



## **Investor Presentation**

**November 19, 2008**

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*This presentation contains non-GAAP financial measures. A non-GAAP financial measure is a numerical measure of a registrant's historical or future financial performance, financial position or cash flows that excludes amounts, or is subject to adjustments that have the effect of excluding amounts, that are included in the most directly comparable measure calculated and presented in accordance with GAAP in the statement of income, balance sheet or statement of cash flows (or equivalent statement) of the issuer; or includes amounts, or is subject to adjustments that have the effect of including amounts, that are excluded from the most directly comparable measure so calculated and presented. In this regard, GAAP refers to generally accepted accounting principles in the United States.*

# Agenda

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**II Where We Were**

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**I Executive Summary**

EMAK Worldwide, Inc. is a family of marketing services agencies in the \$300+ billion marketing services industry. Its agencies are experts in consumer activation, offering strategy-based marketing programs that directly impact consumer behavior.

EMAK has been engaged in a multi-year process of restructuring after suffering significant losses and write-offs from a generally unsuccessful acquisition program.

EMAK is now positioned to return to meaningful profitability and sustained growth.

EMAK estimates its addressable market today, including promotional and interactive/digital, exceeds \$180 billion worldwide and is expected to surpass \$230 billion in 2010, representing 28% growth.

To capitalize on overall growth trends, EMAK operates with the point of view that today's consumers are not spectators; they want to be involved and engaged, and so its agencies deliver one promise – to get consumers to participate with their clients' brands. They uniquely fill the need of bridging high-tech and high-touch programs for their clients with a modern marketing approach. Because they flex with the changing landscape, EMAK's agencies are able to deliver on their promise and they are recognized by clients and by the industry alike. They are consistently ranked among the top promotional agencies by Advertising Age and PROMO Magazine.



- ◆ EMAK is positioned perfectly to deliver modern marketing for the most demanding brands
- ◆ EMAK's products business is reliable and profitable after being severely restructured
- ◆ EMAK's marketing services agencies are in-demand, continuing to grow, and profitable
- ◆ EMAK has identified further growth opportunities to launch in 2009 and 2010
- ◆ EMAK operates an efficient corporate service center

- ◆ **Promotional Products:** marketing programs that incorporate products used as free premiums or gifts with purchase
- ◆ **Agency Services:** fees for services such as strategic planning and research, brand marketing and retail marketing

### Promotional Products

- ◆ Stable revenues and positive EBITDA projected in 2009
- ◆ A stable business relationship with Burger King spanning over 20 years
- ◆ Strong partnerships with other marquis consumer products companies and retailers
- ◆ A world class supply chain, including product integrity, QA / QC and logistics

Reliability















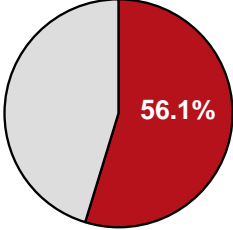
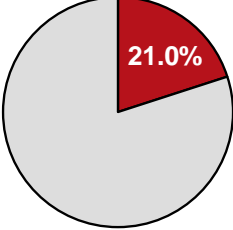
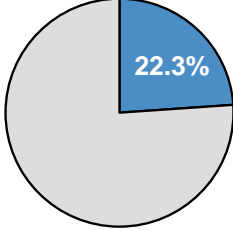
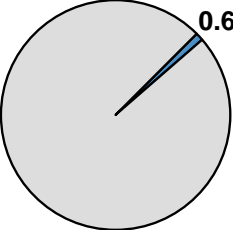
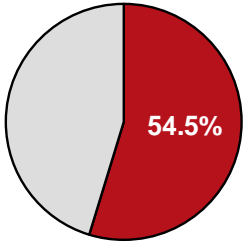
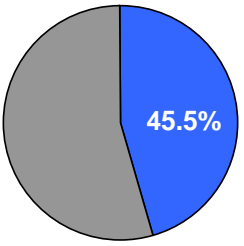
### Agency Services

- ◆ Growing revenues and positive EBITDA projected in 2009
- ◆ A recognized integrated marketing agency (Upshot) with strong year-over-year sales and profit growth, not dependent on mass media
- ◆ A newly launched “green” agency (Neighbor), well-positioned
- ◆ A modern business model

Growth

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# Executive Summary > The EMAK Family of Companies

	Promotional Products (\$105.3 million; 77.2% of Sept. 30, 2008 TTM net sales*)		Agency Services (\$31.2 million; 22.8% of Sept. 30, 2008 TTM net sales*)	
Description	 Premium and promotional products primarily for Burger King	 Promotional products for the consumer and retail segments	 Integrated marketing services across multiple industries	 Marketing services exclusively for "green" and healthy living clients
Select Clients		  	  	  
Share of Sept. 30, 2008 TTM Net Sales*				
Share of Sept. 30, 2008 TTM Segment Operating Income**				

\*Net sales amounts presented reflect sales for the trailing twelve months ended September 30, 2008, adjusted to eliminate sales for Logistix Europe and Equity Marketing Services as well as consumer products sales.

\*\*Segment operating income reflects the operating income for the Products and Services segments, adjusted to eliminate the Logistix Europe, Equity Marketing Services and consumer products operations.

## Recent Highlights

*as of September 30, 2008*

- ◆ Promotional Products business in the U.S. has been cleaned up, stabilized, strengthened and is now a reliable performer
- ◆ Operating expenses before charges reduced another 17% in the first nine months of 2008
- ◆ London-based office closed to stem losses in European operations; management evaluating strategic alternatives in the region
- ◆ Agency Services business continues to grow by double-digits in revenues and gross profits
- ◆ Cash and cash equivalents of \$7.5 million; no debt



**Where We Were**

EMAK has undergone a dramatic transformation over the last three years and is entering a new era of opportunity and growth potential. The company has been reengineered to build a new kind of platform in the modern marketing industry.

We have one vision for EMAK: to accelerate the growth of its most profitable and promising opportunities while managing the businesses efficiently.

EMAK's multi-stage transformation has included:

**Products:** numerous acquisitions in the area of promotional products had left EMAK with five products agencies and an overlap in positioning, a bloated overhead and redundant facilities. The agencies were consolidated in order to tap into the efficiencies embedded in their operations and to go-to-market with scale. As a result, facilities were closed, overhead was trimmed, and management and staff were realigned. The consolidation process continued through 2008 as remaining units Equity Marketing and Logistix were unified under a single leadership team with shared operations.

**Services:** a shift from status quo to a period of investment; now this business is realizing double-digit revenue and profit growth, industry recognition, high employee morale, and award-winning work for its blue-chip clientele.

**Costs:** since 2004, EMAK has removed \$26 million in annualized costs from its operating expenses.

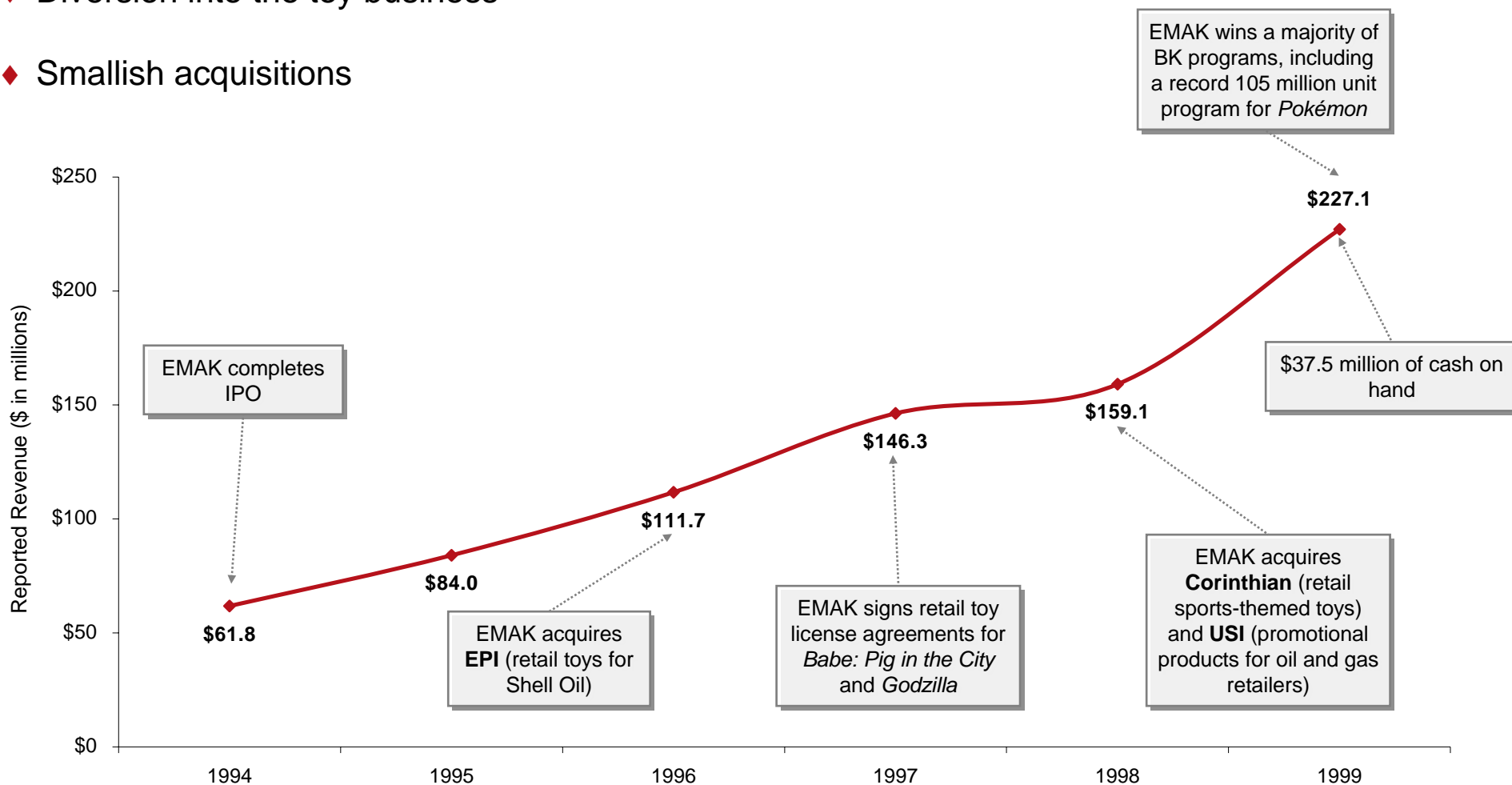
## Where We Were > Historical Sources and Uses of Cash

	Stage I IPO (1994) - December 31, 1999	Stage II January 1, 2000 - December 31, 2005	Stage III January 1, 2006 - September 30, 2008
Beginning Cash (a)	\$ 3,944	\$ 7,131	\$ 6,315
<b>Sources of Funds:</b>			
Cash flow from Operations	\$ 20,268	\$ 50,198	\$ 6,849
IPO, net	6,032	-	-
Preferred stock issuance (dividends)	-	16,202	(532)
Bank financing (payments)	12,500	(12,500)	-
Proceeds from stock option exercise	2,929	5,262	(247)
Net cash received	41,729	59,162	6,070
<b>Uses of Funds:</b>			
Capital expenditures	\$ (8,872)	\$ (7,429)	\$ (4,520)
Acquisitions (net of cash)	(28,441)	(37,546)	(364)
Stock buyback	(1,229)	(15,003)	-
Net cash used	(38,542)	(59,978)	(4,884)
Total Cash Received (Used)	\$ 3,187	\$ (816)	\$ 1,186
Ending Cash (a)	\$ 7,131	\$ 6,315	\$ 7,501
<b>Reconciliation of Net Income to Cash Flow from Operations</b>			
Net Income	\$ 27,626	\$ (27,439)	\$ (12,846)
Depreciation and Amortization	8,194	13,141	4,534
Provision for Doubtful Accounts	3,662	2,550	39
Stock Based Compensation	3,468	3,648	3,527
Forgiveness of note receivable	-	1,685	-
Minimum royalty guarantee shortfall gain	-	4,885	(88)
Impairment of assets	6,712	48,282	3,310
Other	(82)	613	563
Change in Operating Assets and Liabilities	(29,312)	2,833	7,810
Cash Flow from Operations	\$ 20,268	\$ 50,198	\$ 6,849
(a) Includes Cash, Restricted Cash and Marketable Securities			

Through the 90's EMAK was highly successful at growing its revenues and profits from its largest client. The company's momentum continued while making small acquisitions and developing its full-priced consumer products (toys) lines.

### EMAK's Stage I growth came from growing the Burger King business:

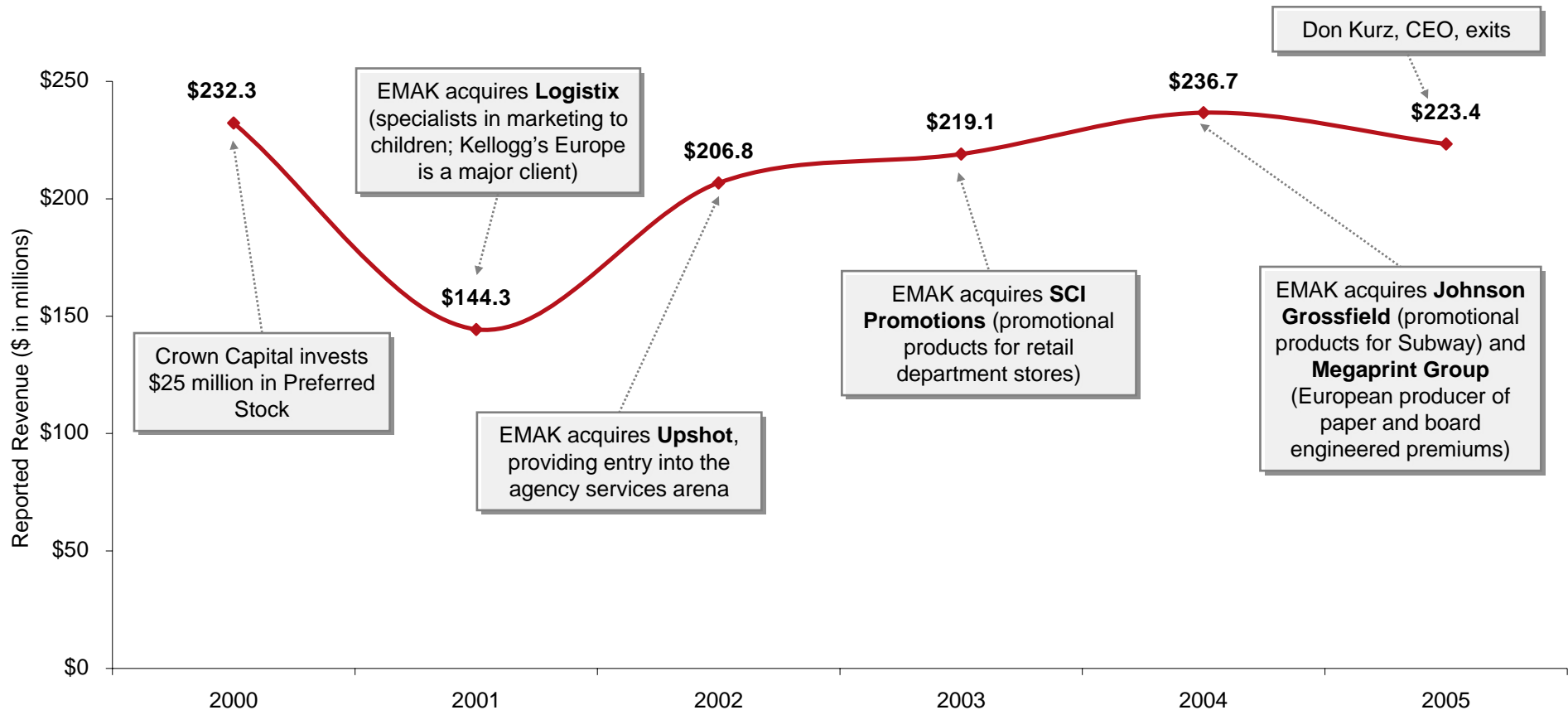
- ◆ Highly profitable
- ◆ Organic growth
- ◆ Diversion into the toy business
- ◆ Smallish acquisitions



EMAK ended 2000 with approximately \$40 million in cash, including \$25 million from a private equity investment and the issuance of preferred stock to its investor. Over the next three years, EMAK made five acquisitions and implemented a share buy-back program. Meanwhile, revenues from its largest client declined.

### EMAK's Stage II growth came from acquisitions, most of which failed.

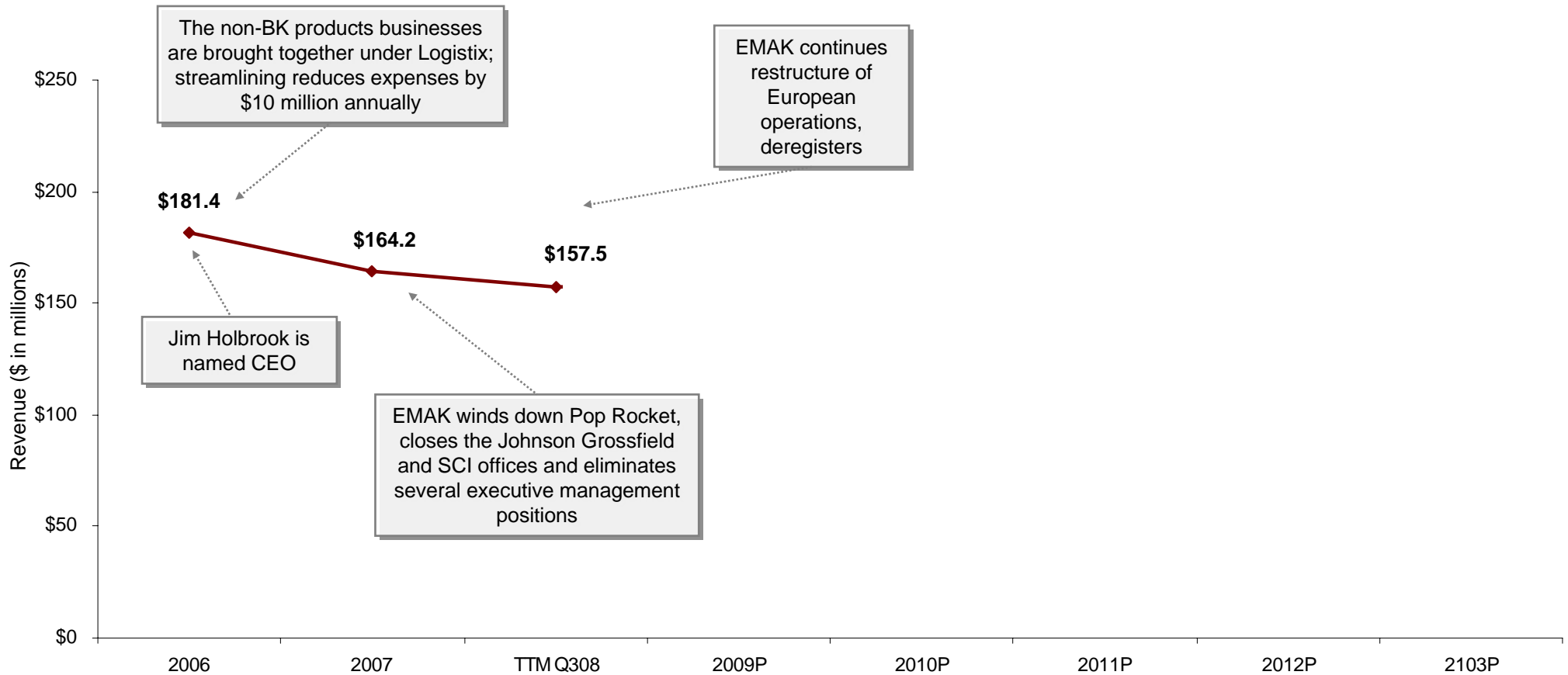
- ◆ Declining Burger King volume, revenues and margins
- ◆ Recapitalized with a \$25 million PIPE from Crown Capital to make acquisitions
- ◆ Spent \$52.5 million on acquisitions and stock buy-backs



For the last three years, EMAK has restructured its business dramatically. The products businesses have been combined and streamlined to clean up the failed acquisitions. The services businesses have been stimulated to grow. And the corporate structure has been realigned to be an efficient service center.

### EMAK's Stage III has reengineered the company, setting it up for future growth:

- ◆ Reconfigured the leadership team
- ◆ Reducing overhead expenses
- ◆ Focusing the products businesses on reliable profitability
- ◆ Focusing modern marketing services for growth

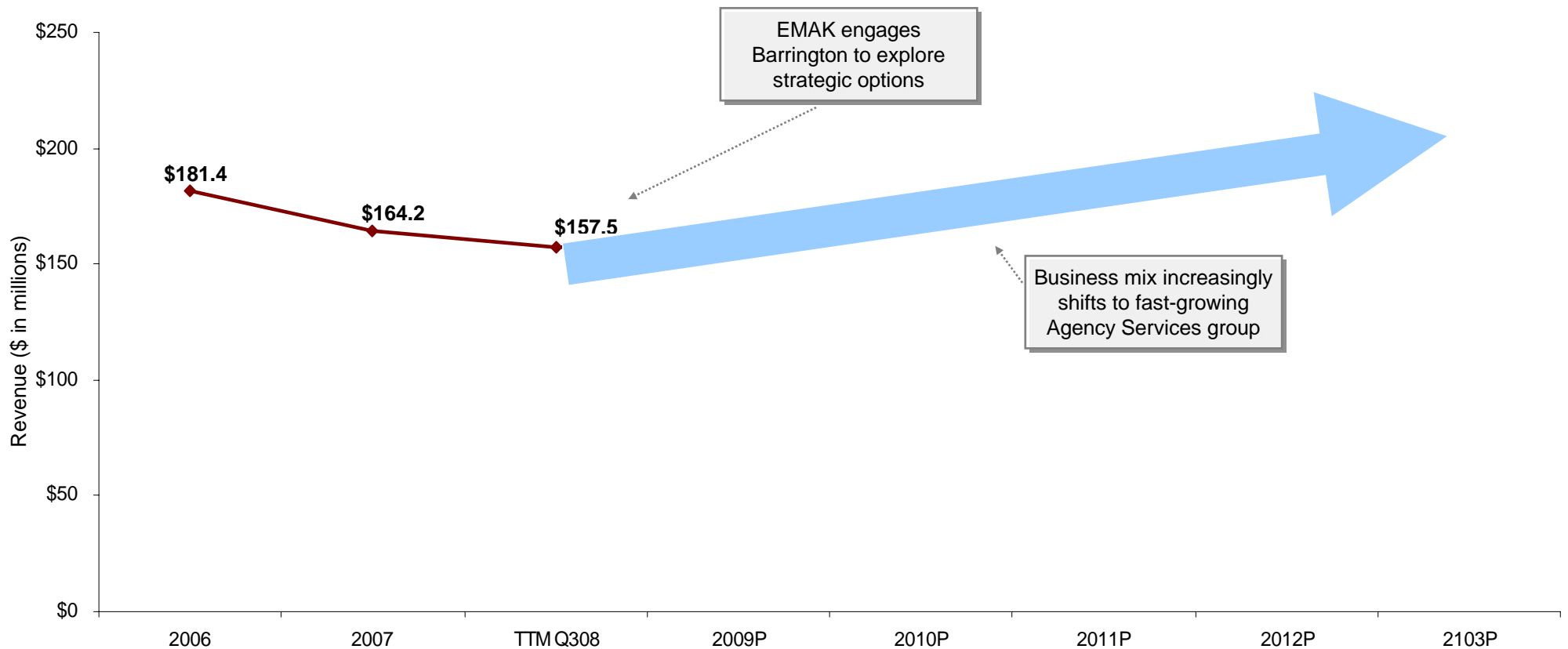


EMAK now moves into its next chapter – rejuvenated and primed for profitable growth.

## Where We Were > Stage IV

### EMAK's Stage IV now sets us up for future growth:

- ◆ Focused leadership team
- ◆ Reliable products business
- ◆ Growing services business
- ◆ Costs in line





**Where We Are**

## Where We Are > Financial Summary – Rising EBITDA

Management views EBITDA before charges and non-cash expenses (“adjusted EBITDA”) as the best indicator of the company’s recent performance. For the trailing twelve months ended September 30, 2008, adjusted EBITDA improved to \$2.9 million in the current period from a loss of \$1.8 million in the prior-period, an increase of more than 260%.

EBITDA, before charges and non-cash expenses, is calculated as follows:  
(In thousands of dollars)

	Three Months Ended September 30, (Unaudited)		Nine Months Ended September 30, (Unaudited)		Twelve Months Ended September 30, (Unaudited)	
	2007	2008	2007	2008	2007	2008
Net loss	\$ (3,736)	\$ (1,509)	\$ (8,148)	\$ (2,965)	\$ (7,900)	\$ (2,433)
Interest expense (income), net	16	18	(56)	66	37	47
Provision (benefit) for income taxes	(85)	48	111	203	(294)	304
Depreciation	384	460	1,111	1,252	1,496	1,677
Amortization	20	-	59	1	95	2
EBITDA	(3,401)	(983)	(6,923)	(1,443)	(6,566)	(403)
Charges:						
Restructuring charges (gain)	-	949	-	1,376	(97)	1,960
Impairment of assets	3,265	13	3,265	13	3,265	46
Non-cash expenses:						
Amortization of restricted stock	340	354	1,150	1,006	1,612	1,297
EBITDA, before charges and non-cash expenses	\$ 204	\$ 333	\$ (2,508)	\$ 952	\$ (1,786)	\$ 2,900

## Where We Are > Financial Summary – Nine-Month 2008 Highlights

Results from operations (In thousands of dollars)	Three Months Ended September 30, (Unaudited)				
	2007	% of revenues	2008	% of revenues	% change
<b>Revenues by segment:</b>					
Agency services	8,455	19.9%	9,783	30.3%	15.7%
Promotional products	34,077	80.1%	22,509	69.7%	-33.9%
	42,532	100.0%	32,292	100.0%	-24.1%
<b>Gross profit by segment:</b>					
Agency services gross profit	2,899	34.3% (a)	3,649	37.3% (a)	25.9%
Promotional products gross profit	7,645	22.4% (a)	5,288	23.5% (a)	-30.8%
	10,544	24.8%	8,937	27.7%	-15.2%
<b>Revenues by geographical area</b>					
United States	35,475	83.4%	28,144	87.2%	-20.7%
International	7,057	16.6%	4,148	12.8%	-41.2%
	42,532	100.0%	32,292	100.0%	-24.1%
<b>Income (loss) from operations by geographical area</b>					
United States	836	2.4% (b)	541	1.9% (b)	-35.3%
International	(4,813)	-68.2% (b)	(1,660)	-40.0% (b)	-65.5%
	(3,977)	-9.4%	(1,119)	-3.5%	-71.9%
<b>Operating expenses</b>	14,521	34.1%	10,056	31.1%	-30.7%
<b>Operating loss</b>	(3,977)	-9.4%	(1,119)	-3.5%	-71.9%
<b>Net loss</b>	(3,736)	-8.8%	(1,509)	-4.7%	-59.6%
<b>Non-GAAP financial highlights</b>					
Adjusted operating expenses before charges	11,256	26.5%	9,094	28.2%	-19.2%
EBITDA	(3,401)	-8.0%	(983)	-3.0%	-71.1%
EBITDA before charges and non-cash expenses	204	0.5%	333	1.0%	63.2%
Adjusted operating loss before charges	(712)	-1.7%	(157)	-0.5%	-77.9%
Adjusted net loss before charges	(471)	-1.1%	(547)	-1.7%	16.1%
(a) Percentage of segment revenues					
(b) Percentage of geographical area revenues					

Financial results for the first nine months of 2008 reflect the company's deliberate efforts to achieve the right size for its operations, to grow profitably and to generate cash. Key factors include: 1) double-digit revenue and gross profit growth at Upshot; 2) modest revenue growth at Equity Marketing (when excluding retained agency fees recognized in the prior year); 3) the shedding of unprofitable business resulting in an expected decline in revenues but improved margins at Logistix in the U.S.; 4) operating losses at Logistix' European operations; 5) cost reduction efforts; and 6) cash preservation initiatives.

- ◆ Operating expenses before charges decreased 17 percent, or \$5.7 million, to \$28.0 million compared to \$33.7 million in the same period of 2007 as a result of cost-cutting efforts initiated in 2007. Operating expenses include higher non-cash occupancy costs of approximately \$807,000 at Upshot related to lease accounting, masking the full impact of the company's cost reduction efforts.
- ◆ Operating loss before charges was \$1.5 million as compared to an operating loss of \$4.9 million in the year-ago period. Domestic operating income of \$421,000 was offset by international operating losses of \$3.3 million.
- ◆ Nine-month 2008 net loss before charges was \$1.6 million compared with net loss of \$4.9 million in the same period of the previous year.
- ◆ In July 2008, EMAK engaged Barrington Associates, a division of Wells Fargo, to assist in evaluating and identifying all of its strategic alternatives. This work is ongoing.
- ◆ Subsequently, EMAK's Board acted in the third quarter 2008 to deregister its common stock to free up financial and management resources. EMAK intends to remain current in its flow of information by continuing to issue press releases and make news announcements of important events and posting them on its website, including quarterly and annual financials in accordance with its normal reporting schedule. Total annualized savings from deregistration and an auditor change are estimated at \$1.1 million.



**IV**

**Where We're Going**

**EMAK has completed the key steps necessary to build a new kind of platform in the modern marketing industry.**

<b>Step 1 Optimize Equity Marketing</b>	<ul style="list-style-type: none"><li>◆ Continued top priority focus on the management of the Burger King account</li><li>◆ Successful enterprise process improvement and streamlining initiatives</li></ul>	✓
<b>Step 2 Modernize Logistix</b>	<ul style="list-style-type: none"><li>◆ Refocused on only the most strategic accounts and opportunities; passing on low-margin pitch-and-win customers</li><li>◆ Closed down unprofitable units and evaluating strategic alternatives for Europe</li></ul>	✓
<b>Step 3 Boost Upshot</b>	<ul style="list-style-type: none"><li>◆ Focusing on organic growth</li><li>◆ Investments in resources and talent are yielding real benefits</li></ul>	✓
<b>Step 4 Build Neighbor</b>	<ul style="list-style-type: none"><li>◆ Focused on execution with Safeway</li><li>◆ Staffing to attract new clients in the green and healthy living segment</li></ul>	✓



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**An enduring high-touch solution and a cornerstone agency**



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**A focused, leaned business serving major clients with high volume products programs**



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**A preeminent high-touch, high-tech agency with strong growth**



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**A high-touch, high-tech agency specializing in healthy living**



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**An efficient corporate resource and an incubator of further modern marketing agencies**





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Conclusion

## Conclusion > Investment Highlights

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- ◆ **Stability** – EMAK's legacy business from its largest client provides a platform for growth via its stable, visible revenue stream.
- ◆ **Clean-Up** – Logistix is in the process of being upgraded in the U.S., delivering improved results. Management is reviewing strategic alternatives for European operations.
- ◆ **Investing for Growth** – EMAK is also fueling the growth of its faster-growing, higher-margin agency services businesses.
- ◆ **Business Model Right-Sized** – Its shared services group is highly productive at current levels and at a much higher revenue base.
- ◆ **Trimmed Public Company Costs** – Costs reduced through deregistration and appointment of new auditors.
- ◆ **Actively Pursuing Recapitalization** – The company's work identifying strategic alternatives is ongoing.