

- **Company Overview**

Martha Stewart Living Omnimedia, Inc. (MSLO) is a leading provider of original "how-to" information, inspiring and engaging consumers with unique lifestyle content and beautifully designed, high-quality products.

MSLO is comprised of four businesses: Publishing, Internet, Broadcasting and Merchandising, the combination of which enables the Company to cross-promote content and products.

## Media

### **Publishing**

The Publishing business encompasses magazines and books. The magazines include *Martha Stewart Living*, *Everyday Food*, *Martha Stewart Weddings and Body + Soul*. MSLO also publishes special issues on select topics each year.

*Martha Stewart Living*, MSLO's flagship magazine, is the foundation of the Company's publishing business and serves as a significant generator of content for the Company's asset library. *Martha Stewart Living* offers reference-quality and original "how-to" information from the Company's core content areas in a unique, upscale editorial and aesthetic platform. It has been recognized as a distinguished lifestyle magazine, winning three National Magazine Awards given by the American Society of Magazine Editors (ASME). *Martha Stewart Living* also has received 165 Society of Publication Designers (SPD) awards and the Acres of Diamonds Awards for Magazine Development. In 2008, *Living* appeared on *Adweek's* "Hot List" honoring magazines with a track record of advertising and circulation growth, taking into account ad performance over the past three years; this is the eighth year *Living* has been included on the "Hot List." In 2006, *Adweek* named the magazine's publishing team "Executive Team of the Year." *Martha Stewart Living* also topped *Adweek's* first-ever "Brand Blazers" list of magazines that are doing the best job of extending the brands they represent.

*Everyday Food*, a digest-sized magazine, was created for the supermarket shopper and the everyday cook, featuring quick, easy recipes. In 2008, it was on *Adweek's* annual hot list for magazines in its category for the third consecutive year. It also has received awards from the Society of Publication Designers and was named "Launch of the Year" in 2005 by *Advertising Age* in its annual "A-List," which recognizes the best magazines of the year.

*Martha Stewart Weddings* targets the upscale bride and serves as an important vehicle for introducing young women to the MSLO brands. It outsells all other bridal magazines on the newsstand. The magazine has received the ASME's National Magazine Award for General Excellence among publications with a 250,000-500,000 circulation.

*Body + Soul* focuses on whole living, and provides readers with key lifestyle tenets, including balanced fitness, whole health, inner growth and rejuvenation. It is the leading magazine in its category.

In addition to magazines, MSLO publishes books on a range of subjects related to the company's areas of expertise. The company currently has an agreement with Clarkson Potter to publish 12 books over the next five years. The first five books—*The Martha Stewart Living Cookbook: The Original Classics*, *The Martha Stewart Living Cookbook: The New Classics*, *Martha Stewart's Wedding Cakes*, *Martha Stewart's Cookies and Martha Stewart's Cooking School*—are now available.

MSLO has a strong track record in book publishing. In November 2008, *Martha Stewart's Cooking School* debuted on *The New York Times* bestseller list in the "Advice/How-To" category shortly after publication, replicating the success of *Martha Stewart's Cookies* in March 2008 and *Everyday Food: Great Food Fast* in March 2007. *Martha Stewart's Homekeeping Handbook: The Essential Guide to Caring for Everything in Your Home* was similarly well received when it was published in November 2006. *The Washington Post* described *Martha Stewart's Homekeeping Handbook* as "the ultimate housekeeping resource." It climbed high on bestseller lists across the country and was honored as an outstanding book of 2006 by the American Institute of Graphic Arts. Other recent titles include the bestselling *Martha Stewart's Baking Handbook*, and

*The Martha Rules: 10 Essentials for Achieving Success as You Start, Grow or Manage a Business* by Martha Stewart. *The Martha Rules* is a business handbook which outlines how to identify one's own entrepreneurial voice and channel one's skills and passions into a successful business venture.

### **Internet**

In early 2007, the company relaunched the marthastewart.com website which offers instant access to the inspiring and trusted world of Martha Stewart. From entertaining and decorating to gardening and crafts, the website is the definitive source for Martha Stewart Living Omnimedia's unique, creative content and expert resources for the home. Visitors can access more than 10,000 of the finest recipes, as well as video clips, articles, ideas and projects from the vast MSLO multimedia library, including *Martha Stewart Living*, *Everyday Food*, *Martha Stewart Weddings* and *body + soul* magazines, *The Martha Stewart Show*, *Everyday Food TV* and *Martha Stewart Living Radio* on SIRIUS XM. Users can also participate in online workshops and, with the company's recent investment in WeddingWire, users can locate local vendors and plan and manage their wedding with an expanding array of digital wedding-planning tools. The WeddingWire investment is part of MSLO's strategy to accelerate its digital footprint and expand its *Weddings* franchise online and in print. In addition, MSLO recently invested in Pingg Corp, an online event management site that offers stylish invitations and easy-to-use event planning tools.

The site is also home to several blogs, including "The Martha Blog—Up Close and Personal," and "Dinner Tonight," which offers a new dinner menu every weekday along with recipes from the pages of *Everyday Food* magazine.

In addition, the site features tools and templates for *Martha Stewart Crafts* products and other forms of personal expression, as well as links to e-commerce sites that offer high-quality Martha Stewart branded products.

The company recently launched www.wholeliving.com, a stand-alone website that is the online home of MSLO's *Body + Soul* magazine. The new site features more than 1,000 content items, including easy, healthy recipes, interactive photo galleries, ideas for stylish eco-décor, green cleaning tips and more. It is a natural extension of MSLO's growing presence in the healthy living category.

Our websites reach approximately 4 million unique visitors a month.

### **Broadcasting**

MSLO's Broadcasting business segment consists of operations relating to the production of television programming, the domestic and international distribution of that programming in existing and repurposed formats, and the operations of a satellite radio channel.

The cornerstone of the Broadcasting business segment is the nationally syndicated daily lifestyles series, *The Martha Stewart Show*, which is shot live, in front of a studio audience. It provides a forum for Martha to inspire and teach viewers who look to her for "how-to" instruction in a broad range of areas, including cooking, entertaining, gardening, decorating and crafts. The series is produced by MSLO and distributed by NBC Universal Domestic Television Distribution to more than 95% of the country. It can also be viewed in primetime on a day-delay basis on the Scripps-owned Fine Living TV Network. The Emmy Award-winning show began its fourth season in September 2008.

The Broadcasting segment also includes *Everyday Food* and *Everyday Baking from Everyday Food* on PBS, as well as *Whatever, Martha!*, a new, weekly, primetime series on Fine Living Network. *Everyday Food*, a nationally syndicated, half hour program that began its fourth season in January 2008 brings to life recipes featured in *Everyday Food* magazine and the bestselling cookbook *Everyday Food: Great Food Fast*. Each half-hour episode is designed to provide solutions to the challenges of everyday cooking and includes easy-to-make recipes along with smart tips and kitchen techniques. In January 2008, the company launched *Everyday Baking from Everyday Food* on PBS. The half-hour program features easy and delicious baking recipes for cookies, cakes, pies, tarts and more—all from the pages of *Everyday Food* magazine. On *Whatever, Martha!*, radio talk show hosts Alexis Stewart and Jennifer Koppelman Hutt bring their irreverent point of view to TV where they provide unscripted commentary on old segments of the Emmy-winning series *Martha Stewart Living*. In addition, a *Martha Stewart Crafts* series can be viewed on the DIY Network;

Martha Stewart on Demand, an advertising-supported, video-on-demand service, is available to Comcast digital and Cox Cable customers.

MSLO's Broadcasting business segment also features satellite radio programs on the *Martha Stewart Living Radio*, Channel 112 on SIRIUS XM. The channel provides programming designed for listeners and their families, 24 hours a day, seven days a week.

### Merchandising

Through MSLO's Merchandising business segment, MSLO sells products at multiple price points through several distribution channels, including:

- *Martha Stewart Collection* merchandise exclusively at Macy's and on macys.com. The line encompasses a broad range of home goods-including bed and bath textiles, housewares, casual dinnerware, flatware and glassware, cookware, holiday decorating and tree-trimming items.
- *Martha Stewart Everyday*, the company's mass-market brand, offers essential products through Home, Garden, Kitchen, Holiday, Decorating, Keeping, and Colors lines at Kmart and at Sears Canada.
- *Martha Stewart Collection with Wedgwood*, an assortment of fine bone china, crystal stemware and flatware, available exclusively at Macy's, macys.com and macysweddingchannel.com.
- *Martha Stewart Crafts*, a line of paper-based crafting and storage supplies available at more than 900 Michaels arts & crafts stores, independent retailers and on marthastewartcrafts.com.
- *Martha Stewart Create*, an extension of the *Martha Stewart Crafts* line, and *Martha Stewart Celebrate*, a new line of stylish, ready-made wedding products, both at Wal-Mart Stores in the U.S. and Canada.
- *Martha Stewart for 1-800-FLOWERS.COM*, a new co-branded flowers program that launched in Spring 2008. The program, featuring flower arrangements, plants and gift baskets, offers any-day and same-day delivery.
- Martha Stewart homes in communities created in collaboration with KB Home, one of the country's leading homebuilders. There are currently homes available in nine Martha Stewart communities in North Carolina, Georgia, California, Texas, Colorado and Florida. Additional community openings are expected. *BusinessWeek* called the new Martha Stewart-created home with KB Home a "smash alliance" and named them one of the top 20 most "innovative products" for 2006.
- *Martha Stewart Furniture* with Bernhardt is an important element of the company's growing home-decorating assortment, which includes *Martha Stewart Rugs* with Safavieh, *Martha Stewart Lighting* with Generation Brands and branded carpet tiles with FLOR.
- *Martha Stewart Colors*, a line of interior and exterior paint at more than 1,525 Lowe's home improvement stores across the country.
- A co-branded food line with Costco.

The company also is extending its footprint in the crafts arena. In August 2007, it invested \$10 million in an entity primarily funded by GTCR Golder Rauner, LLC that acquired Wilton Industries, Inc. and Dimensions Holdings, LLC. This entity, renamed Wilton Products, Inc., also owns EK Success in which MSLO has a preexisting ownership stake. Through the investment in Wilton Products, MSLO extended its license into the area of crafting associated with Wilton Industries, setting the stage for a branded line of food crafts (such as cake decoration), party favors and celebrations. Earlier in 2007, MSLO announced a long-term endorsement by Martha Stewart of SVP Worldwide's sewing machine lines under the Singer, Husqvarna Viking and Pfaff brands. Martha has been sewing all her life and sewing is well represented in MSLO's crafts content and on *The Martha Stewart Show*. This endorsement agreement is a natural extension of MSLO's growing presence in the crafts market.

Over the years, MSLO's products have received numerous awards and honors. The *Martha Stewart Furniture* line has been recognized with the *Elle Décor* International Design Award in the furniture category and has received the honor of Best New Collection by *InFurniture* magazine, the monthly magazine for the furniture industry. In 2006, the American Society of Furniture Designers awarded prestigious Pinnacle Awards to two pieces in the *Martha Stewart Furniture* collection with Bernhardt. HFN'S Brand Awareness Survey named Martha Stewart and the associated product lines as the #1 brand in the Textiles Area. The *Martha Stewart Everyday* brand was included in the *Advertising Age* Marketing 100, and was awarded the

Home Textile Design Award by the Fashion Institute of Technology and Home Textiles Today. Martha Stewart Living Omnimedia, Inc. also has received the Edison Achievement Award as well as two Edison Awards for Best New Products.

### **Emeril Lagasse**

In February 2008, the company acquired Chef Emeril Lagasse's media and merchandising business, including the rights to his television programs, cookbooks, internet assets and licensed kitchen and food products. This acquisition is part of the company's overall strategy to diversify into other brands, extend its digital footprint, and expand its portfolio of first-in-class lifestyle brands.

In September 2008, the company announced that Emeril is collaborating with HarperStudio, a new imprint of HarperCollins, on a multi-year, 10-book project. The chef's first book with HarperStudio will focus on indoor and outdoor grilling and is slated for release in May, 2009, in time for Father's Day.

In July 2008, the company launched "Emeril Green," a new original series featuring Chef Emeril Lagasse on Planet Green, Discovery Communications' new 24/7 eco-lifestyle television network. Shot on location at Whole Foods Market, the show spotlights Emeril and his delicious recipes prepared using fresh, organic, locally grown foods. This new series joins Emeril's existing television programs, including "Emeril Live" on Fine Living Network and "Essence of Emeril" on the Food Network