Chain or "national" accounts contribute approximately 29% of revenues. All told, approximately 3,746 venues located in North America are subscribers. An emerging initiative would leverage NTN Buzztime's deep archive of game and trivia content to give any portable communications device the potential to become, in effect, a NTN Buzztime venue.

NTN Buzztime locations span the U.S and Canada. But NTN Buzztime viewers, rather than passively "vegetating in front of the tube" are interacting with other players and the NTN Buzztime screen. In this atmosphere they are having fun, making them receptive to promotional and advertising messages that the venue operator can easily program.

MANAGEMENT

Kendra Berger was appointed Chief Financial Officer and Secretary in August 2006. Ms. Berger served on the Company's Board of Directors and as Chairperson of the Audit Committee from July 2005 until August 2006. Most recently she was the Executive Director of Finance and Controller of Nventa Biopharmaceuticals Corporation, and formerly was the Vice President, Finance and Controller of Discovery Partners International, Inc., both publicly traded companies. Prior to joining Discovery Partners in 2001, Ms. Berger was the CFO of NTN Buzztime. She is a licensed CPA.

Peter J. Boylan III was appointed Executive Vice President of Sales in July of 2008. Mr. Boylan joins NTN Buzztime from EMN8, where he held the position of Vice President of Sales. Prior to EMN8, Mr. Boylan held increasingly responsible executive positions within The Coca-Cola Company between 1995 and 2005. Mr. Boylan has over 17 years of sales, marketing and operational experience in the hospitality and foodservice industry. Mr. Boylan is also a veteran of the U.S. Army where he served with the 101st and 82nd Airborne Divisions. He earned an MBA from Wake Forest University's Babcock Graduate School of Management and a Bachelor of Science degree in Aerospace Engineering from the U.S. Military Academy at West Point.

Over the years, NTN Buzztime games have developed fiercely loyal followings. Players gather regularly at their favorite hospitality venues to compete at NTN Buzztime trivia games, Texas Hold 'em, QB1 (in which the object is to predict the kind of play that will occur next during an NFL game) or other fun and innovative offerings.



STRATEGIES FOR GROWTH

Increase subscriber retention

As noted, NTN Buzztime has launched a major initiative to retain existing subscribers, especially those approaching the first contract renewal cycle. Elements of the Company's "war on churn" are new games, new field sales force protocols that provide for greater customer contact in the first 12 months, and the upgraded subscriber web site my. Buzztime.com. Additional ammunition is in-hand in the form of newly updated consumer survey data proving the value proposition of an NTN Buzztime subscription (see "Leverage updated customer data" below), which typically pays for itself and begins generating incremental profits in approximately three months.

Grow advertising revenues

PQ Media projects in-venue digital signage revenues to grow at 35% a year, to \$1.1 billion in 2011. This emerging out-of-home advertising medium provides a powerful opportunity to NTN Buzztime, with its existing installed base of thousands of interactive screens. Advertising is shifting from "push" to "pull" as media-saturated younger audiences consume less traditional (that is, passive) media. NTN Buzztime Network's new digital signage product provides a single-source branding and promotional solution to hospitality operators, allowing them to wrap their own messaging around NTN Buzztime's addictively popular game content. Operators can easily program their own discounts, specials, upcoming events and other promotional messaging into the system without NTN Buzztime staff assistance, thus replacing or augmenting expensive point-of-purchase materials, enhancing differentiation and directly driving revenues.

Leverage updated customer data

Updating studies from some years ago, NTN Buzztime recently commissioned market research that established several points of return on investment or "ROI" for subscribing to NTN Buzztime.

Marquee market research firms found that in contrast with non-players, NTN Buzztime players:

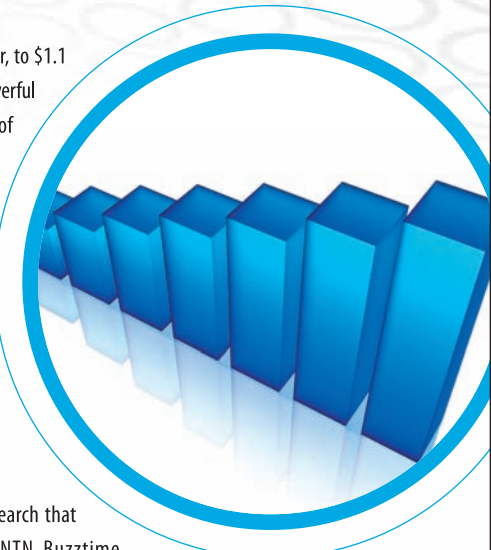
- ▶ Spend 18% more at subscribing hospitality venues (\$33 on average)
- ▶ Stay 19% longer
- ▶ Visit their preferred venues 20% more often

In addition, 77% of subscriber patrons notice the availability of NTN Buzztime at the subscribing venue, and 49% play. NTN Buzztime players are a desirable demographic, with 65.9% in the prime 21-49 age group and with annual incomes averaging more than \$69,000. For venue owners and operators, the new research data shows that a NTN Buzztime installation pays back its initial costs and becomes a venue profit center in approximately 90 days. Beyond the street-level data gained in these studies, it is self-evident that the adoption and appeal of interactive electronic gaming has only grown stronger in

recent years, and the momentum continues to favor a company like NTN Buzztime with its deep reservoirs of game-related intellectual property and its know-how in creating popular games. The bar or restaurant subscribing to NTN Buzztime has a powerful competitive advantage in a \$530 billion industry because its customer is getting more for the dollar in fun and entertainment than any non-subscribing venue can offer.

It is fair to say that NTN Buzztime anticipated today's growth in out-of-home interactive media 20 years ago, and that its ideal audience has grown up since then to enjoy the Company's innovative game offerings.

NTN Buzztime players plan to spend \$33 in an average visit to a hospitality venue (bar or restaurant), versus \$28 for non-players. This 18% differential is one of the keys to the NTN Buzztime ROI for venue operators. These figures were updated in the second quarter of 2008.



SELECTED FINANCIAL DATA

Selected Income Statement Data* (In thousands, except per-share data)

	Three months ended September 30 (unaudited)		Nine months ended September 30 (unaudited)	
	2008	2007	2008	2007
Revenues	\$6,772	\$ 7,476	\$20,971	\$22,849
Operating expenses:				
Direct operating costs	1,971	2,249	6,095	6,675
Impairment of intangible asset	-	968	-	968
Selling, general and administrative	5,724	5,816	19,941	17,186
Depreciation and amortization	133	129	400	421
Restructuring costs	-	-	-	478
Total operating expenses	\$7,828	\$9,162	\$26,436	\$25,728
Operating loss	\$(1,056)	\$(1,686)	\$(5,465)	\$(2,879)
Other income (expense):				
Interest Income	27	107	129	253
Interest expense	(4)	(5)	(4)	(26)
Other income	69	2	69	83
Total other income	\$92	\$104	\$194	\$310
Loss from continuing operations before income taxes	\$(964)	\$(1,582)	\$(5,271)	\$(2,569)
Provision for income taxes	68	35	173	188
Loss from continuing operations	\$(1,032)	\$(1,617)	\$(5,444)	\$(2,757)
Income (loss) from discontinued operations, net of tax	175	(168)	(332)	(349)
Net loss	\$(857)	\$(1,785)	\$(5,776)	\$(3,106)
Net loss per common share—basic and diluted:				
Loss from continuing operations, basic and diluted	\$(0.02)	\$(0.03)	\$(0.10)	\$(0.05)
Income (loss) from discontinued operations, basic and diluted	\$0.00	\$0.00	\$(0.01)	\$(0.01)
Net loss	\$(0.02)	\$(0.03)	\$(0.11)	\$(0.06)
Weighted average shares outstanding—basic and diluted	55,196	56,000	55,195	55,148

Selected Balance Sheet Data* (In thousands)

	September 30 2008 (unaudited)	December 31 2008 (unaudited)
Cash and cash equivalents	\$5,257	\$10,273
Total current assets	6,834	12,903
Total assets	\$14,468	\$20,860
Accounts payable	\$739	\$831
Total current liabilities	5,034	5,205
Total liabilities	5,116	5,292
Total shareholders' equity	\$9,352	\$15,568

* Selected data only – please see the Company's filings with the SEC on Forms 10K and 10Q for complete financial data and notes thereto.

FOR FURTHER INFORMATION

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